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MERCHANT BANK LIMITED

ANNUAL REPORT 2014

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Dr. Anthony N. Sabga
CHAIRMAN

REPORT
OF THE CHAIRMAN

"Our businesses continue to deliver good shareholder returns and we are poised for sustained future growth"

In 2014, ANSA Merchant Bank and its subsidiaries (AMBL) delivered their second highest recorded profit before tax of $262.2 million (2013: $338.9 million). Profit attributable to shareholders and non-controlling interest was $208.1 million (2013: $266.4 million) and earnings per share for 2014 was $2.43 (2013: $3.11). The Bank group's total assets increased by 9% year-on-year to $6.6 billion (2013: $6.1 billion), with liabilities of $4.8 billion (2013: $4.4 billion) and equity of $1.9 billion (2013: $1.7 billion).

The Bank delivered its highest recorded earnings after tax, which was a 15% increase year-on-year to $161 million (2013: $140 million). Meanwhile, the General Insurance Company TATIL, reported a 13% increase in gross written premium income and 10% on a net earned basis, maintaining its growth trajectory. The Life Insurance Company, Tatil Life continued to strengthen its underwriting practices resulting in a reduction of net benefits & claims costs by 8%, while policy-holders' liabilities grew by 8%. This credible performance was achieved despite unfavourable investment market conditions which resulted in modest investment income particularly affecting the life insurance subsidiary.

Directors have approved a final dividend of 85 cents per share representing a total dividend of $1 per share which is in line with 2013.

Asset Finance

The Bank's Lease, Hire Purchase and In-One products delivered superior value to our customers, backed by our high standards of customer service. As a result, the asset finance business achieved an increase in net income of 22% year on year and the portfolio surpassed $1.2 billion (2013: $1.1 billion). Our delinquency ratio was maintained below 1% as in 2013 and ranked among the best in the market, reflecting the strong credit quality of the portfolio.

Investment Banking

This was a stellar year for our Investment Banking business as we arranged capital market transactions of approximately $5.0 billion, representing a significant increase over 2013. This was achieved within a robust adherence to our culture of risk management and compliance. We have maintained our position as one of the regional leaders in capital markets and remain committed to creating value for the regional investing community and the Issuers of these transactions.

Mutual Funds

The investment climate in 2014 was marked by divergent growth in the major World economies. While the US saw improvements, growth slowed in Europe, Japan and China. Emerging economies were negatively affected as commodity prices fell as a result of the slowdown by their export partners. In addition, the WTI oil price slumped to its lowest levels in years. Notwithstanding these challenging global conditions, there were opportunities for positive returns and our mutual funds continued to deliver competitive returns to our investors. The ANSA TT$ Income Fund and the ANSA US$ Income Fund reported annualised returns, since inception, of 3.89% and 1.97% respectively and as such, we expect the confidence of our investors to result in further growth in subscriptions in 2015.

REPORT OF THE CHAIRMAN

TATIL – General Insurance

In 2014, the General Insurance business had another year of solid performance. Gross written premium income (GWPI) increased by 13% over the previous year, and on a net earned premium basis (after ceding to reinsurers) we increased revenues by 10% over 2013. This increase is consistent with the company's strategy to increase retained premiums by utilising its balance sheet and reinsurance program more effectively.

Claims cost of $85 million increased year over year, but were in line with our expectations. We enjoyed another year of reasonable loss ratios and were able to increase underwriting profits by 12% to a record high of $62 million and closed the year with a combined ratio of less than 85%. Despite lower investment returns compared to the previous year, the General Insurance business generated overall pre-tax profit of $86 million which was just 6% shy of 2013.

In February 2015, A.M. Best affirmed the Financial Strength Rating of A- (Excellent) and the Issuer Credit Rating of "A-" of Trinidad & Tobago Insurance Limited (TATIL) (Trinidad) coupled with "Stable" Rating Outlooks.

Tatil – Life Insurance

Tatil Life experienced muted investment returns in 2014 given the market correction which occurred following the domestic equity market rally in investments in 2013. Profit before tax was $18 million (2013: $68 million) and gross earned premium was $109 million (2013: $128 million). Net benefits & claims reduced to $119 million in 2014 (2013: $129 million) and policyholder liabilities grew to $1.1 billion (2013: $1.0 billion). Given Tatil Life's consistent premium revenues, strong historic brand and best in class capital adequacy ratio we are poised for future growth.

2014 marked another year of high levels of domestic liquidity which dampened investment returns compared to 2013. Declining yields in the domestic fixed income market were coupled with a sub-par performance by the local stock market. Our foreign investment portfolios experienced average returns in 2014 as the global economic recovery continued but was marked by volatility. With due regard to the dynamics of these markets, we continued to realign our investment portfolios to diversify investment risk while seeking to provide superior returns. Looking to 2015, we expect a modest recovery in the domestic investment market and our strategies for our foreign investment portfolios should ensure that we continue to achieve positive and stable earnings in the future.

Conclusion

Given our second highest ever performance in 2014, we are satisfied with the stability and growth evident in our core business operations. Our businesses continue to deliver good shareholder returns and we are poised for sustained future growth. We credit our success to the commitment and dedication of our staff in the respective businesses who are committed to delivering innovative products and high levels of customer service.

I would also like to thank our Boards of Directors for their support and guidance and I look forward to your continued contributions and support in 2015 and beyond.

Dr. Anthony N. Sabga
Chairman

> "We are committed to increasing shareholders' interest through the consistent delivery of innovative customer-focused financial solutions that add value to the lives of the clients we serve"

Gregory N. Hill

MANAGING DIRECTOR

REPORT

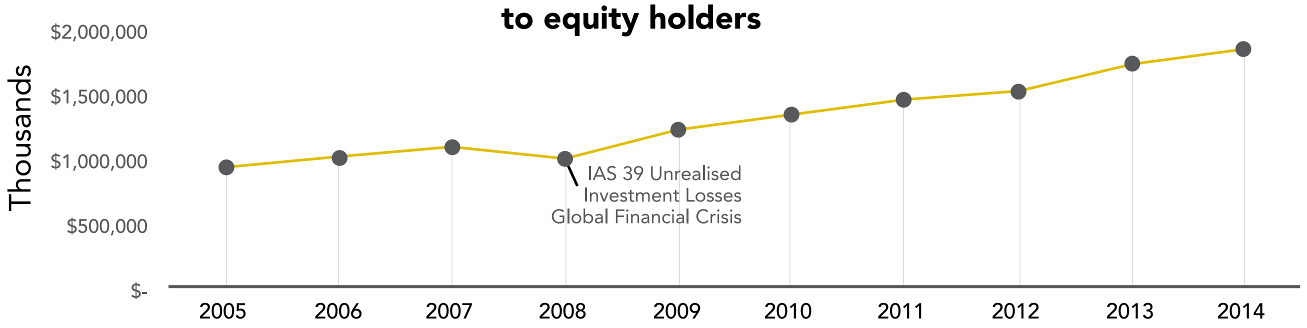
OF THE MANAGING DIRECTOR

ANSA Merchant Bank Limited and its subsidiaries, TATIL and Tatil Life ("AMBL") delivered another solid financial performance in 2014 with strong growth in market share in our major business segments. We are committed to increasing shareholders' interest through the consistent delivery of innovative customer-focused financial solutions that add value to the lives of the clients we serve.

2014 saw another year of improvement in core earnings in all our product lines, driven by a combination of revenue growth and efficient cost management, against a backdrop of cautious risk management. The execution of this strategy resulted in the second highest recorded performance of AMBL in 2014, with pre-tax profits of $262.2 million, following on the landmark results in 2013 of $338.9 million.

While the Banking and General Insurance operations performed credibly again, the Life Insurance business faced bearish local equity markets as the TT COMP Index delivered negative price results, after the bull-run in 2013. This was coupled with adverse foreign exchange translation valuations due to the revaluation of the TT Dollar in view of the Central Bank of Trinidad & Tobago Monetary Policy and Foreign Exchange Strategies. Likewise subdued foreign investment returns were evident due to depressed foreign fixed income yields and volatile equity markets, as the global markets responded to the adverse geo-political events in Russia, the slowing of the Chinese and European economies and the decline in oil and energy related commodity prices.

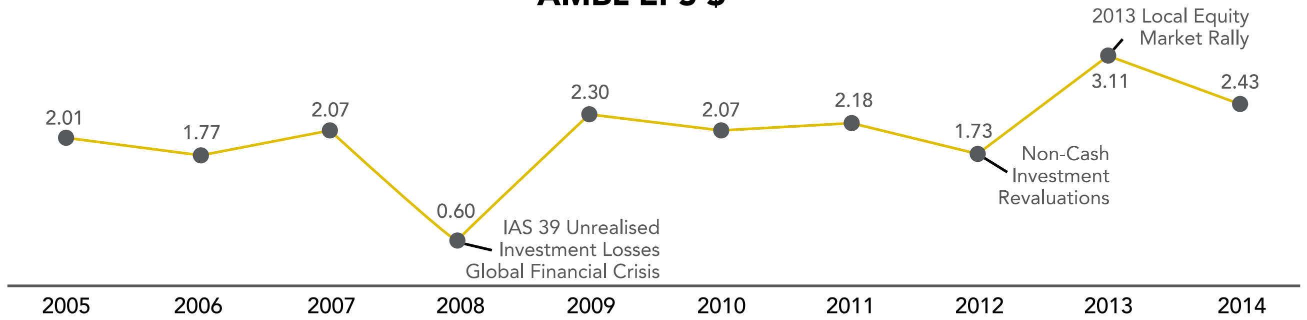
AMBL VALUE CREATION to equity holders



Facing headwinds of increased regulatory requirements including the Foreign Account Tax Compliance Act ("FATCA") and Anti-Money Laundering and Combatting Financing of Terrorism (AML/CFT), as a financial institution we focused on building the right customer base, comprising those clients who best matched our risk tolerance, while concentrating on building a culture of service. To deliver this effectively we revisited our on-boarding systems and sales campaigns to innovate and create new offerings in all our business lines and our clients rewarded us with their business.

While our core business lines continued to perform positively, Total Revenues reduced from $797.0 million in 2013 to $703.4 million in 2014 largely as a result of the reduced investment returns. In line with the reduction in overall earnings, our earnings per share ("EPS") decreased to $2.43 after the landmark performance in 2013 of $3.11.

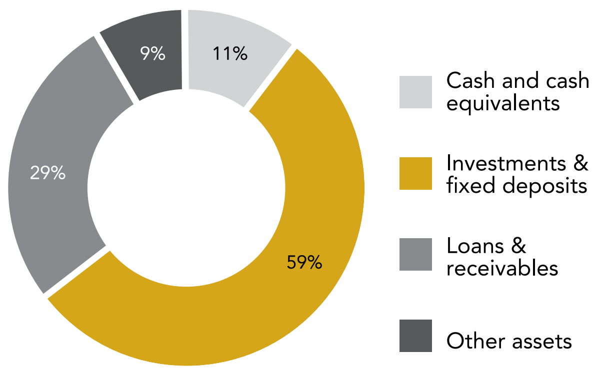
AMBL EPS $



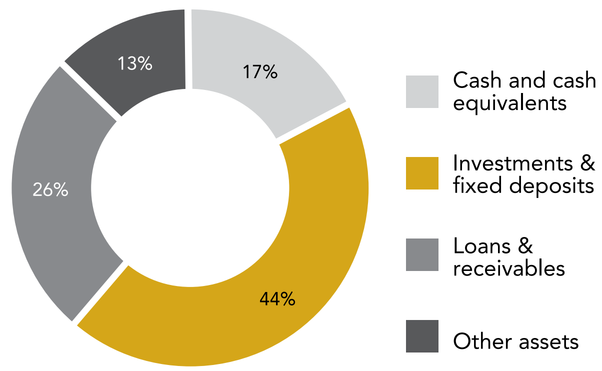
REPORT OF THE MANAGING DIRECTOR

AMBL's asset base increased by 9% from $6.1 billion in 2013 to $6.6 billion in 2014 and equity attributable to shareholders also increased by 7%, from $1.7 billion in 2013 to $1.9 billion in 2014, a testament to the value creation of our businesses. Given the volatile market conditions we took the strategic decision to ensure a more robust balance sheet by matching the growth in the loan portfolio with increased exposure to less risky and more liquid investments including fixed deposits.

AMBL Total Assets 2014



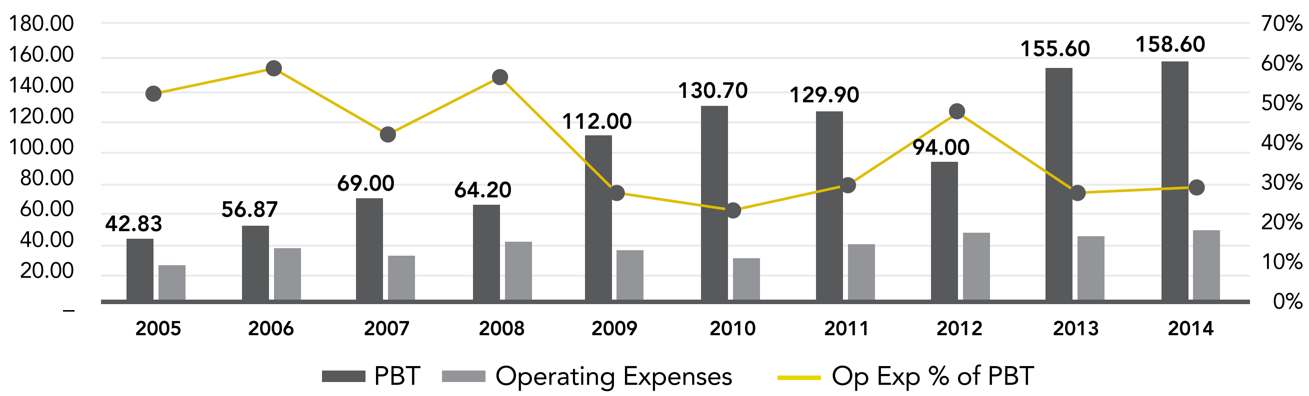
AMBL Total Assets 2013



We constantly strive to engender an entrepreneurial spirit in our people and we prioritised the key performance indicators ("KPIs") for each staff member to deliver superior returns and service, while ensuring that we enhance the skill set and capabilities of our teams in each business line.

ANSA Merchant Bank Limited, the Parent Company ("the Bank"), delivered its highest ever earnings after tax in 2014 at $161 million, compared to $140 million in 2013, an increase of 15%. Over the last decade the Bank's profit before taxation ("PBT") has also grown noticeably, while operating expenses have been contained on a comparative basis, as reflected in our declining Expenses to PBT ratio trend analysis. This performance is a clear indication of an executive team focused on core revenue growth and strong cost-management.

