INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

We have audited the accompanying financial statements of Export Import Bank of Trinidad and Tobago Limited (the Company) which comprise the statement of financial position as at December 31, 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of the 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 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements present fairly, in all material respects, the financial position of Export Import Bank of Trinidad and Tobago Limited as at December 31, 2015 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of the Company for the year ended December 31, 2014 were audited by another auditor, who expressed an unqualified opinion on the financial statements on June 8, 2015.

The corresponding figures presented, excluding the adjustments described in Note 25 of the financial statements, are based on the financial statements of the Company as at and for the years ended December 31, 2014 and 2013, which were audited by another auditor. As part of our audit we have audited the adjustments described in Note 25 that were applied to restate the corresponding figures. In our opinion, such adjustments are appropriate and have been properly applied.

KPMG

Chartered Accountants
August 9, 2016
Port of Spain
Trinidad and Tobago

STATEMENT OF FINANCIAL POSITION

For Year Ended 31 December 2015

	Notes	2015	Restated 2014	Restated 2013
ASSETS				
Current Assets:				
Cash and cash equivalents	4	$ 60,248,803	$ 94,386,307	$ 31,350,268
Loans and receivables	5	364,522,330	334,843,723	364,316,269
Other assets	6	3,898,156	4,083,318	4,556,035
Held-to-maturity investments	7	1,596,587	1,603,901	1,611,180
Total Current Assets		430,265,876	434,917,249	401,833,752
Non-Current Assets:				
Held-to-maturity investments	7	17,430,391	18,303,370	30,746,543
Property and equipment	8	10,699,300	8,185,088	7,012,076
Total Non-Current Assets		28,129,691	26,488,458	37,758,619
Total Assets		**$ 458,395,567**	**$ 461,405,707**	**$ 439,592,371**
LIABILITIES AND SHAREHOLDER'S EQUITY				
Current Liabilities:				
Accounts payable and accruals	9	$ 5,865,790	$ 2,222,094	$ 1,805,099
Lines of credit	10	245,387,339	275,047,339	255,711,339
Taxation payable		655,132	708,555	745,596
Total Current Liabilities		251,908,261	277,977,988	258,262,034
Non-Current Liabilities:				
Provision for unexpired risk		112,227	47,904	373,106
Deferred taxation	11	263,866	188,066	116,040
Total Non-Current Liabilities		376,093	235,970	489,146
Total Liabilities		252,284,354	278,213,958	258,751,180
Shareholder's Equity:				
Stated capital	12	194,934,000	174,934,000	174,934,000
Special reserve	13	441,375	441,375	441,375
Statutory surplus reserve		615,612	615,612	615,612
Retained earnings		10,120,226	7,200,762	4,850,204
Total Shareholder's Equity		206,111,213	183,191,749	180,841,191
Total Liabilities and Shareholder's Equity		**$ 458,395,567**	**$ 461,405,707**	**$ 439,592,371**

Chairman *Director*

(Expressed in Trinidad and Tobago Dollars)

STATEMENT OF COMPREHENSIVE INCOME

For Year Ended 31 December 2015

	Notes	2015	Restated 2014
Interest income	14	$ 24,194,330	$ 21,246,819
Interest expense		(5,866,506)	(5,925,357)
Net interest		18,327,824	15,321,462
Fees and commissions		1,530,168	1,715,061
Results on insurance operations	15	1,726,187	1,364,920
Unexpired risk adjustment	16	(64,319)	68,135
Investment income		1,125,142	1,331,503
Other income	17	1,425,819	698,561
Total income		24,070,821	20,499,642
Loan loss expense		(6,356,000)	(3,177,570)
General and administrative expenses	18	(14,002,838)	(14,413,811)
Total expenses		(20,358,838)	(17,591,381)
Profit before taxation		3,711,983	2,908,261
Taxation	19	(792,519)	(557,703)
Net profit, being total recognised income for the year		**$ 2,919,464**	**$ 2,350,558**

(Expressed in Trinidad and Tobago Dollars)