Banking - A Decade of Profitability PBT - $'Millions



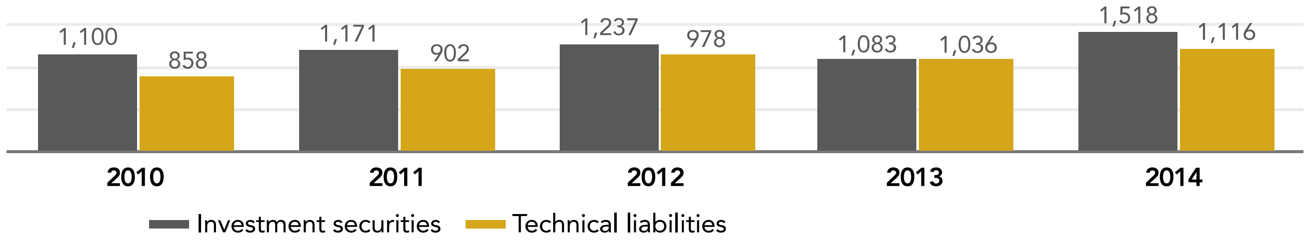
The performance of the Bank was delivered through robust growth across all product lines, including the Asset Finance unit which ended the year with a loan book valued over $1 billion and with a delinquency ratio of under 1% which is amongst the best in class. The continuation of the InOne Package and many other hybrid value add-on packages provided our customers with the simplest avenue to vehicle ownership. Our Investment Banking operation remained a regional leader in the capital market and consistently delivered superior investment opportunities to the domestic and regional markets, by working hand in hand with issuers to meet their corporate and national objectives. Our Investment Services business, which includes pension plan and mutual funds investment management, again performed credibly in 2014. Our TT$ and US$ Income funds continued to provide competitive market returns reflecting a high quality portfolio of assets and sound investment management.

Our general insurance subsidiary, TATIL which is marked by the iconic building that commands the city scape of upper Port-of-Spain has more than fifty years in the insurance industry. TATIL remains one of oldest local insurance companies to operate in Trinidad and its financial strength and stability are reflections of its stable growth each year. TATIL maintained its international rating of the Best Financial Strength - Rating A- (Excellent), by A.M. Best Company. PBT reduced from $120.8 million in 2013 to $85.6 million in 2014, owing to a one-time dividend of $29.9 million paid to TATIL in 2013, by its subsidiary, Tatil Life. Excluding the impact of the dividend, the 2013 PBT for TATIL would have been $90.9 million just shy of $85.6 million in 2014, a reduction of 6% due to the modest investment performance. Underwriting profit grew from $55.2 million in 2013 to $61.8 million in 2014, an increase of 12% with a combined ratio of 79% in 2014 compared to 83% in 2013, while net premium income increased from $187.2 million in 2013 to $195.8 million in 2014.

General Insurance - TATIL Net Premium and Underwriting Profit - $'000

Tatil Life, as indicated earlier had a lower comparable performance in 2014, however the core business remained resilient. PBT in 2014 was $18.2 million compared to $68.4 million in 2013 as the investment returns mainly in the local equity market fell lower than the record performance of 2013. Despite this result, the total asset base increased from $1.8 billion in 2013 to $1.9 billion in 2014, while technical liabilities increased from $1.0 billion in 2013 to $1.1 billion in 2014. Tatil Life remains a solid business with a strong balance sheet and we will continue to drive growth in our more profitable product portfolios in 2015.

Life Insurance - Tatil Life Investment Services and Technical Liabilities - $'Millions



As we reflect on our success, we are also acutely aware of the economic and social challenges in our Caribbean markets as well as the growing sophistication of the competitive arena. Fortunately we are also constantly restless, examining our performance in every company for new business opportunities and ways to improve what we do, with the commitment to do it better. We have a unique combination of banking and insurance business in the region and we are confident of continued dynamic results.

Gregory N. Hill
Managing Director

Dr. Anthony N. Sabga
Chairman


Gregory N. Hill
Managing Director


A. Norman Sabga
Director


Chip Sa Gomes
Director


Kathleen Galy
Executive Director


Trevor Edwards
Finance Director


Ray A. Sumairsingh
Deputy Chairman


Judy Chang
Director


Timothy Hamel-Smith
Director


Jeremy Matouk
Director


Nicholas W.S. Owen
Director


Ian E. Welch
Director

Corporate Information - ANSA Merchant Bank

Board of Directors

Anthony N. Sabga (Chairman)
Gregory N. Hill (Managing Director)
Ray A. Sumairsingh (Deputy Chairman)
A. Norman Sabga
Chip Sa Gomes
Kathleen Galy
Trevor Edwards
Judy Chang
Timothy Hamel-Smith
Jeremy Matouk
Nicholas W. S. Owen
Ian E. Welch

Corporate Secretary

Robert I. Ferreira

Management Team

Melissa Deo-Mohomed - Chief Finance Officer
Kavita Suratsingh - Head of Investments
Ian Chin - Corporate Manager, Merchant Banking
Randy Cyrus - Manager, Transaction & Advisory
Dale Khan - Manager, Treasury
Sheldon Ramharack - Manager, Information & Technology
A. Nigel Sabga - Manager, Investments
Kennedy Sammy - Manager, Risk & Collections
Christian Rodriguez - Manager, Asset Finance
Arnand Ramlal - Manager, Grand Bazaar
Aaron Armoogam - Manager, San Fernando

Registrar & Transfer Office

The Trinidad and Tobago Central Depository Limited
10th Floor, Nicholas Tower,
63-65 Independence Square,
Port of Spain.

Registered Office/Head Office

ANSA Centre
11A Maraval Road,
Port of Spain.

Branch Offices

ANSA McAL Centre
25 Royal Road,
San Fernando.

Building L, First Floor,
Grand Bazaar Mall,
Valsayn.

Classes of Business

1. Confirming House / Acceptance House
2. Finance House / Finance Company
3. Leasing Corporation
4. Mortgage Institution
5. Merchant Bank
6. Trust Company
7. Unit Trust
8. Financial Services

Auditors

Ernst & Young
5/7 Sweet Briar Road,
Port of Spain.

Principal Bankers

Republic Bank Limited
59 Independence Square,
Port of Spain.

Attorneys at Law

M. Hamel-Smith & Co.
Eleven Albion,
Cor. Dere & Albion Streets,
Port of Spain.

J.D. Sellier & Co.
129-131 Abercromby Street,
Port of Spain.

Audit Committee

Judy Chang (Chairman)
Timothy Hamel-Smith
Jeremy Matouk
Nicholas W. S. Owen

Corporate Information - TATIL / Tatil Life Assurance Limited

Board of Directors

Anthony N. Sabga (Chairman)
M. Musa Ibrahim (Managing Director, TATIL)
Ray A. Sumairsingh (Deputy Chairman)
Chip Sa Gomes
Michal Andrews
W. David Clarke
Dr. Terrence Farrell
Dr. Michael A. Moses (Tatil Life)
A. Nigel Sabga (Tatil Life)

Corporate Secretary

Ronald Lai Fang

Management Team
(TATIL)

Vijay Seudath - Technical Manager
Daran Soondarsingh - Chief Finance Officer
Ricardo St. Cyr - Manager, Claims
Sarita Parsad - Manager, Legal and Compliance
Gary Chung - Manager, Operations
Joseph Elias - Manager, Motor Claims
Derek Jimdar - Manager, Group Risk
Padma Ramesh - Manager, Accident & Health
Mokesh Saroop - Manager, Corporate Sales and Agents Compliance
Andy Livingston - Manager, Non-Motor Claims

Management Team
(Tatil Life)

Ronald Lai Fang - Chief Executive (Ag)
Michelle Newallo - Chief Finance Officer
Jeffrey Dalton-Brown - Manager, Compliance & Risk
Herman Creque - Superintendent of Agencies
Claudine Allert - Life Office Manager
Luanna Rahman - Manager, Pensions
Allison Seales - Manager, Sales Administration
Erica Ortiz - Manager, Client Services

Registered Office

11 Maraval Road,
Port of Spain.

Principal Bankers

Republic Bank Limited
59 Independence Square,
Port of Spain.

Auditors

Ernst & Young
5/7 Sweet Briar Road,
Port of Spain.

Attorneys at Law

J. D. Sellier & Co.
129-131 Abercromby Street,
Port of Spain.

Pollonais, Blanc, de La Bastide & Jacelon
17-19 Pembroke Street,
Port of Spain.

Audit Committee

W. David Clarke (Chairman)
Michal Andrews
Terrence Farrell
Ray A. Sumairsingh

Branch Offices

- 67 Independence Square, Port of Spain.
- Cor. Green & Cocorite Streets, Arima.
- Mid Centre Mall, Chaguanas.
- Grand Bazaar, Valsayn.
- 13A Quenca Street, San Fernando.
- 25 Royal Road, San Fernando.
- ANSA McAL Building, Milford Road, Tobago.

Report of The Directors

The Directors present their report and Statement of Accounts for the year ended December 31, 2014.

FINANCIAL RESULTS FOR THE YEAR	$000	$000
Profit attributable to shareholders		208,128
Dividends on ordinary shares		
– Final paid (2013) – 85¢	(72,764)	
– Interim paid – 15¢	(12,840)	
		(85,604)
Other comprehensive income		(1,735)
Transfer to statutory reserve		(16,079)
Other life insurance movements		2,145
Other reserve movements		4,507
		111,362
Retained profits at the start of the year		880,135
Retained profits at the end of the year		991,497

DIVIDENDS

The Directors declared a final dividend of 85¢ per ordinary share, which, with the interim of 15¢ already paid, makes a total of $1.00 for the year. The final dividend will be paid on May 29, 2015 to members on the register of shareholders at May 20, 2015.

DIRECTORS

Pursuant to paragraph 4.4 of By-Law No. 1 of the Bank, Messrs. Anthony N. Sabga, A. Norman Sabga, Ray A. Sumairsingh, Chip Sa Gomes, Timothy Hamel-Smith, Jeremy Matouk, Nicholas W. S. Owen, and Ian E. Welch elected at the last Annual Meeting, together with Mrs. Judy Chang , retire and, being eligible, offer themselves for re-election.

On January 5, 2015, Mr. Trevor Edwards was appointed by the Board to fill the position created by Mr. Alan Sadler vacating his seat on the Board on January 2, 2015. The Directors now propose that Mr. Trevor Edwards be elected as a Director pursuant to paragraph 4.3 of By-Law No. 1 of the Company.

AUDITORS

Auditors, Ernst & Young, have expressed their willingness to continue in office and offer themselves for re-election.

BY ORDER OF THE BOARD

Robert I. Ferreira
Corporate Secretary

ANSA Centre
11 Maraval Road,
Port of Spain.
March 24, 2015

Directors' Interests & Substantial Interests

DIRECTORS' INTERESTS

	March 31, 2015 Beneficial	March 31, 2014 Beneficial
Anthony N. Sabga, CMT	0	0
A. Norman Sabga	0	0
Ray A. Sumairsingh	2,000	2,000
Gregory N. Hill	0	0
Kathleen Galy	1,000	1,000
Chip Sa Gomes	0	5,000
Trevor Edwards	0	0
Judy Chang	0	0
Timothy Hamel-Smith	0	0
Jeremy Matouk	3,202	3,202
Nicholas W. S. Owen	0	0
Ian E. Welch	0	0

NOTES:

(a) Dr. Anthony N. Sabga and Mr. A. Norman Sabga have a beneficial interest in MASA Investments Limited and ANSA INVESTMENTS LIMITED, which is the major shareholder of ANSA McAL Limited.

(b) Norman Finance Development Co. Limited and The ANSA McAL Foundation, connected person to Dr. Anthony N. Sabga and Mr. A. Norman Sabga hold 848,090 and 530,820 shares in ANSA Merchant Bank Limited respectively.

(c) Tower Investments Limited and Empire Investments Limited, connected person to Dr. Anthony N. Sabga and Mrs. Kathleen Galy, hold 103,304 and 157,304 shares in ANSA Merchant Bank Limited respectively.

SUBSTANTIAL INTERESTS

Top 10 Shareholding of ANSA Merchant Bank Limited

Shareholder Name	Shares held as at December 31, 2014
ANSA McAL Limited	70,605,263
MASA Investments Ltd.	2,323,793
T&T Unit Trust Corporation - FUS	1,798,833
Republic Bank Limited – 1162 (as Trustee)	1,752,215
Norman Finance Development Co. Limited	848,090
The ANSA McAL Foundation	530,820
Guardian Life of the Caribbean Ltd. - PFP	370,473
TATIL Life Assurance Limited A/C B	300,426
Guardian Life of the Caribbean Ltd.	281,383
Republic Bank Limited – 0778 (as Trustee)	210,539

NOTICE IS HEREBY GIVEN that the Thirty Seventh Annual Meeting of Shareholders of ANSA MERCHANT BANK LIMITED will be held at the ANSA McAL Board Room, 10th Floor, Tatil Building, 11A Maraval Road, Port of Spain on Wednesday May 27, 2015 at 4:00 p.m. for the following purpose:

ORDINARY BUSINESS

1. To receive and consider the Report of the Directors and the Audited Financial Statements for the financial year ended December 31, 2014 together with the Report of the Auditors and to note the final dividend.
2. To elect Directors.
3. To appoint the Auditors and to authorise the Directors to fix their remuneration.

Dated at Port of Spain, Trinidad, this 24th day of March, 2015.

BY ORDER OF THE BOARD

Robert I. Ferreira
Corporate Secretary

NOTES

1. No service contracts were entered into between the Company and any of its Directors.
2. A member of the company entitled to attend and vote at the above meeting is entitled to appoint proxy to attend and vote in his or her stead. Such proxy need not also be a member of the Company.
3. Attached is a Proxy Form which must be completed, signed and deposited with the Corporate Secretary of the Company not less than 48 hours before the time fixed for holding the Meeting.

1. **NAME OF COMPANY:** ANSA Merchant Bank Limited
   COMPANY NO: A – 350 (c)

2. **PARTICULARS OF MEETING:**

   The Thirty Seventh Annual Meeting of the Company to be held at the ANSA McAL Board Room, 10th Floor, Tatil Building, 11A Maraval Road, Port of Spain, Wednesday May 27, 2015 at 4:00pm.

3. **SOLICITATION:**

   It is intended to vote the Proxy solicited hereby (unless the Shareholder(s) directs otherwise) in favour of all resolutions therein.

4. **ANY DIRECTOR'S STATEMENT SUBMITTED PURSUANT TO SECTION 76 (2):**

   No statement has been received from any Director pursuant to Section 76 (2) of The Companies Act, 1995.

5. **ANY AUDITOR'S STATEMENT SUBMITTED PURSUANT TO SECTION 171 (1):**

   No statement has been received from the Auditors of the Company pursuant to Section 171 (1) of The Companies Act, 1995.

6. **ANY SHAREHOLDER'S PROPOSAL AND/OR STATEMENT SUBMITTED PURSUANT TO SECTIONS 116 (a) AND 117 (2):**

   No proposal has been received from any shareholder pursuant to Sections 116 (a) and 117 (2) of The Companies Act, 1995.

DATE	NAME AND TITLE	SIGNATURE
March 24, 2015	Robert I. Ferreira, Corporate Secretary	

Staff Events


International Kindness Day


Christmas Function


Chow Mania Competition


Outing to Gasparee Caves


Zumba on the TATIL Compound

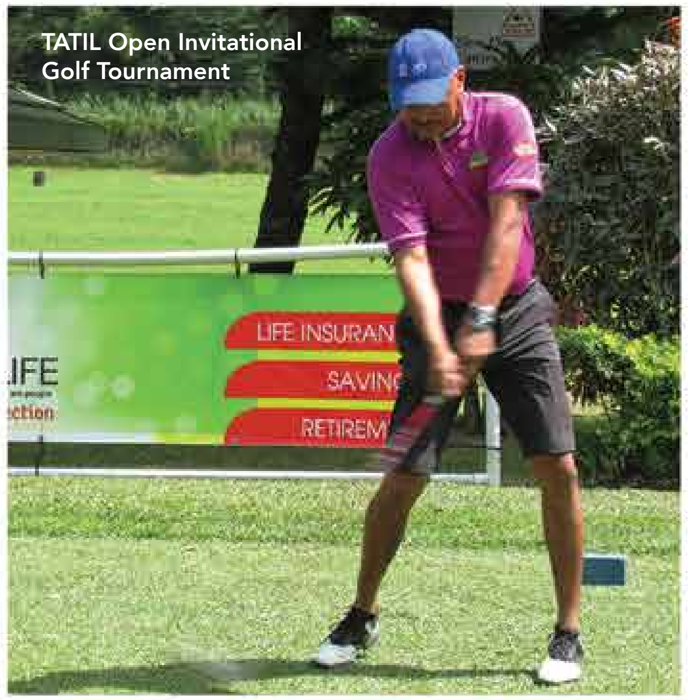

Divali


Agent Awards


Health and Wellness Week


Group AGM & Expo

Corporate Events


TATIL Open Invitational Golf Tournament


AMBL & UDECOTT Handover


AMBL's Stockbrokers Meeting


Prime Minister's Charity Golf Competition


Barbados Economics Briefing


Barbados Water Authority Headquarters "PPP" Financing

FUND FACTS

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

ANSA Secured Fund Top 10 Holdings - Dec 31 2014

TTMF 7.00% FRB DUE 2024	12.06%
GHL 7.975% FRB DUE 2023	7.94%
NIPDEC 5.15% FRB DUE 2025	7.16%
SLI GLOBAL ABSOLUTE RETURN STRATEGIES FUND	6.70%
MORGAN STANLEY DIVERSIFIED ALPHA PLUS (DAP) FUND	4.83%
SCOTIABANK FRB 4.15% DUE 2017	4.56%
PETROTRIN 9.75% FRB DUE 2019	4.53%
FIRST CITIZENS BANK LIMITED 3.10% FRB DUE 2021 SERIES 1	3.26%
HDC 8.70% FRB DUE 2023	2.78%
PETROTRIN 6.0% FRB DUE 2022	2.78%

ANSA Secured Fund Top 10 Holdings - Dec 31 2013

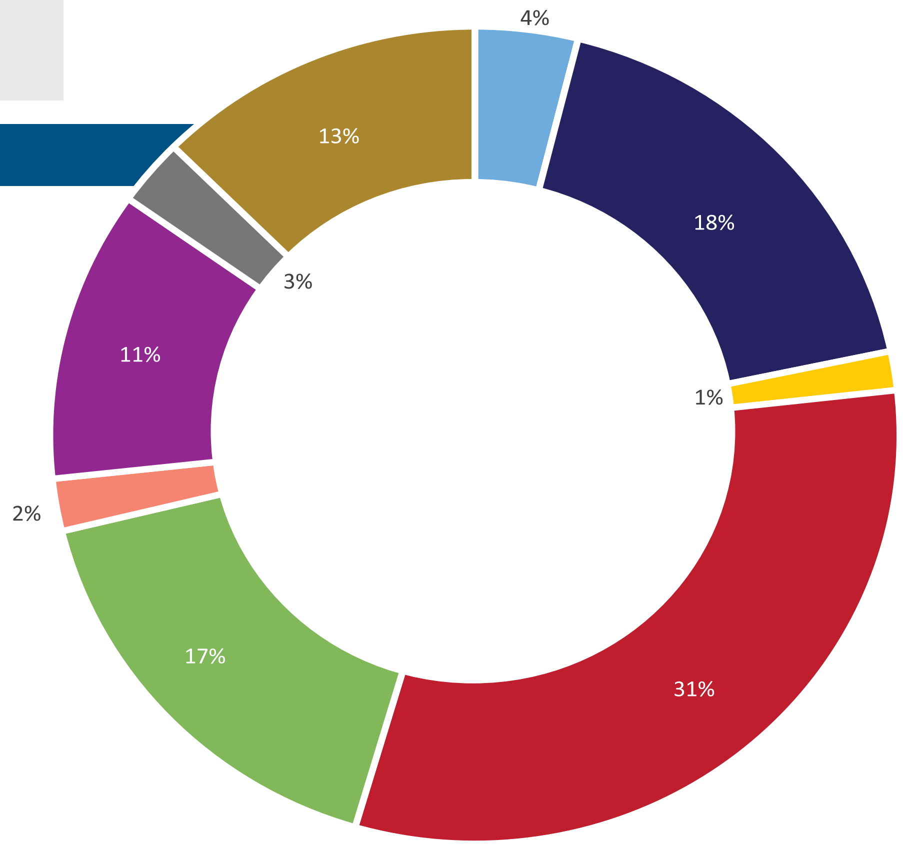
TTMF 7.00% FRB DUE 2024	10.74%
GHL 7.975% FRB DUE 2023	8.65%
NIPDEC 5.15% FRB DUE 2025	7.04%
SLI GLOBAL ABSOLUTE RETURN STRATEGIES FUND	5.74%
PETROTRIN 9.75% FRB DUE 2019	4.68%
SCOTIABANK FRB 4.15% DUE 2017	4.04%
HDC 8.70% FRB DUE 2023	4.02%
BARCLAYS 10.179% FRB DUE 2021	3.96%
BANK OF AMERICA 5.42% FRB DUE 2017	3.27%
GOTT 8.00% FRB DUE 2014	2.95%

Cumulative Returns as at Dec 31 2014

1 Year	1.38%
3 Year	5.44%
Since Inception	13.43%

Asset Mix - Dec 31 2014

- Local Deposits
- Structured Products
- Cash
- International Corporate Bonds
- Local Corporate Bonds
- State Owned Company Securities
- Managed Funds
- Local Government Bonds
- Equity



SECURED FUND

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

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

ANSA US$ Secured Fund Top 10 Holdings - Dec 31 2014

PETROTRIN 9.75% FRB DUE 2019	13.19%
SLI GLOBAL ABSOLUTE RETURN STRATEGIES FUND	12.63%
MARUENERGY 7.017% FRB DUE 2016	6.00%
AIR JAMAICA FLOATING RATE DUE JULY 22 2015	5.87%
MORGAN STANLEY DIVERSIFIED ALPHA PLUS FUND	4.64%
STANDARD CHARTERED PLC 5.70% FRB DUE 2022	4.29%
L BRANDS INC. (US) 5.625% FRB DUE 2022	4.23%
VERIZON COMMUNICATIONS INC 4.15% DUE 2024	4.10%
FIRST CITIZENS 4.903% FRB DUE 2016	4.00%
HJ HEINZ CO 4.25% FRB DUE 2020	3.93%

ANSA US$ Secured Fund Top 10 Holdings - Dec 31 2013

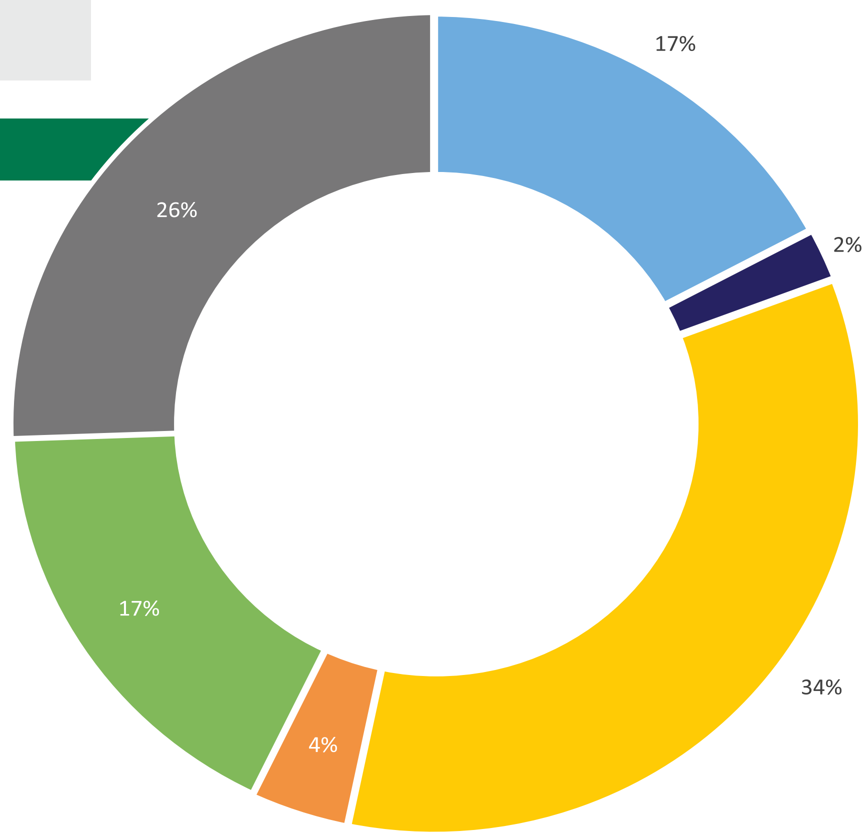
PETROTRIN 9.75% FRB DUE 2019	11.62%
SLI GLOBAL ABSOLUTE RETURN STRATEGIES FUND	10.50%
BARCLAYS 10.179% FRB DUE 2021	9.13%
ARCELORMITTAL 6.125% FRB DUE 2018	5.63%
MARUENERGY 7.017% FRB DUE 2016	5.43%
AIR JAMAICA FLOATING RATE DUE JULY 22 2015	5.11%
FIRST CITIZENS 4.903% FRB DUE 2016	3.55%
REPO- GOVT OF ARUBA DUE 2014	2.73%
TCL FRB 9.25% DUE 2018	2.03%
REPO - PANGOLIN STRIP 17 DUE JAN 2014	0.97%

Cumulative Returns as at Dec 31 2014

1 Year	1.13%
3 Year	4.69%
Since Inception	12.30%

Asset Mix - Dec 31 2014

- Managed Funds
- Structured Products
- International Bonds
- Cash
- Local Corporate Bonds
- Repos



US$ SECURED FUND

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

FUND FACTS

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

ANSA TT$ Income Fund Top 10 Holdings - Dec 31 2014

GOTT 6% FRB Due 2031	11.63%
First Citizens Bank Limited Common Shares	5.91%
NIPDEC 6.55% Due 2030	4.71%
WASA Zero Coupon Bond	4.42%
NIPDEC 5.15% FRB Due 2025	4.25%
GHL 7.975% Due 2023	2.86%
UDECOTT Fixed Rate Bridge Loan	2.82%
MORGAN STANLEY DAP - IH	2.71%
OMO 13-65 DUE 09/10/2015	2.62%
Barclays 6.05% FRB Due 2017	2.44%

ANSA TT$ Income Fund Top 10 Holdings - Dec 31 2013

GOTT 6% FRB Due 2031	12.35%
First Citizens Bank Shares	6.88%
NIPDEC 6.55% Due 2030	5.02%
NIPDEC 5.15% FRB Due 2025	4.60%
Angostura Commercial Paper	4.53%
GHL 7.975% Due 2023	3.39%
UDECOTT Fixed Rate Bridge Loan	3.03%
Petrotrin 6.0% FRB Due 2022	2.74%
Barclays 6.05% FRB Due 2017	2.72%
WASA Zero Coupon Bond	2.67%

Cumulative Returns as at Dec 31 2014

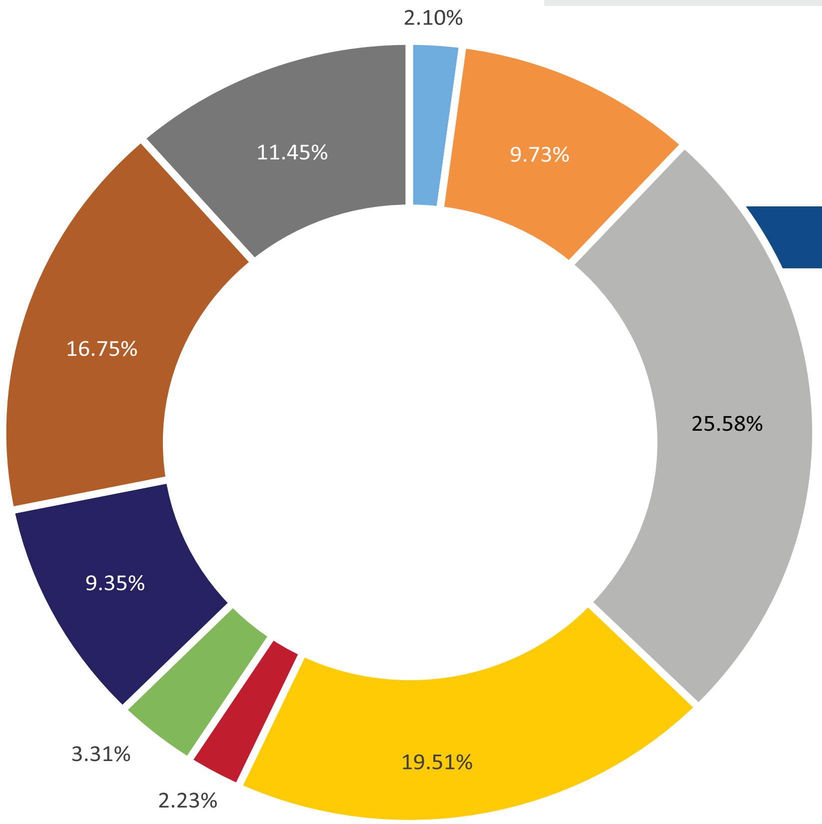
12 Month	1.23%
3 Year	11.38%
Since Inception	16.86%

Historical Performance

2011	5.37%
2012	5.15%
2013	4.98%
2014	1.23%

Portfolio Mix - Dec 31 2014

Deposits	2.10%
Local Corporate Bonds	9.73%
Local Government Bonds	25.58%
International Bonds	19.51%
Structured Products	2.23%
Foreign Managed Portfolios	3.31%
Equity	9.35%
Local Zero Coupon Bonds	16.75%
Cash	11.45%



Asset Mix - Dec 31 2014

- Deposits
- Local Corporate Bonds
- Cash
- Foreign Managed Portfolios
- Equity
- Local Zero Coupon Bonds
- Local Government Bonds
- International Bonds
- Structured Products

TT$ INCOME FUND

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

ANSA US$ Income Fund Top 10 Holdings - Dec 31 2014

RaboBank 11% FLR Due 2049 (Perpetual)	10.73%
Barclays 6.05% FRB Due 2017	9.12%
MaruEnergy 7.017% FRB Due 2016	8.54%
Morgan Stanley Diversified Alpha Plus (DAP) Fund	7.71%
Sovereign Bank 8.75% FRB Due 2018	6.59%
SLI Global Absolute Return Strategies Fund	5.98%
UDECOTT FRB 2020 Series #18 Zero	4.48%
Gazprom OAO 9.25% FRB due 2019	2.94%
Verizon Communications Inc 4.15% Due 2024	2.91%
HJ Heinz Co 4.25% FRB Due 2020	2.82%

ANSA US$ Income Fund Top 10 Holdings - Dec 31 2013

RaboBank 11% FLR Due 2049 (Perpetual)	12.25%
Petrotrin 9.75% FRB Due 2019	11.66%
Barclays 6.05% FRB Due 2017	10.39%
MaruEnergy 7.017% FRB Due 2016	9.79%
Sovereign Bank 8.75% FRB Due 2018	7.44%
UDECOTT FRB 2020 Series #18	6.82%
Morgan Stanley 4.20% FRB Due 2014	6.36%
SLI Global Absolute Return Strategies Fund	6.36%
PR Gov't Dev Bank 4.704% FRB Due 2016	5.02%
Morgan Stanley 4.75% FRB Due 2014	3.11%