STATEMENT OF CHANGES IN EQUITY

For Year Ended 31 December 2015

	Notes	Stated Capital	Special Reserve	Statutory Surplus Reserve	Retained Earnings	Total
Balance as at January 1, 2014 as previously reported		$ 174,934,000	$ 441,375	$ 615,612	$ 14,909,481	$190,900,468
Adjustment on correction of error	25	–	–	–	(10,059,277)	(10,059,277)
Balance as at January 1, 2014 as restated		174,934,000	441,375	615,612	4,850,204	180,841,191
Net profit for the year		–	–	–	2,350,558	2,350,558
Balance as at December 31, 2014		**$ 174,934,000**	**$ 441,375**	**$ 615,612**	**$ 7,200,762**	**$183,191,749**
Balance as at January 1, 2015 as previously reported		$ 174,934,000	$ 441,375	$ 615,612	$ 16,520,091	$ 192,511,078
Adjustment on correction of error	25	–	–	–	(9,319,329)	(9,319,329)
Balance as at January 1, 2015 as restated		174,934,000	441,375	615,612	7,200,762	183,191,749
Capital injected		20,000,000	–	–	–	20,000,000
Net profit for the year		–	–	–	2,919,464	2,919,464
Balance as at December 31, 2015		**$ 194,934,000**	**$ 441,375**	**$ 615,612**	**$ 10,120,226**	**$206,111,213**

(The accompanying notes are an integral part of these financial statements. Expressed in Trinidad and Tobago Dollars)

STATEMENT OF CASH FLOW

For Year Ended 31 December 2015

	2015	Restated 2014
OPERATING ACTIVITIES:		
Profit before taxation	$ 3,711,983	$ 2,908,261
Non-cash items		
Amortisation of discounts on investments	(750,705)	(739,949)
Depreciation	1,944,608	1,793,119
Gain on disposal of property and equipment	(35,827)	(6,357)
Unexpired risk	64,319	(68,135)
Loan loss provision expense	6,356,000	3,177,570
	11,290,378	7,064,509
Changes in non-cash working capital amounts:		
Net change in accounts receivable and prepayments	(35,849,445)	26,767,693
Net change in accounts payable and accruals	3,643,696	416,995
Taxation paid	(770,140)	(779,785)
Cash (used in) / from operating activities	(21,685,511)	33,469,412
INVESTING ACTIVITIES:		
Purchase of property and equipment	(4,542,674)	(2,975,970)
Proceeds from disposal of property and equipment (net)	119,681	16,197
Proceeds from redemption of held-to-maturity investments	1,631,000	13,190,400
Cash used in investing activities	(2,791,993)	10,230,627
FINANCING ACTIVITIES:		
Net change in stated capital	20,000,000	–
Net change in lines of credit	(29,660,000)	19,336,000
Cash (used in) / from financing activities	(9,660,000)	19,336,000
Net change in cash and cash equivalents	(34,137,504)	63,036,039
Cash and cash equivalents, beginning of year	94,386,307	31,350,268
Cash and cash equivalents, end of year	**$ 60,248,803**	**$ 94,386,307**

(The accompanying notes are an integral part of these financial statements. Expressed in Trinidad and Tobago Dollars)

1. INCORPORATION AND PRINCIPAL ACTIVITIES:

Export Import Bank of Trinidad and Tobago (EXIMBANK or the Bank) was incorporated on 31 December 1973 in the Republic of Trinidad and Tobago as Trinidad and Tobago Export Credit Insurance Company Limited (EXCICO). The Bank's registered office and principal place of business are located at EXIM House, 30 Queen's Park West, Port-of-Spain.

EXCICO was converted to EXIMBANK following an Order by the Ministry of Finance on 4 November 1997 cited as the "Financial Institution (Amendment to the Third Schedule) Order 1997".

This Amendment to the Financial Institution Act 1993 granted EXIMBANK the ability to conduct the following types of business:

1. Confirming House or Acceptance House
2. Finance House or Finance Company
3. Financial Services

EXIMBANK is engaged in providing export credit insurance to exporters against losses resulting from commercial and/or political risks, and the discounting of bills in respect of goods exported from Trinidad and Tobago on credit terms. Other banking facilities include raw material and asset financing and other trade related services to exporters.

On 2 February 2012, EXIMBANK incorporated the Trinidad and Tobago Hotel Facilitation Company Limited (TTHFCL), a wholly-owned subsidiary of the Bank. TTHFCL was established to manage all aspects of the Government Loan Guarantee (GLG) Programme for developing Public Private Partnerships for Tourism Development Projects in Trinidad and Tobago based on Cabinet Minute No. 2647 of 29 September 2011.

Subsequently, in Cabinet Minute No. 1500 of 29 May 2013 it was agreed, with immediate effect, that the activities and functions of the TTHFCL be transferred (that is, the administration of the Government Loan Guarantee (GLG) Programme) to the Trinidad and Tobago Tourism Business Development Limited (TTTBDL) under the purview of the Minister of Finance and the Economy. Upon the transfer of the activities and functions of the TTHFCL, the company was dissolved by EXIMBANK, in collaboration with the Ministry of Finance and the Economy. A request for the striking off of the company was submitted to the Registrar of Companies on 5 November 2013 and processed on 8 July 2014.

These financial statements have been approved for issue by the Board of Directors on August 4, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of preparation

These financial statements are prepared under the historical cost convention, comply with International Financial Reporting Standards (IFRSs), and are stated in Trinidad and Tobago dollars, rounded to the nearest dollar.

The preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the income and expenses during the reporting period. Actual results could differ from those estimates.

(b) New Accounting Standards and Interpretations

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Bank has assessed them and has adopted those which are relevant to its financial statements:

Improvements to IFRS *2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations.

i) IFRS 13, *Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

ii) IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets*. The standards have been amended to clarify that, at the date of revaluation:

(i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortisation) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or;

(ii) the accumulated depreciation (amortisation) is eliminated against the gross carrying amount of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(b) New Accounting Standards and Interpretations (continued)

iii) IAS 24, *Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

The adoption of these amendments did not result in any change to the presentation and disclosures in the financial statements.

New, revised and amended standards and interpretations not yet effective

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Company has not early-adopted. The Bank has assessed the relevance of all such new standards, amendments and interpretations with respect to the Bank's operations and has determined that the following are likely to have an effect on the financial statements.

i) IAS 1, Presentation of Financial Statements, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:

- specific single disclosures that are not material do not have to be presented even if they are the minimum requirement of a standard;
- the order of notes to the financial statements is not prescribed;
- line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
- specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
- the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(b) New Accounting Standards and Interpretations (continued)

New, revised and amended standards and interpretations not yet effective (continued)

ii) Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are effective for accounting periods beginning on or after January 1, 2016.

The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.

The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

iii) Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, Disclosure of Interests in Other Entities and IAS 28, *Investments in Associates and Joint Ventures*, effective for accounting periods beginning on or after January 1, 2016, have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.

The Bank is assessing the impact that these amendments will have on its 2017 financial statements.

iv) *Improvements to* IFRS 2012-2014 cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the Bank are as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(b) New Accounting Standards and Interpretations (continued)

New, revised and amended standards and interpretations not yet effective (continued)

v) IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

vi) IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The Bank will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(b) New Accounting Standards and Interpretations (continued)

New, revised and amended standards and interpretations not yet effective (continued)

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

vii) IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

viii) Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(b) New Accounting Standards and Interpretations (continued)

New, revised and amended standards and interpretations not yet effective (continued)

ix) Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:

- The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
- A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
- Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
- An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.
- Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

The Bank is assessing the impact that this amendment will have on its 2018 financial statements.

(c) Comparative figures

Certain comparative figures were restated to facilitate changes in presentation.

(d) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances, bank overdrafts and short term investments.

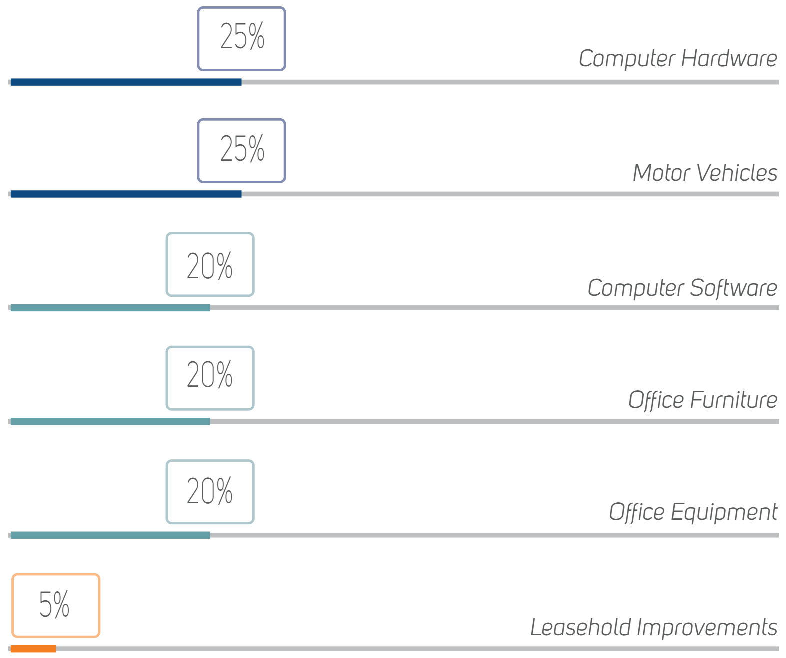
Short term investments are highly liquid investments and comprise deposits placed with licensed banks and financial institutions and investments in treasury bills.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(e) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided using the straight line method.