Cumulative Returns as at Dec 31 2014

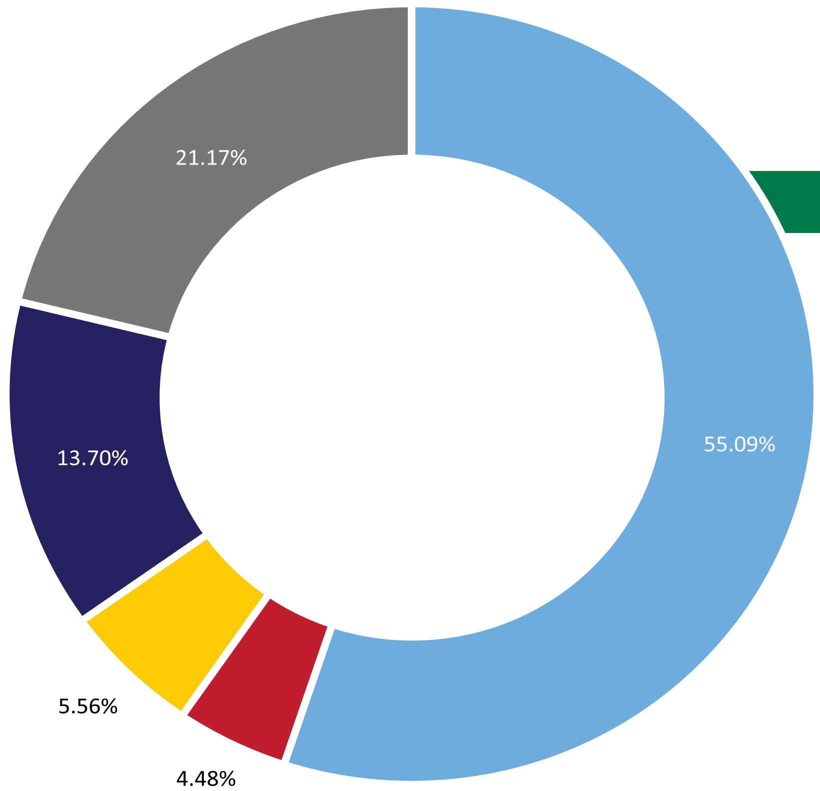
12 Month	0.93%
3 Year	5.96%
Since Inception	8.28%

Historical Performance

2011	2.32%
2012	7.68%
2013	-2.41%
2014	0.93%

Portfolio Mix - Dec 31 2014

International Bonds	55.09%
Zero Coupon Bonds	4.48%
Structured Products	5.56%
Managed Funds	13.70%
Cash	21.17%



Asset Mix - Dec 31 2014

- International Bonds
- Zero Coupon Bonds
- Structured Products
- Managed Funds
- Cash

US$ INCOME FUND

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

ANSA MERCHANT BANK LIMITED

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31ST DECEMBER, 2014
(Expressed in thousands of Trinidad & Tobago dollars)

2010 - 2014 ($000's)	Dec-14	Dec-13	Dec-12 Restated	Dec-11	Dec-10
ANSA Merchant Bank Consolidated					
Profit Before Tax	262,222	338,910	188,170	229,680	225,995
Profit After Tax and Minority Interest	208,138	266,414	148,401	183,616	174,607
Total Assets	6,620,440	6,092,409	5,537,125	5,449,049	5,121,300
Actual Number Of Issued Shares	85,605	85,605	85,605	85,605	85,605
Weighted Average Number Of Shares	85,605	85,605	85,605	84,185	84,185
Return On Average Assets	3.27%	4.58%	2.70%	3.47%	3.51%
Return On Average Shareholders' Equity	11.57%	16.32%	9.97%	13.15%	13.59%
Dividends	85,605	85,605	72,764	72,764	72,764
Earnings Per Share ($)	2.43	3.11	1.73	2.18	2.07
Dividends Per Share ($)	1.00	1.00	0.85	0.85	0.85
Net Book Value Per Share ($)	21.76	20.25	17.88	17.19	15.99
ANSA Merchant Bank (Parent)					
Net Operating Income	239,559	225,742	161,880	189,058	175,369
Efficiency Ratio	18.83%	18.79%	27.46%	20.13%	16.72%
Risk Adjusted Capital Ratio*	17.25%	16.79%	18.67%	13.81%	35.60%
Trinidad & Tobago Insurance (TATIL) ***(Includes TATIL Re)***					
Net Premium Income	195,796	187,230	178,953	174,496	176,939
Underwriting Profits	61,837	55,184	58,961	52,678	33,163
Net Retention	65%	66%	61%	58%	61%
Claims Ratio	44%	41%	41%	47%	59%
Combined Ratio	79%	83%	82%	83%	94%
TATIL Life Assurance					
# of Field Force Agents	72	87	100	96	86
Annual Premium Income (A.P.I.) $	26,346	21,275	21,267	20,055	21,334
Avg API/ Agent ($)	342	245	213	209	248
Persistency	88	88	87	88	87

* Risk Adjusted Capital Ratio was restated for periods ending December 2011 - 2013.

INDEPENDENT AUDITORS' 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 2014, 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.

Auditors' 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 auditors' judgment, 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 for 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 presents fairly in all material respects the financial position of the Parent and the Group as at 31 December 2014 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:
24 March 2015

ANSA MERCHANT BANK LIMITED

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)

Parent			Notes	Group	
2013	**2014**			**2014**	**2013**
		Assets			
296,227	335,548	Cash and short-term funds	4	745,628	1,051,686
–	–	Fixed deposits		139,356	54,483
917,519	1,012,112	Net investment in leased assets and other instalment loans	5	1,010,517	917,519
498,382	586,483	Loans and advances	6	665,176	589,341
518,076	736,716	Investment securities	7	3,429,940	2,628,133
4,943	7,067	Interest receivable		34,206	28,382
–	–	Insurance receivables	9	45,414	42,772
114,349	33,637	Other debtors and prepayments	10	17,474	279,468
–	–	Reinsurance assets	21	99,616	88,976
–	1,219	Taxation recoverable		2,372	–
632,500	632,500	Investment in subsidiaries	11	–	–
–	–	Investment properties	12	136,612	111,443
3,683	2,657	Property and equipment	13	25,624	38,095
–	–	Goodwill	14	133,762	133,762
190	3,558	Deferred tax asset	15	14,841	10,713
9,192	9,493	Employee benefit asset	16	119,902	117,636
2,995,061	3,360,990	**Total assets**		6,620,440	6,092,409

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

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

Parent			Notes	Group	
2013	2014			2014	2013
		Liabilities			
1,124,428	1,323,274	Customers' deposits and other funding instruments	18	2,314,132	2,090,111
93	11,166	Bank overdraft	4	11,166	955
66,285	75,707	Accrued interest and other payables	17	114,671	114,926
671,925	758,963	Debt securities in issue	19	758,963	671,925
17,663	483	Taxation payable		1,385	19,901
32,266	34,070	Deferred tax liability	15	155,581	156,958
311	366	Employee benefit obligation	16	3,123	3,048
–	–	Investment contract liabilities	20	190,906	168,244
–	–	Insurance contract liabilities	21	1,207,550	1,132,870
1,912,971	2,204,029	**Total liabilities**		4,757,477	4,358,938

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

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

Parent			Notes	Group	
2013	2014			2014	2013
		Equity			
667,274	667,274	Stated capital	23	667,274	667,274
–	–	Treasury shares		–	–
113,362	129,441	Statutory reserve fund		145,385	129,306
–	–	Statutory surplus reserve		53,101	51,163
4,594	4,977	General loan loss reserve		4,977	4,594
545	265	Foreign currency reserve		265	545
296,315	355,004	Retained earnings		991,497	880,135
1,082,090	1,156,961	Equity attributable to the equity holders of the parent		1,862,499	1,733,017
–	–	Non-controlling interest		464	454
1,082,090	1,156,961	**Total equity**		1,862,963	1,733,471
2,995,061	3,360,990	**Total liabilities and equity**		6,620,440	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 24 March 2015 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 2014
(Expressed in thousands of Trinidad and Tobago dollars)

Parent 2013	Parent 2014		Notes	Group 2014	Group 2013
–	–	Net insurance revenue	24	291,847	293,462
154,431	159,585	Finance charges, loan fees and other interest income	25	159,567	154,421
82,467	78,226	Investment income	26	161,559	269,210
55,278	50,882	Other income	27	90,430	79,925
292,176	288,693	**Total operating income**		703,403	797,018
–	–	Net insurance benefits and claims incurred	28	(204,673)	(199,049)
(48,779)	(45,342)	Interest expense	29	(67,352)	(72,356)
(15,623)	–	Provision for impairment of investments	30	2,617	(19,017)
(2,032)	(3,792)	Provision for losses on loans and advances	5	(3,792)	(2,032)
225,742	239,559	**Net operating income**		430,203	504,564
(8,957)	(9,677)	Marketing and policy expenses	31	(62,466)	(60,924)
(18,865)	(21,714)	Personnel expenses	32	(48,131)	(46,155)
(1,447)	(1,323)	Depreciation	13	(3,568)	(4,884)
(2,160)	(2,160)	Management fees		(8,558)	(8,495)
(10,992)	(10,230)	General administrative expenses	33	(45,258)	(45,196)
(42,421)	(45,104)	**Total selling and administration expenses**		(167,981)	(165,654)
183,321	194,455	**Net profit before taxation**		262,222	338,910
(42,980)	(33,667)	Taxation	34	(54,084)	(72,496)
140,341	160,788	**Profit for the year**		208,138	266,414

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

SEPARATE AND CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

Parent 2013	Parent 2014		Group 2014	Group 2013
		Profit attributable to:		
140,341	160,788	Equity holders of the Parent	208,128	266,373
–	–	Non-controlling interest	10	41
140,341	160,788		208,138	266,414
		Basic and diluted earning per share ($ per share)	2.43	3.11
		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 2014
(Expressed in thousands of Trinidad and Tobago dollars)

Parent 2013	Parent 2014		Group 2014	Group 2013
140,341	160,788	**Profit for the year**	208,138	266,414
		Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
800	132	Re-measurement gains/(losses) on defined benefit plans	(2,314)	13,167
(200)	(33)	Income tax effect	579	(3,292)
600	99		(1,735)	9,875
		Other comprehensive income that may be reclassified subsequently to profit and loss, net of tax		
4,248	(280)	Exchange differences on translation of investment securities	(280)	4,248
4,248	(280)		(280)	4,248
145,189	160,607	**Total comprehensive income for the year, net of tax**	206,123	280,537
		Attributable to:		
145,189	160,607	Equity holders of the Parent	206,113	280,496
–	–	Non-controlling interest	10	41
145,189	160,607		206,123	280,537
		Basic and diluted earnings per share ($ per share)	2.41	3.28
		Weighted average number of shares ('000)	85,605	85,605

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

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)

Parent	**Stated capital**	**Statutory reserve fund**	**General loan loss reserve**	**Foreign currency reserve**	**Retained earnings**	**Total equity**
Balance as at 1 January 2013	667,274	99,183	3,805	(2,595)	242,149	1,009,816
Profit for the year	–	–	–	–	140,341	140,341
Other comprehensive income for the year	–	–	–	4,248	600	4,848
Transfer to general loan loss reserve	–	–	789	–	(789)	–
Transfer to statutory reserve fund	–	14,179	–	–	(14,179)	–
Dividends (Final 2012 and Interim 2013) (Note 43)	–	–	–	–	(72,764)	(72,764)
Other reserve movements	–	–	–	(1,108)	957	(151)
Balance as at 31 December 2013	667,274	113,362	4,594	545	296,315	1,082,090
Profit for the year	–	–	–	–	160,788	160,788
Other comprehensive income for the year	–	–	–	(280)	99	(181)
Transfer to general loan loss reserve	–	–	383	–	(383)	–
Transfer to statutory reserve fund	–	16,079	–	–	(16,079)	–
Dividends (Final 2013 and Interim 2014) (Note 43)	–	–	–	–	(85,604)	(85,604)
Other reserve movements	–	–	–	–	(132)	(132)
Balance as at 31 December 2014	667,274	129,441	4,977	265	355,004	1,156,961

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

Group	Stated capital	Statutory reserve fund	Statutory surplus reserve	General loan loss reserve	Foreign currency reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2013	667,274	112,933	45,048	3,805	(2,595)	703,757	1,530,222	413	1,530,635
Profit for the year	–	–	–	–	–	266,373	266,373	41	266,414
Other comprehensive income for the year	–	–	–	–	4,248	9,875	14,123	–	14,123
Other life insurance reserve movements	–	–	–	–	–	5,272	5,272	–	5,272
Transfer to general loan loss reserve	–	–	–	789	–	(789)	–	–	–
Transfer to statutory surplus reserve	–	–	6,115	–	–	(6,115)	–	–	–
Transfer to statutory reserve fund	–	16,373	–	–	–	(16,373)	–	–	–
Dividends (Final 2012 and Interim 2013) (Note 43)	–	–	–	–	–	(72,764)	(72,764)	–	(72,764)
Other reserve movements	–	–	–	–	(1,108)	(9,101)	(10,209)	–	(10,209)
Balance as at 31 December 2013	667,274	129,306	51,163	4,594	545	880,135	1,733,017	454	1,733,471

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

Group	Stated capital	Statutory reserve fund	Statutory surplus reserve	General loan loss reserve	Foreign currency reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2014	667,274	129,306	51,163	4,594	545	880,135	1,733,017	454	1,733,471
Profit for the year	–	–	–	–	–	208,128	208,128	10	208,138
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	–	16,079	–	–	–	(16,079)	–	–	–
Dividends (Final 2013 and Interim 2014) (Note 43)	–	–	–	–	–	(85,604)	(85,604)	–	(85,604)
Other reserve movements	–	–	–	–	–	6,828	6,828	–	6,828
Balance as at 31 December 2014	667,274	145,385	53,101	4,977	265	991,497	1,862,499	464	1,862,963

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

SEPARATE AND CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)

Parent 2013	Parent 2014		Notes	Group 2014	Group 2013
		Cash flows from operating activities			
183,321	194,455	Profit before taxation		262,222	338,910
		Adjustments for:			
(142)	89	Employee benefits	16	(3,503)	(4,434)
–	9	Loss on disposal of property and equipment		401	–
1,447	1,323	Depreciation	13	3,568	4,884
15,623	–	Impairment on investments	30	(2,617)	19,017
(5,249)	(1,951)	Interest capitalised		(15,069)	(18,492)
–	–	Write back of insurance receivables		(3,299)	–
2,032	3,792	Provisions for losses on loans and advances		3,792	2,032
6,172	1,007	Loss/(gain) on revaluation of investments		29,745	(63,975)
–	–	Gain on revaluation of investment property	12	(3,000)	(832)
(30,797)	(13,818)	Gain on sale of investment securities	26	(32,302)	(37,725)
–	–	Write-off of capital expenditure	33	784	5,403
(233)	1,394	Foreign exchange (gains)/losses		6,546	(13,906)
172,174	186,300	Operating profit before working capital changes		247,268	230,882
(253,091)	(182,694)	Increase in investment in leased assets and loans and advances		(168,833)	(244,419)
(101,892)	78,588	(Increase)/decrease in interest receivable and debtors and prepayments		242,888	(247,553)
198,780	198,846	Increase in customers' deposits and other funding instruments		224,021	322,690
(53,321)	9,422	(Decrease)/increase in accrued interest and other payables		(255)	(58,045)
(26,498)	2,312	(Increase)/decrease in Central Bank reserve account		2,312	(26,498)
–	–	Increase in insurance and investment contracts		97,342	60,840
(63,848)	292,774			644,743	37,897
(3,677)	(53,408)	Taxes paid		(76,426)	(23,568)
(67,525)	239,366	Cash (used in)/generated from operating activities		568,317	14,329

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

ANSA MERCHANT BANK LIMITED

SEPARATE AND CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

Parent 2013	Parent 2014		Notes	Group 2014	Group 2013
		Cash flows from investing activities			
–	–	Placement of fixed deposits		(99,265)	(49,044)
–	–	Maturity of fixed deposits		14,392	21,906
–	8	Proceeds from sale of fixed assets		8	4
(901)	(972)	Additions to fixed assets	13	(9,572)	(11,648)
(843,208)	(539,232)	Purchase of investments		(1,523,566)	(2,124,819)
983,947	326,528	Sale or maturity of investments		730,867	2,431,252
–	–	Net cash inflow from redemption of interests in subsidiary		–	18,325
139,838	(213,668)	Net cash generated from/(used in) investing activities		(887,136)	285,976
		Cash flows from financing activities			
–	250,000	Issue of debt securities		250,000	–
–	(159,534)	Repayment of debt securities		(159,534)	–
(72,764)	(85,604)	Dividends paid	43	(85,604)	(72,764)
(72,764)	4,862	Net cash (used in)/generated from financing activities		4,862	(72,764)
(451)	30,560	**Net (decrease)/increase in cash and cash equivalents**		(313,957)	227,541
222,907	222,456	**Cash and cash equivalents at the beginning of the year**		977,053	749,512
222,456	253,016	**Cash and cash equivalents at the end of the year**		663,096	977,053
		Represented by:			
222,549	264,182	Cash and cash equivalents	4	674,262	978,008
(93)	(11,166)	Bank overdraft	4	(11,166)	(955)
222,456	253,016			663,096	977,053
		Supplemental information:			
87,410	81,785	Interest and dividends received		153,456	149,125
50,234	48,742	Interest paid		70,203	71,564

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

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)

1. Principal activities of the Group

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

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

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

The Bank has a primary listing on the Trinidad & Tobago Stock Exchange. 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 2014. 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 measurement at fair value 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.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

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. 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.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

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
- 2009: ANSA EURO Income Fund (closed in 2013)
- 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 2014, the Group earned $5.3 million in management fees from the retirement plans and $30.3 million from the mutual funds.

The Group holds an interest of $71.9 million in sponsored funds as at 31 December 2014. The maximum exposure to loss in these funds is the carrying value of the assets held by the Group. These values are all included in the Investment Securities portfolio of the Group as at 31 December 2014.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

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 2013 except for the standards and interpretations noted below.

New and amended standards and interpretations affecting amounts reported and/or disclosures in the financial statements

The Group applied, for the first time, certain standards and amendments that became applicable for the 2014 financial year, however there was no impact on the amounts reported and/or disclosures in the financial statements.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Significant accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations not affecting amounts reported and/or disclosures in the financial statements (continued)

IFRIC 21, 'Levies'

IFRIC 21 is applicable to all levies other than outflows that are within the scope of other standards and fines or other penalties for breaches of legislation. Levies are outflows of resources embodying economic benefits imposed by government on entities in accordance with legislation. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. The application of this IFRIC did not have any impact on the Group's financial statements.

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and the application of the IAS 32 offsetting criteria to settlement system, which apply gross settlement mechanisms that are not simultaneous. The Group re-assessed all assets and liabilities which are offset and which can potentially be offset and has confirmed that the treatment of all such assets and liabilities are in compliance with the amended standard. These amendments therefore had no impact on the Group's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities

The investment entities amendments apply to investments in subsidiaries, joint ventures and associates held by a reporting entity that meets the definition of an investment entity. As the Group is not an investment entity, these amendments have no impact on the Group's financial statements.

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

The amendments clarify the disclosure requirements applicable to assets that have been assessed for impairment based on fair value less costs to sell. These amendments are not applicable to the Group as all impairment assessments carried out by the Group are based on the value in use approach.

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

ii) **Changes in accounting policies and disclosures** (continued)

New and amended standards and interpretations not affecting amounts reported and/or disclosures in the financial statements (continued)

Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. These amendments are not applicable to the Group because the Group currently has no derivative or hedging relationships.

Amendments to IFRS 9, IFRS 7 and IAS 39 – Hedge Accounting

The amendments add a chapter on hedge accounting, prescribe the accounting and presentation of changes in the fair value of an entity's own debt and tentatively moved the mandatory effective date of 1 January 2015 to 1 January 2018. These amendments are not applicable as the Group has no derivative or hedge relationship, does not fair value its own debt instruments and already applies IFRS 9.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions – Effective 1 July 2014
- IFRS 14, 'Regulatory Deferral Accounts' – Effective 1 January 2016
- Amendments to IFRS 11 – Accounting for Acquisition of Interests in Joint Operations – 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 2017.

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

ii) **Changes in accounting policies and disclosures** (continued)

Standards issued but not yet effective (continued)

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

Annual Improvements to IFRSs 2010-2012 Cycle 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 2, 'Share-based Payment'
- 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.

Annual Improvements to IFRSs 2011-2013 Cycle 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.

2. Significant accounting policies (continued)

iii) Business combinations and goodwill

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

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.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through statement of income.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in the statement of income or as a change to the statement of other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest 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 statement of income.

2. Significant accounting policies (continued)

iii) Business combinations and goodwill (continued)

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.

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

iv) 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 the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

v) 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.

2. Significant accounting policies (continued)

vi) Financial instruments

IFRS 9, 'Financial Instruments: Classification and Measurement'

The Group early adopted IFRS 9, 'Financial Instruments' (as issued in November 2009 and revised in October 2010), effective 1 January 2011, and the related consequential amendments in advance of its effective date. 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.

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.

ANSA MERCHANT BANK LIMITED

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

Amortised cost and effective interest method (continued)

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

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in the statement of income and is included in the "investment income" line item (refer to Note 26).

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

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

A financial asset is held for trading if:

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

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

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

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

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

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

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

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

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

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

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

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

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.

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

Foreign exchange gains and losses (continued)

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

b) Impairment of financial assets

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

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.

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

b) Impairment of financial assets (continued)

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.

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.

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

c) Derecognition of financial assets (continued)

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.

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.

2. Significant accounting policies (continued)

vii) Fair value measurement

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

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

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

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

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

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

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)

vii) Fair value measurement (continued)

See Note 37 for further details on the valuation techniques and inputs used to account for financial instruments measured at fair value.

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

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

viii) Repurchase and reverse repurchase agreements

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

ix) Product classification

Insurance contracts

IFRS 4 – 'Insurance Contracts', describes an insurance contract as 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. This contract is with and without discretionary participation features (DPF). For insurance contracts with DPFs, the guaranteed element has not been recognised separately.

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.

2. Significant accounting policies (continued)

ix) Product classification (continued)

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.

x) Interest bearing debt and borrowings

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

xi) Insurance receivables

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

xii) Reinsurance assets

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

2. Significant accounting policies (continued)

xii) Reinsurance assets (continued)

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

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

xiii) Taxation

Current income tax

Tax on the statement of income for the year comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the taxable income for the year using the prevailing tax rate and any adjustment to tax payable for previous years.

Deferred tax

Deferred income tax is provided using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled based on the enacted tax rate at the reporting date.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax to be recovered. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2. Significant accounting policies (continued)

xiv) Investment properties

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

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

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

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

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

xv) Property 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.

(Expressed in thousands of Trinidad and Tobago dollars)

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

xv) **Property and equipment** (continued)

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. 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.

xvi) **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)

xvi) **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). Refer to 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)

xvi) 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.

xvii) 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 end of the reporting 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)

xvii) 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 6 February 2015 that the carrying amounts of the insurance liabilities of the general insurance subsidiary as at 31 December 2014, 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).

xviii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where 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.

2. Significant accounting policies (continued)

xix) 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.

xx) 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.

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.

2. Significant accounting policies (continued)

xx) Revenue recognition (continued)

Investment income (continued)

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.

Other income and expenditure

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

2. Significant accounting policies (continued)

xxi) 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.

xxii) 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.

xxiii) 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;

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2. Significant accounting policies (continued)

xxiii) Lapses - Life Insurance (continued)

Policies will lapse and the Group's liability will cease: (continued)

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.

xxiv) Foreign currency translation

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 (that is, 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.

xxv) 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.

2. Significant accounting policies (continued)

xxv) Equity movements (continued)

Treasury shares

Own equity instruments which are re-acquired ("treasury shares") are deducted from equity. No gain or loss is recognised in the consolidated income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in other reserves. Such treasury shares are presented separately within equity and are stated at cost.

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. Interim 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.

xxvi) 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.

xxvii) 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.

xxviii) 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)

xxix) 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.

xxx) 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 (2014: $2.43; 2013: $3.11). There are no dilutive ordinary shares in issue.

xxxi) 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.

xxxii) 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)

xxxii) 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.

xxxiii) Leases

Leases where the Bank 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 loans and advances.

3. Significant accounting judgments and estimates in applying Group policies

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

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

Finance lease commitments – Group as lessor

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.

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 consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of investments

Fair values are based on quoted market prices for the specific instrument, comparisons with other similar financial instruments, or the use of valuation models. Establishing valuations where there are no quoted market prices inherently involves the use of 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.

Pension and other post-employment benefits

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

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.

(Expressed in thousands of Trinidad and Tobago dollars)

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

Insurance contract liabilities

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.

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

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

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

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

Goodwill

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.

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	
2013	**2014**		**2014**	**2013**
		Cash and short-term funds		
205,187	222,719	Cash in hand and at bank	463,711	465,239
17,362	41,463	Short-term deposits with other banks	210,551	512,769
222,549	264,182		674,262	978,008
73,678	71,366	Central Bank Reserve	71,366	73,678
296,227	335,548		745,628	1,051,686

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.

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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	
2013	**2014**		**2014**	**2013**
205,187	222,719	Cash in hand and at bank	463,711	465,239
17,362	41,463	Short-term deposits with other banks	210,551	512,769
222,549	264,182		674,262	978,008
(93)	(11,166)	Bank overdraft	(11,166)	(955)
222,456	253,016		663,096	977,053

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

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

Parent			Group	
2013	**2014**		**2014**	**2013**
847,621	915,668	Hire purchase	915,668	847,621
271,237	310,668	Finance leases	308,510	271,237
1,118,858	1,226,336	Performing	1,224,178	1,118,858
7,278	12,834	Non-performing	12,834	7,278
1,126,136	1,239,170	Future minimum lease payments	1,237,012	1,126,136
(204,621)	(222,542)	Future finance charges and loan fees	(221,979)	(204,621)
921,515	1,016,628	Present value of minimum lease payments	1,015,033	921,515

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

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

Parent			Group	
2013	**2014**		**2014**	**2013**
(3,332)	(3,930)	Specific provision	(3,930)	(3,332)
(664)	(586)	Collective provision	(586)	(664)
917,519	1,012,112	Net investment in leased assets net of provision	1,010,517	917,519

b) **New business less unearned income**

Parent			Group	
2013	**2014**		**2014**	**2013**
350,897	304,421	New business less unearned income	303,564	350,897

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

Parent			Group	
2013	**2014**		**2014**	**2013**
287,663	381,036	Personal	379,919	287,663
633,852	635,592	Commercial	635,114	633,852
921,515	1,016,628		1,015,033	921,515

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

Parent			Group	
2013	**2014**		**2014**	**2013**
68,849	79,562	Within 1 year	79,562	68,850
770,499	836,479	1 to 5 years	834,884	770,498
82,167	100,587	Over 5 years	100,587	82,167
921,515	1,016,628		1,015,033	921,515

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

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

Parent 2013	Parent 2014		Group 2014	Group 2013
70,891	82,255	Within 1 year	82,255	70,891
941,673	1,019,382	1 to 5 years	1,017,224	941,673
113,572	137,533	Over 5 years	137,533	113,572
1,126,136	1,239,170		1,237,012	1,126,136

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

Parent and Group	**2014**	**2013**
Balance at 1 January	3,996	1,964
Charge for the year	3,792	2,032
Amounts written off	(3,272)	–
At 31 December	4,516	3,996

Repossessed collateral

As at 31 December 2014, the Group held repossessed vehicles with a fair value of $0.62 million (2013: $0.75 million). Repossessed vehicles are sold as soon as practical, with the proceeds used to reduce the outstanding indebtedness.

6. **Loans and advances**

Parent 2013	Parent 2014		Group 2014	Group 2013
–	–	Policy loans	10,929	10,717
–	–	Mortgage loans	68,044	80,255
498,382	567,344	Other loans and advances	567,344	498,382
498,382	567,344	Performing loans and advances	646,317	589,354
–	19,139	Non-performing loans and advances	19,139	338
498,382	586,483		665,456	589,692
–	–	Specific provision	(280)	(351)
498,382	586,483		665,176	589,341

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6. **Loans and advances** (continued)

Parent 2013	Parent 2014		Group 2014	Group 2013
		Sectorial analysis of advances		
2,668	12,535	Personal	48,829	44,783
110,561	33,545	Retail/distribution/manufacturing	33,545	110,561
15,023	16,117	Hotel and restaurant	16,117	15,023
338,993	474,051	Construction and real estate	516,730	388,188
31,137	50,235	Other	50,235	31,137
498,382	586,483		665,456	589,692
		Loans and advances have the following maturity profile		
402,925	488,263	Within 1 year	488,298	402,449
10,356	19,382	1 to 5 years	21,345	12,661
85,101	78,838	Over 5 years	155,813	174,582
498,382	586,483		665,456	589,692

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

	2014	2013
Balance at 1 January	351	351
Amounts written off	(71)	–
At 31 December	280	351

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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 2013	Parent 2014		Group 2014	Group 2013
		Investment securities:		
		Designated at fair value through		
209,981	313,106	statement of income	1,646,512	1,243,014
286,970	403,670	Amortised cost	1,783,428	1,385,119
		Fair value through other		
21,125	19,940	comprehensive income	–	–
518,076	736,716	Total investment securities	3,429,940	2,628,133
		Investment securities designated at fair value through statement of income		
99,905	166,006	Equity securities	1,052,759	642,844
809	67,868	Government bonds	219,115	149,536
105,157	52,159	State-owned company securities	189,702	267,906
4,110	27,073	Corporate bonds	184,936	182,728
209,981	313,106		1,646,512	1,243,014
		Investment securities measured at amortised cost		
17,208	3,827	Government bonds	362,137	328,816
151,291	264,200	State-owned company securities	802,223	652,531
118,471	135,643	Corporate bonds	619,068	403,772
286,970	403,670		1,783,428	1,385,119

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7. Investment securities (continued)

Parent 2013	Parent 2014		Group 2014	Group 2013
		Investment securities designated and measured at FVOCI		
21,125	19,940	Equity securities	–	–
21,125	19,940		–	–
518,076	736,716	**Total investment securities**	3,429,940	2,628,133

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 2013	Parent 2014		Group 2014	Group 2013
–	–	Cash and short-term funds	137,033	387,193
–	–	Loans and advances	67,799	80,347
–	–	Bonds and debentures	662,395	593,773
–	–	Equities	480,258	244,780
–	–	Real estate	25,300	25,300
–	–		1,372,785	1,331,393

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 2013	Parent 2014		Group 2014	Group 2013
–	–	Premiums receivable	37,889	33,227
–	–	Reinsurance receivables	7,525	9,545
–	–		45,414	42,772

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10. Other debtors and prepayments

Parent			Group	
2013	**2014**		**2014**	**2013**
4,403	20,977	Fees and rent receivable	1,682	5,016
105,533	–	Proceeds from investment	–	261,660
424	218	Prepayments	3,634	4,019
499	7,794	VAT receivable	7,794	499
3,490	4,648	Other receivables	4,364	8,274
114,349	33,637		17,474	279,468

11. Investment in subsidiaries

	Parent	
	2014	**2013**
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-14	Proportion of issued capital held 31-Dec-13
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.