The following rates are considered appropriate to write-off the assets over their estimated useful lives are applied:



No depreciation is provided on Capital Work-in-Progress.

The assets' residual values and useful lives are reviewed at each reporting date, and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

f) Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognised when the Bank becomes a party to the contractual provisions of the instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(g) Financial assets

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date on which the Bank commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

The Bank classifies, at the time of initial recognition, financial assets into the following categories depending on the nature and purpose of the assets: available-for-sale financial assets, held-to-maturity investments and loans and receivables. Management re-evaluates these classifications at each Statement of Financial Position date.

i) Investments

The Bank's investments are classified as held-to-maturity investments.

Investments with fixed or determinable payments and fixed maturity, that the Bank has the positive intent and ability to hold to maturity are classified as "held-to-maturity" in accordance with IAS 39 and are stated at amortised cost.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These comprise of Raw Material and Asset Financing and Trade Discounting.

Loans are stated at amortised principal less the related provision for loan losses. Specific provisions are made for potential losses on non-performing loans on the basis of net realisable value. Periodic portfolio reviews are conducted during the course of each year to determine the adequacy of provisions.

The Bank assesses at each Statement of Financial Position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(h) Impairment of financial assets

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Bank about the following loss events:

i) Significant financial difficulty of the issuer or obligor.

ii) A breach of contract, such as default or delinquency in interest or principal payments.

iii) It becoming probable that the borrower will enter into bankruptcy or other financial reorganisation.

iv) The disappearance of an active market for that financial asset because of financial difficulties.

v) Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the group or national or economic conditions that correlate with defaults on assets in the group.

vi) For investments in equity instruments, information about significant changes with an adverse effect, that have taken place in the technological, market, economic or legal environment in which the issuer operates which indicates that the cost of the investment may not be recovered, as well as a significant and prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(h) Impairment of financial assets (continued)

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

i) Financial assets measured at amortised cost

The difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate is recognised in the Statement of Comprehensive 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 (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the Statement of Comprehensive Income.

ii) Financial assets measured at cost

The difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the current market's rate of return for similar financial assets is recognised in the Statement of Comprehensive Income. These losses are not reversed.

i) Financial liabilities

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability.

Financial liabilities are re-measured at amortised cost.

Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

j) Provisions

Provisions are recognised when there is a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

k) Policyholders' reserves

Unexpired Risks

Unexpired risks represent an amount set aside by the Bank at the end of the financial year in respect of risks to be borne by the Bank after the end of its financial year under contracts of insurance entered into before the year-end. The Bank provides for unexpired risks at the rate of 2% on the invoiced values of insurance contracts entered into during the year whose insurable risk extends into the following financial year.

Outstanding Claims

Outstanding claims are stated net of recoveries, with full provision made on all claims incurred but not settled during the year.

l) Foreign currency

Monetary assets and liabilities recorded in foreign currencies have been translated at the exchange rates prevailing at the Statement of Financial Position date. Transactions recorded during the year in foreign currencies have been converted at the rates prevailing on the dates of the transaction. Exchange gains or losses arising are reflected in the Statement of Comprehensive Income.

m) Income recognition

All income is recognised on the accruals basis with the exception of interest on non-performing loans, which are recorded when received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

n) Statutory reserve

Under the provisions of the Insurance Act 1980, the Bank is required to appropriate towards surplus at least 25% of its profits for the year until the surplus equates or exceeds the liabilities of the Bank with respect to its unexpired policies.

o) Taxation

Taxation comprises Corporation Tax or Business Levy, Green Fund Levy and the net movement in Deferred Taxation. These amounts are calculated as follows:

i. Corporation tax – 25% of the Bank's chargeable profits.
ii. Business Levy – 0.2% of the Bank's gross receipts.
iii. Green Fund Levy – 0.1% of the Bank's gross receipts.

Deferred Taxation is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine Deferred Taxation. The principal temporary differences arise from depreciation of Property and equipment and unused taxable losses.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Bank's accounting policies.