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12. Investment properties

Parent			Group	
2013	**2014**		**2014**	**2013**
–	–	Valuation at beginning of the year	111,443	128,943
–	–	Additions/(disposals) during the year	22,169	(17,500)
–	–	Gain from revaluation	3,000	–
–	–	Valuation at close of the year	136,612	111,443
–	–	Rental income from properties	18,802	17,876
–	–	Direct operating expenses arising from investment properties that generated rental income during the period	7,064	6,397

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:

	2014	**2013**
No later than 1 year	18,861	18,586
Later than 1 year but not later than 5 years	43,983	53,847
Later than 5 years	29,762	35,483
	92,606	107,916

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.

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13. Property and equipment

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

Parent 2013	**Furniture & equipment**	**Computer equipment**	**Motor vehicles**	**Leasehold improvements**	**Total**
Cost					
At beginning of the period	1,446	5,127	1,319	2,935	10,827
Additions	15	886	–	–	901
At end of the period	1,461	6,013	1,319	2,935	11,728
Accumulated depreciation					
At beginning of the period	996	3,121	443	2,038	6,598
Current depreciation	47	911	195	294	1,447
At end of the period	1,043	4,032	638	2,332	8,045
Net book value	418	1,981	681	603	3,683

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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

Group 2013	**Furniture & equipment**	**Computer equipment**	**Motor vehicles**	**Leasehold improvements**	**Land & buildings**	**Total**
Cost						
At beginning of the period	22,881	54,576	1,320	2,935	18,857	100,569
Additions	9,644	1,914	90	–	–	11,648
Disposals	–	(4)	–	–	–	(4)
Assets written off	–	(5,403)	–	–	–	(5,403)
At end of the period	32,525	51,083	1,410	2,935	18,857	106,810

13. Property and equipment (continued)

Group 2013	**Furniture & equipment**	**Computer equipment**	**Motor vehicles**	**Leasehold improvements**	**Land & buildings**	**Total**
Accumulated depreciation						
At beginning of the period	16,189	39,220	444	2,038	5,940	63,831
Current depreciation	2,324	1,987	197	294	82	4,884
At end of the period	18,513	41,207	641	2,332	6,022	68,715
Net book value	14,012	9,876	769	603	12,835	38,095

As at 31 December 2014, the Parent's gross carrying amount of fully depreciated assets still in use amounted to $1.051 million (2013: $1.161 million) and the Group $30.982 million (2013: $30.962 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 2014 and at 31 December 2013 for both the Parent and the Group.

14. Goodwill

	Group	
	2014	**2013**
Goodwill at carrying value	133,762	133,762

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.

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14. Goodwill (continued)

Impairment testing of goodwill

In accordance with *IFRS 3 – Business Combinations*, all assets that gave rise to goodwill were reviewed for impairment at 31 December 2014 using the 'value in use' method. Based on the results of this review no impairment expense was required.

Goodwill arising through business combinations was generated by the acquisition of Trinidad and Tobago Insurance Limited and its subsidiaries on 1 January 2004.

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:

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%

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.

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15. Deferred taxation

Parent

	2013	Credit/(charge) to Income	Credit/(charge) to OCI	2014
Unrealised foreign exchange losses	–	2,608	–	2,608
Property and equipment	64	93	–	157
Employee benefit obligation	78	6	8	92
Unrealised investment losses	48	653	–	701
Total deferred tax asset	190	3,360	8	3,558
Employee benefit asset	(2,298)	(34)	(41)	(2,373)
Finance leases	(29,011)	(1,734)	–	(30,745)
Unrealised investment gains	(762)	5		(757)
Provisions	(195)	–	–	(195)
Total deferred tax liability	(32,266)	(1,763)	(41)	(34,070)

	2012	Credit/(charge) to Income	Credit/(charge) to OCI	2013
Property and equipment	–	64	–	64
Employee benefit obligation	128	(42)	(8)	78
Unrealised investment losses	807	(759)	–	48
Total deferred tax asset	935	(737)	(8)	190
Employee benefit asset	(2,058)	(48)	(192)	(2,298)
Finance leases	(17,932)	(11,079)	–	(29,011)
Property and equipment	(43)	43	–	–
Unrealised investment gains	(2,241)	1,479	–	(762)
Provisions	–	(195)	–	(195)
Total deferred tax liability	(22,274)	(9,800)	(192)	(32,266)

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15. Deferred taxation (continued)

Group

	2013	Credit/(charge) to Income	Credit/(charge) to OCI	Credit/(charge) to Life and other reserve movement	2014
Employee benefit obligation	791	5	(14)	–	782
Unrealised foreign exchange losses	–	2,608	–	–	2,608
Property and equipment	3,045	(734)	–	–	2,311
Unrealised investment losses	6,877	1,379	–	884	9,140
Total deferred tax asset	10,713	3,258	(14)	884	14,841
Life insurance reserves	(45,159)	–	–	5,837	(39,322)
Employee benefit asset	(28,969)	(1,153)	593	(449)	(29,978)
Finance leases	(29,011)	(1,734)	–	–	(30,745)
Property and equipment	(4,590)	(528)	–	1,138	(3,980)
Unrealised investment gains	(49,229)	2,166	–	(4,493)	(51,556)
Total deferred tax liability	(156,958)	(1,249)	593	2,033	(155,581)

	2012	Credit/(charge) to Income	Credit/(charge) to OCI	Credit/(charge) to Life and other reserve movement	2013
Employee benefit obligation	1,121	(299)	(31)	–	791
Property and equipment	2,887	158	–	–	3,045
Unrealised investment losses	7,417	(691)	–	151	6,877
Total deferred tax asset	11,425	(832)	(31)	151	10,713
Life insurance reserves	(53,653)	–	–	8,494	(45,159)
Employee benefit asset	(24,874)	(937)	(3,158)	–	(28,969)
Finance leases	(17,932)	(11,079)	–	–	(29,011)
Property and equipment	(3,495)	(1,095)	–	–	(4,590)
Unrealised investment gains	(40,028)	(5,828)	–	(3,373)	(49,229)
Total deferred tax liability	(139,982)	(18,939)	(3,158)	5,121	(156,958)

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16. Employee benefits

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

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

a) Amounts recognised in the statement of financial position

	Defined benefit pension plan		Post-retirement health benefits	
	2014	**2013**	**2014**	**2013**
Parent				
Present value of defined benefit obligation	9,119	9,108	366	311
Fair value of plan assets	(18,612)	(18,300)	–	–
(Asset)/liability recognised in the statement of financial position	(9,493)	(9,192)	366	311
Group				
Present value of defined benefit obligation	77,590	73,030	3,123	3,048
Fair value of plan assets	(197,492)	(190,666)	–	–
(Asset)/liability recognised in the statement of financial position	(119,902)	(117,636)	3,123	3,048

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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 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
Re-measurement (gains)/losses - demographic	(321)	–	(321)	33
Re-measurement (gains)/losses - financial	–	156	156	–
Total charge/(credit) 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

(Expressed in thousands of Trinidad and Tobago dollars)

16. Employee benefits (continued)

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

Group	**Defined benefit obligation**	**Fair value of plan assets**	**Defined benefit pension plans**	**Post-employment medical benefits**
Balance at 1 January 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
Re-measurement (gains)/losses in OCI				
Experience (gains)/losses - demographic	709	–	709	(56)
Re-measurement (gains)/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)	
Transfer	(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

16. Employee benefits (continued)

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

Parent	**Defined benefit obligation**	**Fair value of plan assets**	**Defined benefit pension plans**	**Post-employment medical benefits**
Balance at 1 January 2013	8,034	(16,264)	(8,230)	514
Pension cost charged to statement of income				
Current service cost	440	–	440	33
Net interest cost	401	(824)	(423)	26
Past service cost	–	–	–	(218)
Total charge/(credit) to statement of income	841	(824)	17	(159)
Re-measurement (gains)/losses in OCI				
Experience losses - demographic	22	–	22	(31)
Experience gains - financial	–	(790)	(790)	–
Total charge/(credit) to OCI	22	(790)	(768)	(31)
Other movements				
Contributions by employee	211	(211)	–	–
Contributions by employer	–	(211)	(211)	–
Benefits paid	–	–	–	(13)
Total other movements	211	(422)	(211)	(13)
Balance at 31 December 2013	9,108	(18,300)	(9,192)	311

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 2013	69,475	(170,015)	(100,540)	4,481
Pension cost charged to statement of income				
Current service cost	1,862	–	1,862	211
Net interest cost	3,399	(8,505)	(5,106)	226
Past service cost	–	–	–	(1,627)
Total charge/(credit) to statement of income	5,261	(8,505)	(3,244)	(1,190)
Re-measurement (gains)/losses in OCI				
Experience gains - demographic	(1,035)	–	(1,035)	(117)
Re-measurement gains - financial	–	(12,013)	(12,013)	–
Total charge/(credit) to OCI	(1,035)	(12,013)	(13,048)	(117)
Other movements				
Contributions by employee	804	(804)	–	–
Contributions by employer	–	(804)	(804)	–
Benefits paid	(1,475)	1,475	–	(126)
Total other movements	(671)	(133)	(804)	(126)
Balance at 31 December 2013	73,030	(190,666)	(117,636)	3,048

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16. Employee benefits (continued)

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

	Defined benefit pension plan 2014	**Defined benefit pension plan 2013**	**Post-retirement health benefits 2014**	**Post-retirement health benefits 2013**
Parent				
Net (asset)/liability at the start of the year	(9,192)	(8,230)	311	514
Net expense/(income) recognised in the statement of income	56	17	33	(159)
Net income recognised in the statement of other comprehensive income	(165)	(768)	33	(31)
Contributions paid	(192)	(211)	(11)	(13)
Net (asset)/liability recognised at the end of the year	(9,493)	(9,192)	366	311
Group				
Net (asset)/liability at the start of the year	(117,636)	(100,540)	3,048	4,481
Net income recognised in the statement of income	(3,761)	(3,244)	258	(1,190)
Net income recognised in the statement of other comprehensive income	2,370	(13,048)	(56)	(117)
Contributions paid	(875)	(804)	(127)	(126)
Net (asset)/liability recognised at the end of the year	(119,902)	(117,636)	3,123	3,048

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16. Employee benefits (continued)

d) Actual return on plan assets

	2014	**2013**
Parent	736	1,651
Group	7,836	20,521

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

	Defined benefit pension plan	
Parent and Group	**2014**	**2013**
Local equities	35%	36%
Local bonds	31%	31%
Foreign investments	21%	15%
Real estate/mortgages	2%	2%
Short-term securities	11%	16%
	100%	100%

f) Principal actuarial assumptions

	Defined benefit pension plan	
Parent and Group	**2014**	**2013**
Discount rate	5.00%	5.00%
Future salary increases	3.00%	3.00%
Medical costs trend rates	3.00%	3.00%

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 2014	(1,196)	1,532	360	(326)	53	(43)
At 31 December 2013	(1,198)	1,529	362	(328)	46	(37)

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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 2014	(9,856)	12,366	2,631	(2,407)	453	(367)
At 31 December 2013	(9,607)	12,258	2,905	(2,627)	443	(360)

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 $0.9 million to its defined benefit plan in 2015. The average duration of the defined benefit obligation at the end of the reporting period is 16 years (2013: 18 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**	
2013	**2014**	**2014**	**2013**
85	115	446	358

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17. Accrued interest and other payables

Parent 2013	Parent 2014		Group 2014	Group 2013
18,765	15,364	Interest payable	10,285	10,882
5,859	2,150	Accrued expenses	7,992	19,950
19,767	23,742	Client funds held for investment	18,271	11,996
1,681	95	Due to statutory authorities	7,135	10,340
–	–	Distributions payable	2,301	3,139
293	293	Deferred fee income	393	511
–	–	Unapplied premiums	3,549	5,086
–	–	Commissions payable	7,266	5,103
6,086	3,080	Stale dated cheques	4,255	8,783
–	–	Due to reinsurers	21,293	21,287
4,582	20,700	Related party balances	20,700	4,582
9,252	10,283	Other creditors	11,231	13,267
66,285	75,707		114,671	114,926

18. Customers' deposits and other funding instruments

Sectorial analysis of customers' deposits and other funding instruments

Parent 2013	Parent 2014		Group 2014	Group 2013
13,224	12,597	Individuals	655,431	686,152
448,261	568,611	Pension funds/credit unions trustees	692,470	548,118
662,943	742,066	Private companies/estates/ financial institutions	966,231	855,841
1,124,428	1,323,274		2,314,132	2,090,111

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19. Debt securities in issue

Parent 2013	Parent 2014		Group 2014	Group 2013
671,925	758,963	Medium and long term notes	758,963	671,925
671,925	758,963		758,963	671,925

In December 2009, the Bank issued a TT$350 million medium-term note maturing on 4 June 2015. Interest is fixed at 6.5% per annum. 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 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.

20. Investment contract liabilities

	Group 2014	Group 2013
At the beginning of year	168,244	160,150
Premiums received	25,140	12,627
Interest received	8,068	7,265
Liabilities realised for payment on death, surrender and other terminations in the year	(9,268)	(11,393)
Other movements	(1,278)	(405)
	190,906	168,244

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

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21. Insurance contract liabilities

	Notes	2014 Insurance contract liabilities	2014 Reinsurers' share of liabilities	2014 Net	2013 Insurance contract liabilities	2013 Reinsurers' share of liabilities	2013 Net
Life insurance contracts	21(b)	924,782	(11,531)	913,251	867,803	(8,322)	859,481
General insurance contracts	21(c)	282,768	(88,085)	194,683	265,067	(80,654)	184,413
Total insurance contract liabilities		1,207,550	(99,616)	1,107,934	1,132,870	(88,976)	1,043,894

a) Reinsurance assets

	2014	2013
Life insurance contract	11,531	8,322
General insurance contracts:		
Premiums	55,861	52,705
Claims	32,224	27,949
	99,616	88,976

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21. Insurance contract liabilities (continued)

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

	2014 Insurance contract liabilities	2014 Reinsurers' share of liabilities	2014 Net	2013 Insurance contract liabilities	2013 Reinsurers' share of liabilities	2013 Net
With DPF	225,469	–	225,469	219,882	–	219,882
Without DPF	672,128	(11,531)	660,597	625,549	(8,322)	617,227
	897,597	(11,531)	886,066	845,431	(8,322)	837,109
Outstanding claims	27,185	–	27,185	22,372	–	22,372
Total life insurance contract liabilities	924,782	(11,531)	913,251	867,803	(8,322)	859,481
At 1 January	867,803	(8,322)	859,481	817,417	(7,700)	809,717
Premiums received	118,904	(9,722)	109,182	136,799	(8,782)	128,017
Liabilities realised for payment on death, surrender and other terminations in the year	(61,925)	6,513	(55,412)	(86,413)	8,160	(78,253)
At 31 December	924,782	(11,531)	913,251	867,803	(8,322)	859,481

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21. Insurance contract liabilities (continued)

c) General insurance contracts may be analysed as follows:

	2014			2013		
	Insurance contract liabilities	Reinsurers' share of liabilities	Net	Insurance contract liabilities	Reinsurers' share of liabilities	Net
Claims reported and IBNR	137,731	(32,224)	105,507	125,124	(27,949)	97,175
Provisions for unearned premiums and unexpired risk	145,037	(55,861)	89,176	139,943	(52,705)	87,238
Total at end of year	282,768	(88,085)	194,683	265,067	(80,654)	184,413

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21. Insurance contract liabilities (continued)

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

i) Claims reported and IBNR

	2014			2013		
	Insurance contract liabilities	Reinsurers' share of liabilities	Net	Insurance contract liabilities	Reinsurers' share of liabilities	Net
Provisions for claims reported by policy holders	100,778	(22,359)	78,419	107,761	(23,382)	84,379
Provisions for claims incurred but not reported (IBNR)	24,346	(5,590)	18,756	26,169	(5,844)	20,325
	125,124	(27,949)	97,175	133,930	(29,226)	104,704
Cash paid for claims settled in the year	(85,719)	8,706	(77,013)	(94,432)	17,150	(77,282)
Claims incurred	98,326	(12,981)	85,345	85,626	(15,873)	69,753
Total at end of year	137,731	(32,224)	105,507	125,124	(27,949)	97,175
Provisions for claims reported by policy holders	110,873	(25,780)	85,093	100,778	(22,359)	78,419
Provisions for claims incurred but not reported (IBNR)	26,858	(6,444)	20,414	24,346	(5,590)	18,756
	137,731	(32,224)	105,507	125,124	(27,949)	97,175

(Expressed in thousands of Trinidad and Tobago dollars)

21. Insurance contract liabilities (continued)

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

ii) Provisions for unearned premiums and unexpired risk

	2014			2013		
	Insurance contract liabilities	Reinsurers' share of liabilities	Net	Insurance contract liabilities	Reinsurers' share of liabilities	Net
Provisions for unearned premiums	124,514	(46,848)	77,666	114,577	(42,359)	72,218
Provisions for unexpired risk	15,428	(5,857)	9,571	14,200	(5,294)	8,906
	139,942	(52,705)	87,237	128,777	(47,653)	81,124
Increase in the period	355,323	(183,689)	171,634	313,930	(154,371)	159,559
Release in the period	(350,228)	180,533	(169,695)	(302,764)	149,319	(153,445)
Total at end of year	145,037	(55,861)	89,176	139,943	(52,705)	87,238
Provisions for unearned premiums	129,043	(49,654)	79,389	124,515	(46,848)	77,667
Provisions for unexpired risk	15,994	(6,207)	9,787	15,428	(5,857)	9,571
	145,037	(55,861)	89,176	139,943	(52,705)	87,238

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.

	2009	2010	2011	2012	2013	2014	Total
Estimate of outstanding claims costs:							
- at end of underwriting year	63,325	73,747	57,923	57,448	52,911	66,486	665,296
- one year later	110,461	181,157	107,761	106,945	102,201	–	–
- two years later	109,708	165,512	108,375	111,324	–	–	–
- three years later	106,786	162,557	107,939	–	–	–	–
- four years later	111,432	177,471	–	–	–	–	–
- five years later	99,875	–	–	–	–	–	–
Current estimate of cumulative claims	99,875	177,471	107,939	111,324	102,201	66,486	665,296
Cumulative payments to date	(96,133)	(154,053)	(90,033)	(89,701)	(73,175)	(39,850)	(542,945)
Liability recognised in the statement of financial position	3,742	23,418	17,906	21,623	29,026	26,636	122,351
Total liability in respect of prior years							15,380
Total liability included in the statement of financial position							137,731

It is impractical to prepare information related to claims development that occurred prior to the 2009 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 the 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.

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 are broadly neutral in effect.

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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 these assumptions are non linear and larger or smaller impacts cannot easily be gleaned from these results.

Assumption change	**Required increase in insurance contract liabilities**	
	2014	**2013**
2% Increase in mortality	3,800	3,600
5% Increase in expenses	10,300	10,600
10% Change in lapse rates	6,800	7,300
1% Decrease in investment earnings	109,700	93,900

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			**Group**	
2013	**2014**		**2014**	**2013**
		Authorised		
		An unlimited number of shares		
		Issued and fully paid		
		85,605,263 (2013: 85,605,263)		
667,274	667,274	ordinary shares of no par value	667,274	667,274

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24. Net insurance revenue

Parent 2013	Parent 2014		Group 2014	Group 2013
–	–	Gross insurance contracts premium revenue	474,227	450,728
–	–	Reinsurers' share of insurance contracts premium revenue	(180,441)	(151,150)
–	–	Net insurance contracts premium revenue	293,786	299,578
–	–	Gross change in unearned premium provision and unexpired risks	(5,095)	(11,166)
–	–	Reinsurers' share of change in unearned premium provision and unexpired risks	3,156	5,050
–	–	Net change in unearned premium provision and unexpired risks	(1,939)	(6,116)
–	–	**Net insurance revenue**	291,847	293,462

25. Finance charges, loan fees and other interest income

Parent 2013	Parent 2014		Group 2014	Group 2013
111,032	122,353	Finance charges earned	122,335	111,022
19,905	17,987	Interest income on loans and advances	17,987	19,905
23,494	19,245	Other income	19,245	23,494
154,431	159,585		159,567	154,421

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26. Investment income

Parent 2013	Parent 2014		Group 2014	Group 2013
5,243	8,735	Interest and dividend income from investments designated at fair value through statement of income	63,937	43,826
4,120	4,705	Interest income on impaired financial assets	10,460	10,681
48,599	52,317	Interest and dividend income from other financial assets	84,947	96,092
22,608	13,818	Realised gains on sale of investment securities	32,302	34,509
2,017	(1,007)	Unrealised gains / (losses) on investments held at year end designated fair value through statement of income	(29,745)	67,191
(120)	(342)	Other investment income	(342)	16,911
82,467	78,226		161,559	269,210

27. Other income

Parent 2013	Parent 2014		Group 2014	Group 2013
38,315	30,657	Administrative fees and commissions	33,099	29,113
13,503	14,719	Foreign exchange trading and gains	11,038	18,281
603	4,413	Lease sales and recoveries	422	603
–	–	Property rental	18,802	17,876
852	46	Trustee and other fiduciary fees	8,110	7,038
2,005	1,047	Other	18,959	7,014
55,278	50,882		90,430	79,925

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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	
	2014	2013	2014	2013	2014	2013
Gross insurance contracts benefits and claims incurred	98,326	85,626	76,184	81,293	174,510	166,919
Reinsurers' share of gross insurance benefits and claims paid	(12,981)	(15,873)	(5,813)	(3,435)	(18,794)	(19,308)
Net change in insurance contract liabilities	–	–	48,957	51,438	48,957	51,438
	85,345	69,753	119,328	129,296	204,673	199,049

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29. Interest expense

Parent 2013	Parent 2014		Group 2014	Group 2013
12,701	10,693	Customers' deposits	32,703	36,277
36,078	34,649	Debt securities in issue	34,649	36,079
48,779	45,342		67,352	72,356

30. Provision for impairment of investments

Parent 2013	Parent 2014		Group 2014	Group 2013
14	–	State owned	(1,222)	14
15,609	–	Corporate	(1,395)	19,003
15,623	–		(2,617)	19,017

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

31. Marketing and policy expenses

Parent 2013	Parent 2014		Group 2014	Group 2013
–	–	Agents and brokers commissions	47,252	45,463
–	–	Agents allowance and bonus	4,219	4,235
–	–	Agents policy expenses	805	886
4,139	5,412	Asset finance promotional expense	5,412	4,139
4,818	4,265	Advertising costs	4,778	6,201
8,957	9,677		62,466	60,924

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32. Personnel expenses

Parent 2013	Parent 2014		Group 2014	Group 2013
17,978	20,718	Salaries and bonus	43,832	42,923
175	192	Group health and life plan	955	429
712	804	Other staff cost	3,344	2,803
18,865	21,714		48,131	46,155

33. General administrative expenses

Parent 2013	Parent 2014		Group 2014	Group 2013
2,258	2,278	Professional insurance	2,182	2,735
2,161	2,030	Property related expenses	7,815	6,507
2,538	2,321	Subscriptions & donations	2,370	2,617
475	374	Finance charges	1,008	928
480	902	Communications	4,715	2,548
750	451	Travel & entertainment	915	1,219
342	371	Printing & stationery	2,476	2,159
–	–	Write off of capital expenditure	784	5,403
1,988	1,503	General expenses	22,993	21,080
10,992	10,230		45,258	45,196

The write-off of capital expenditure relates to computer software and development costs for which the future economic benefits were reassessed.

34. Taxation

Parent 2013	Parent 2014		Group 2014	Group 2013
32,663	35,663	Corporation tax	54,829	51,946
–	(789)	(Over)/under provision to prior year tax charge	292	413
9,923	(1,597)	Deferred tax	(2,009)	19,053
394	390	Green Fund levy	972	1,084
42,980	33,667		54,084	72,496

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34. Taxation (continued)

Parent 2013	Parent 2014		Group 2014	Group 2013
		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:		
183,321	194,455	Net profit before taxation	262,222	338,910
45,830	48,614	Tax at applicable statutory tax rates	65,556	84,728
		Tax effect of items that are adjustable in determining taxable profit:		
(13,543)	(11,755)	Tax exempt income	(14,059)	(22,145)
997	2,412	Non-deductible expenses	3,156	2,482
(1,021)	(4,691)	Allowable deductions	(14,186)	(6,389)
–	(789)	Adjustment to prior year tax charge	(511)	413
10,323	(514)	Other differences	13,156	12,323
394	390	Provision for Green Fund Levy and other taxes	972	1,084
42,980	33,667	**Total taxation**	54,084	72,496

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.

35. Segmental information (continued)

Mutual funds (continued)	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 2014 or 2013.

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35. Segmental information (continued)

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

	Banking services	Mutual funds	Life insurance operations	General insurance operations	Eliminations	Total
2014						
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	(33,773)	–	(3,640)	(16,671)	–	(54,084)
Profit after taxation	161,107	(17,149)	14,551	68,905	(19,276)	208,138
Total assets	3,372,691	1,168,198	1,890,754	953,213	(764,416)	6,620,440
Total liabilities	2,204,351	1,187,435	1,220,218	364,266	(218,793)	4,757,477
Purchase of fixed assets	972	–	1,403	7,197	–	9,572
Depreciation	(1,323)	–	(899)	(1,346)	–	(3,568)

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35. Segmental information (continued)

2013	Banking services	Mutual funds	Life insurance operations	General insurance operations	Eliminations	Total
Total operating income	292,176	87,195	247,678	274,055	(104,086)	797,018
Total operating expense	(50,811)	(22,280)	(136,561)	(69,753)	5,968	(273,437)
Provision for impairment	(15,623)	(1,273)	(2,058)	(63)	–	(19,017)
Selling and administration expense	(42,421)	(40,098)	(40,686)	(83,436)	40,987	(165,654)
Profit before tax	183,321	23,544	68,373	120,803	(57,131)	338,910
Taxation	(42,980)	–	(11,907)	(17,609)	–	(72,496)
Profit after taxation	140,341	23,544	56,466	103,194	(57,131)	266,414
Total assets	2,995,061	1,210,696	1,802,410	914,935	(830,693)	6,092,409
Total liabilities	1,912,971	1,174,166	1,147,792	345,208	(221,199)	4,358,938
Purchase of fixed assets	901	–	1,332	9,415	–	11,648
Depreciation	(1,447)	–	(814)	(2,623)	–	(4,884)

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35. Segmental information (continued)

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

2014	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	(54,084)	–	–	–	(54,084)
Profit after taxation	176,351	38,664	12,399	(19,276)	208,138
Total assets	5,715,542	312,159	1,357,155	(764,416)	6,620,440
Total liabilities	4,976,270	–	–	(218,793)	4,757,477
Purchase of fixed assets	9,573	–	–	–	9,573
Depreciation	(3,568)	–	–	–	(3,568)

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35. Segmental information (continued)

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

2013	Domestic services	Regional	International	Eliminations	Total
Total operating income	839,447	52,665	8,992	(104,086)	797,018
Total operating expense	(279,405)	–	–	5,968	(273,437)
Provision for impairment	(11,401)	(8,369)	753	–	(19,017)
Selling and administration expense	(206,641)	–	–	40,987	(165,654)
Profit before tax	342,000	44,296	9,745	(57,131)	338,910
Taxation	(72,496)	–	–	–	(72,496)
Profit after taxation	269,504	44,296	9,745	(57,131)	266,414
Total assets	5,613,377	242,594	1,067,131	(830,693)	6,092,409
Total liabilities	4,580,137	–	–	(221,199)	4,358,938
Purchase of fixed assets	11,648	–	–	–	11,648
Depreciation	(4,884)	–	–	–	(4,884)

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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 2013	Parent 2014		Group 2014	Group 2013
		Loans, investments and other assets		
43,834	57,059	ANSA McAL Group	88,950	85,008
26,394	45,810	Subsidiaries	–	–
2,184	23,291	Directors and key management personnel	23,644	2,184
10,488	9,270	Other related parties	9,270	10,488
82,900	135,430		121,864	97,680
		Deposits and other liabilities		
40,395	132,806	ANSA McAL Group	237,161	168,694
172,688	100,438	Subsidiaries	–	–
8	8	Directors and key management personnel	8,244	51,879
55,264	55,264	Other related parties	160,383	64,333
268,355	288,516		405,788	284,906

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36. Related party transactions and balances (continued)

Parent			Group	
2013	**2014**		**2014**	**2013**
		Interest and other income		
26,708	614	ANSA McAL Group	39,780	52,287
36,823	33,772	Subsidiaries	–	–
80	1,823	Directors and key management personnel	2,215	80
734	693	Other related parties	4,245	3,554
64,345	36,902		46,240	55,921
		Interest and other expense		
2,266	2,511	ANSA McAL Group	10,697	10,955
5,509	3,477	Subsidiaries	–	–
–	–	Directors and key management personnel	429	50
3,575	3,575	Other related parties	5,289	4,408
11,350	9,563		16,415	15,413

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

Key management compensation

Parent			Group	
2013	**2014**		**2014**	**2013**
6,055	8,260	Short-term benefits	10,740	9,867
91	97	Contribution to defined contribution plans	126	124
89	111	Post employment benefits	189	255
6,235	8,468		11,055	10,246

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37. Financial Instruments

Fair values

The Group's accounting policy on fair value measurements is disclosed in Note 2 (vii) of these financial statements. 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.

(i) 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.

(ii) 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.

37. Financial Instruments (continued)

Fair values (continued)

(ii) 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.

(iii) 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.

(iv) 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.

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37. Financial instruments (continued)

Fair values (continued)

(v) 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 2014 and 2013.

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

2013

Parent				**Group**		
Carrying values	**Fair values**	**Unrecognised gain**	**Financial assets**	**Carrying values**	**Fair values**	**Unrecognised gain**
518,076	547,747	29,671	Investment securities	2,628,133	2,832,223	204,090
–	–	–	Investment property	111,443	111,443	–
518,076	547,747	29,671		2,739,576	2,943,666	204,090

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

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37. Financial instruments (continued)

Fair values (continued)

(vi) 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.

37. Financial instruments (continued)

Fair values (continued)

(vi) 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

37. Financial instruments (continued)

Fair values (continued)

(vi) 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

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37. Financial instruments (continued)

Fair values (continued)

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

2013 Parent	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities designated at FVSI				
Equity securities	33,496	66,409	–	99,905
Government bonds	–	809	–	809
State owned company securities	–	105,158	–	105,158
Corporate bonds and debentures	–	4,109	–	4,109
	33,496	176,485	–	209,981
Investment securities measured at amortised cost for which fair values are disclosed				
Government bonds	13,034	3,106	–	16,140
State owned company securities	16,903	85,755	–	102,658
Corporate bonds and debentures	68,152	112,058	17,635	197,845
	98,089	200,919	17,635	316,643
Investment securities measured at FVOCI				
Equity securities	–	21,125	–	21,125

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37. Financial instruments (continued)

Fair values (continued)

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

2013 Group	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities designated at FVSI				
Equity securities	437,666	199,120	6,058	642,844
Government bonds	12,655	136,881	–	149,536
State owned company securities	48,034	219,872	–	267,906
Corporate bonds and debentures	100,245	82,483	–	182,728
	598,600	638,356	6,058	1,243,014
Investment securities measured at amortised cost for which fair values are disclosed				
Government bonds	13,034	365,550	–	378,584
State owned company securities	87,026	604,844	–	691,870
Corporate bonds and debentures	140,558	360,562	17,635	518,755
	240,618	1,330,956	17,635	1,589,209
Assets measured at fair value				
Investment properties	–	111,443	–	111,443

37. Financial instruments (continued)

Fair values (continued)

(vi) 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	5.59% to 9.59%	2% increase/(decrease) in the growth rate would result in decrease/ (increase) in fair value by $120,000/(109,000)

(vii) 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 years ended 31 December 2014, there were no transfer of assets between Level 1 and Level 2.

(Expressed in thousands of Trinidad and Tobago dollars)

37. Financial instruments (continued)

Fair values (continued)

(viii) Movements in Level 3 financial instruments

Parent			Group	
2013	**2014**		**2014**	**2013**
		Assets		
73	17,635	Balance at 1 January	23,693	6,263
–	(1,328)	(Losses)/gains recognised	(1,328)	(132)
17,635	142,114	Purchases	224,724	17,635
(73)	17	Transfers (out)/in Level 3	17	(73)
–	–	Disposal	(5,000)	–
17,635	158,438		242,106	23,693

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.

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

Parent			Group	
2013	**2014**		**2014**	**2013**
296,227	335,548	Cash and short-term funds	745,628	1,051,686
–	–	Fixed deposits	139,356	54,483
917,519	1,012,112	Net investment in leased assets and other instalment loans	1,010,517	917,519
498,382	586,483	Loans and advances	665,176	589,341
397,046	550,771	Investment securities	2,377,181	1,985,289
4,943	7,067	Interest receivable	34,206	19,880
–	–	Insurance receivables	45,414	42,772
–	–	Reinsurance assets	99,616	88,976
2,114,117	2,491,981	**Total**	5,117,094	4,749,946

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38. Risk management (continued)

Credit risk management (continued)

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

Parent			Group	
2013	**2014**		**2014**	**2013**
2,114,117	2,491,981	**Total**	5,117,094	4,749,946
–	43	Contingent liabilities	43	–
–	–	Mortgages with recourse	–	28
–	–	Commitments	18	18
2,114,117	2,492,024		5,117,155	4,749,992

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.

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38. Risk management (continued)

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

An aging analysis of these facilities is as follows:

		In Arrears				
	Current	1-30 days	31-60 days	61-90 days	Over 90 days	Total
Parent						
2014	922,665	60,700	11,339	11,630	5,778	1,012,112
2013	824,246	61,789	16,321	9,789	5,374	917,519
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
Group						
2013						
Net leases	824,246	61,789	16,321	9,789	5,374	917,519
Mortgages	54,959	23,730	1,848	3	52	80,592
Policy loans	10,717	–	–	–	–	10,717
	889,922	85,519	18,169	9,792	5,426	1,008,828

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

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
2014	352,251	212,846	2,247	19,139	–	586,483
2013	344,217	142,120	–	12,045	–	498,382

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.

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38. Risk management (continued)
Investment debt securities (continued)

	High grade	Standard	Sub-standard	Impaired	Total
Parent					
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
2013					
Investments designated at FVSI	61,974	48,102	–	–	110,076
Investments measured at amortised cost	65,623	157,263	64,084	–	286,970
	127,597	205,365	64,084	–	397,046
Group					
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
2013					
Investments designated at FVSI	213,174	386,838	156	–	600,168
Investments measured at amortised cost	354,856	887,793	107,549	34,923	1,385,121
	568,030	1,274,631	107,705	34,923	1,985,289

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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
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
Provision for reinsurance receivables	–	–	–	–
	23,480	6,441	15,492	45,413
2013				
Gross premiums receivable	15,225	5,783	19,446	40,454
Provision for premiums receivables	–	–	(7,227)	(7,227)
Gross reinsurance receivables	2,025	397	8,205	10,627
Provision for reinsurance receivables	–	(101)	(981)	(1,082)
	17,250	6,079	19,443	42,772

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.

(Expressed in thousands of Trinidad and Tobago dollars)

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 department.

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 2014 and 2013.

Change in basis points		**Sensitivity of income**	
		2014	**2013**
Parent	+ 100	204	238
	– 100	(204)	(238)
Group	+ 100	584	1,297
	– 100	(584)	(1,297)

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 2014 and 2013 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 currency rate against the TTD, with all other variables held constant.

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

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(Continued)

38. Risk management (continued)

Currency risk (continued)

Parent	**USD**	**EURO**	**JPY**	**OTHER**	**TOTAL**
2013					
Cash and short-term funds	218,028	278	33	594	218,933
Loans and advances	73,008	–	–	–	73,008
Investment securities	360,561	–	–	4,293	364,854
Interest receivable	3,472	–	–	21	3,493
Other debtors and prepayments	77,586	–	–	–	77,586
Total financial assets	732,655	278	33	4,908	737,874
Customers' deposits and other funding instruments	233,569	–	–	–	233,569
Debt securities	321,925	–	–	–	321,925
Total financial liabilities	555,494	–	–	–	555,494
Net currency risk exposure	177,161	278	33	4,908	182,380
Reasonably possible change in currency rate	5%	5%	5%	5%	5%
Effect on profit before tax	8,858	14	2	245	9,119

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(Continued)

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**

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(Continued)

38. Risk management (continued)

Currency risk (continued)

Group

2013	**USD**	**BDS**	**EURO**	**OTHER**	**TOTAL**
Cash and short-term funds	720,998	6,465	278	1,610	729,351
Fixed deposits	14,422	30,610	–	4,469	49,501
Loans and advances	73,008	–	–	–	73,008
Investment securities	846,140	24,790	–	5,232	876,162
Interest receivable	8,427	663	–	74	9,164
Insurance receivables	1,076	15,005	–	–	16,081
Other debtors and prepayments	173,613	–	–	–	173,613
Reinsurance assets	–	27,808	–	–	27,808
Total financial assets	1,837,684	105,341	278	11,385	1,954,688
Customers' deposits and other funding instruments	825,390	–	–	–	825,390
Debt securities	321,925	–	–	–	321,925
Total financial liabilities	1,147,315	–	–	–	1,147,315
Net currency risk exposure	690,369	105,341	278	11,385	807,373
Reasonably possible change in currency rate	5%	5%	5%	5%	5%
Effect on profit before tax	34,519	5,267	14	569	40,369

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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 2014 and 2013, based on contractual undiscounted repayment obligations, over the remaining life of those liabilities.

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

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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**
2013				
Customers' deposits and other funding instruments	1,001,425	111,004	12,000	1,124,429
Debt securities in issue	160,963	510,962	–	671,925
Bank overdraft	93	–	–	93
	1,162,481	621,966	12,000	1,796,447

Group	**Up to one year**	**One to five years**	**Over five years**	**Total**
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
2013				
Customers' deposits and other funding instruments	2,047,100	43,011	–	2,090,111
Debt securities in issue	160,963	510,962	–	671,925
Bank overdraft	955	–	–	955
Investment contracts	168,244	–	–	168,244
	2,377,262	553,973	–	2,931,235

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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 2014 and 2013 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**	
	%	**2014**	**2013**
Parent			
TTSE	+/- 3	623	223
S&P 500	+/- 8	13,215	7,947
Group			
TTSE	+/- 3	12,924	12,261
S&P 500	+/- 8	57,502	18,475

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.

(Expressed in thousands of Trinidad and Tobago dollars)

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 operate, 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 2014 and 2013, 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	**2014**			**2013**		
	Less than 12 months	**Over 12 months**	**Total**	**Less than 12 months**	**Over 12 months**	**Total**
Assets						
Cash and short-term funds	335,548	–	335,548	296,227	–	296,227
Net investment in leased assets and other instalment loans	79,562	932,550	1,012,112	64,853	852,666	917,519
Loans and advances	488,263	98,220	586,483	402,925	95,457	498,382
Investment securities	269,887	466,829	736,716	128,603	389,473	518,076
Interest receivable	7,067	–	7,067	4,943	–	4,943
Other debtors and prepayments	33,637	–	33,637	114,349	–	114,349
Taxation recoverable	1,219	–	1,219	–	–	–
Investment in subsidiaries	–	632,500	632,500	–	632,500	632,500
Property and equipment	–	2,657	2,657	–	3,683	3,683
Deferred tax asset	–	3,558	3,558	–	190	190
Employee benefit asset	–	9,493	9,493	–	9,192	9,192
Total assets	1,215,183	2,145,807	3,360,990	1,011,900	1,983,161	2,995,061

(Expressed in thousands of Trinidad and Tobago dollars)

40. Maturity analysis of assets and liabilities (continued)

Parent

	2014			2013		
	Less than 12 months	**Over 12 months**	**Total**	**Less than 12 months**	**Over 12 months**	**Total**
Liabilities						
Customers' deposits and other funding instruments	1,224,520	98,754	1,323,274	1,001,425	123,003	1,124,428
Bank overdraft	11,166	–	11,166	93	–	93
Accrued interest and other payables	75,707	–	75,707	66,285	–	66,285
Debt securities in issue	350,000	408,963	758,963	160,962	510,963	671,925
Taxation payable	483	–	483	17,663	–	17,663
Deferred tax liability	–	34,070	34,070	–	32,266	32,266
Employee benefit obligation	–	366	366	–	311	311
Total liabilities	1,661,876	542,153	2,204,029	1,246,428	666,543	1,912,971

40. Maturity analysis of assets and liabilities (continued)

Group

	2014			2013		
	Less than 12 months	**Over 12 months**	**Total**	**Less than 12 months**	**Over 12 months**	**Total**
Assets						
Cash and short-term funds	745,628	–	745,628	1,051,686	–	1,051,686
Fixed deposits	139,356	–	139,356	54,483	–	54,483
Net investment in leased assets and other instalment loans	79,562	930,955	1,010,517	64,853	852,666	917,519
Loans and advances	488,298	176,878	665,176	402,449	186,892	589,341
Investment securities	1,429,429	2,000,511	3,429,940	866,151	1,761,982	2,628,133
Interest receivable	29,723	4,483	34,206	24,981	3,401	28,382
Insurance receivables	45,414	–	45,414	42,772	–	42,772
Other debtors and prepayments	17,474	–	17,474	279,468	–	279,468
Reinsurance assets	88,085	11,531	99,616	80,654	8,322	88,976
Taxation recoverable	2,372	–	2,372	–	–	–
Investment properties	–	136,612	136,612	–	111,443	111,443
Property and equipment	–	25,624	25,624	–	38,095	38,095
Goodwill	–	133,762	133,762	–	133,762	133,762
Deferred tax asset	–	14,841	14,841	–	10,713	10,713
Employee benefit asset	–	119,902	119,902	–	117,636	117,636
Total assets	3,065,341	3,555,099	6,620,440	2,867,497	3,224,912	6,092,409

(Expressed in thousands of Trinidad and Tobago dollars)

40. Maturity analysis of assets and liabilities (continued)

Group	2014			2013		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Liabilities						
Customers' deposits and other funding instruments	2,291,966	22,166	2,314,132	2,047,100	43,011	2,090,111
Debt securities in issue	350,000	408,963	758,963	160,962	510,963	671,925
Bank overdraft	11,166	–	11,166	955	–	955
Accrued interest and other payables	114,671	–	114,671	114,926	–	114,926
Taxation payable	1,385	–	1,385	19,901	–	19,901
Deferred tax liability	–	155,581	155,581	–	156,958	156,958
Employee benefit obligation	–	3,123	3,123	–	3,048	3,048
Investment contract liabilities	190,906	–	190,906	168,244	–	168,244
Insurance contract liabilities	309,953	897,597	1,207,550	287,439	845,431	1,132,870
Total liabilities	3,270,047	1,487,430	4,757,477	2,799,527	1,559,411	4,358,938

41. Capital commitments

Parent 2013	Parent 2014		Group 2014	Group 2013
		Capital commitments		
–	–	Contracts outstanding	–	568

42. Contingent liabilities

(i) Value added tax liability

A subsidiary within the Group is engaged in an outstanding matter with the tax authorities for which a provision of $4.5 million (2013: $4.5 million) has been made, but the final determination remains uncertain. Management, based on all available information, is of the view that adequate provision has been made for this matter.

(ii) Litigation

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.

43. Dividends

Dividends paid are analysed as follows:

	2014	2013
Final dividend for 2013 – $0.85 per share (2012: $0.70 per share)	72,764	59,924
Interim dividend for 2014 – $0.15 per share (2013: $0.15 per share)	12,840	12,840
	85,604	72,764

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43. Dividends (continued)

The Board of Directors declared a final dividend of $0.85 (2013: $0.85) per share for the year ended 31 December 2014. This dividend amounting to $72,764,000 (2013: $72,764,000) is not recorded as a liability in the statement of financial position as at 31 December 2014.

44. 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 2015, subject to all regulatory approvals.

Form Of Proxy

REPUBLIC OF TRINIDAD AND TOBAGO.
THE COMPANIES ACT, 1995. [SECTION 144]

I/We .... being a member/members of ANSA Merchant Bank Limited hereby appoint Dr. Anthony N. Sabga of Port of Spain, or failing him Mr. Ray A. Sumairsingh of Port of Spain, or failing him .... of .... as my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of the Company to be held on Wednesday, May 27, 2015 and at any adjournment thereof.

Dated this .... day of .... 2015.

Signed ....

PLEASE INDICATE WITH AN "X" IN THE SPACES BELOW HOW YOU WISH YOUR VOTES TO BE CAST.

		FOR	AGAINST
1.	To receive the Directors' Report and Financial Statements.		
2.	To elect the following Directors in place of those retiring: Dr. Anthony N. Sabga Mr. A. Norman Sabga Mr. Ray A. Sumairsingh Mr. Chip Sa Gomes Mr. Timothy Hamel-Smith Mr. Jeremy Matouk Mr. Nicholas W.S. Owen Mr. Ian E. Welch Mrs. Judy Chang		
3.	To elect Mr. Trevor Edwards as a Director of the company.		
4.	To appoint Auditors and to authorise the Directors to fix their remuneration.		

NOTES:

1. To be effective, this Form or other authority (if any) must be deposited at the Registered Office of the Company, ANSA Centre, 11A Maraval Road, Port of Spain, not less than forty-eight hours before the time appointed for holding the Meeting.

2. Any alteration made to this Form of Proxy should be initialed.

3. If the appointer is a Corporation, this Form of Proxy must be under its Common Seal, or under the hand of an officer or attorney duly authorised in writing.

4. In the case of joint holders, the signature of any holder is sufficient but the names of all joint holders should be stated. Return of the completed Form of Proxy will not preclude a member from attending and voting at the Meeting.