These are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and are reviewed on an ongoing basis. Actual results could differ from those estimates.

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

(b) Critical judgements

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

i) Whether investments are classified as held-to-maturity investments or loans and receivables.

ii) Whether leases are classified as operating leases or finance leases.

iii) Which depreciation method for property and equipment is used.

(c) Key assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Impairment of assets

Management assesses at each Statement of Financial Position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Property and equipment

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and the useful lives and residual values of these assets.

4. CASH AND CASH EQUIVALENTS:

	2015	2014
Cash	$ 3,000	$ 3,000
Citibank Trinidad and Tobago Limited	49,017	1,469,880
Republic Bank Limited	1,110,942	4,332,321
RBC Royal Bank (Trinidad and Tobago) Limited	3,356,034	4,649,849
Scotiabank (Trinidad and Tobago) Limited	23,263,799	6,638,429
Cash in hand and at bank	27,782,792	17,093,479
Guardian Asset Management Limited	145,196	36,001
Trinidad and Tobago Unit Trust Corporation	32,320,815	77,256,827
Money market funds	32,466,011	77,292,828
	$ 60,248,803	**$ 94,386,307**

5. LOANS AND RECEIVABLES:

	2015	2014
Raw materials and asset financing (See (i) below)	$ 345,972,104	$ 314,187,786
Trade discounting (See (ii) below)	19,207,122	20,307,583
Interest receivable	22,414,504	17,063,754
	387,593,730	351,559,123
Less provisions for impairment:		
Raw materials and asset financing	(23,071,400)	(16,715,400)
	$ 364,522,330	$ 334,843,723
Provisions for Impairment:		
Balance at beginning of year	16,715,400	14,735,000
Provisions for bad debts	6,356,000	3,177,570
Bad debts written off	–	(1,197,170)
Balance at end of year	**$ 23,071,400**	**$ 16,715,400**

(i) This amount represents raw material and asset financing advances made to exporters from US$ and TT$ lines of credit at varying rates of interest.

(ii) This amount represents trade discounting advances to exporters both in US$ and TT$ at varying rates of interest.

6. OTHER ASSETS:

	2015	2014
Receivables and prepayments		
Insurance premium receivable	$ 373,007	$ 230,135
Interest receivable – investments	10,830	12,663
Other receivables	2,684,490	3,490,813
Prepaid expenses	829,829	349,707
	$ 3,898,156	**$ 4,083,318**

7. HELD-TO-MATURITY INVESTMENTS:

	2015	2014
Colonial Life Insurance Company Limited (current)	**$ 1,596,587**	**$ 1,603,901**
Colonial Life Insurance Company Limited (non - current)	15,879,791	16,752,770
Government of the Republic of Trinidad and Tobago 7.75% bonds (2024)	1,550,600	1,550,600
	17,430,391	**18,303,370**
Total	**$ 19,026,978**	**$ 19,907,271**

On 30 January 2009 the Minister of Finance (MOF) and the Central Bank of Trinidad and Tobago announced that the Government of the Republic of Trinidad and Tobago (GORTT) had reached an agreement with the CL Financial Limited Group for the provision of a package of financial support for the Group's financial services companies. These companies included Colonial Life Insurance Company Limited (CLICO), Caribbean Money Market Brokers Limited (CMMB) and British American Insurance Company (Trinidad) Limited (BAT).

Subsequent to this the Minister of Finance stated that GORTT would repay local investors of Short Term Investment Products (STIPS) in CLICO and BAT their principal balances that is, the capital sum as at the issue date or last renewal date, minus any capital withdrawals or loans made prior to 8 September 2010.

On 9 February 2012 the GORTT made an offer to the Bank to repay the principal balances, plus interest up to the maturity date, on all policies held up to 8 September 2010. The total amount due from CLICO amounted to **$32,869,200** inclusive of **$128,000** in interest. The Bank has accepted the offer made by the GORTT for initial payments of approximately $75,000 on each policy and with the remaining balance to be settled by the issuance of 20 Year Zero Coupon Bonds.

Four (4) contracts were issued by the GORTT and during the year ended 31 December 2012 the initial payments of **$300,200** together with the first annual bond repayment of **$1,631,000** were received. Annual bond repayments of **$1,631,000** were received during the years ended 31 December 2013, 2014 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

8. PROPERTY AND EQUIPMENT:

	Leasehold Property	Office Furniture and Equipment	Computer Equipment and Software	Motor Vehicles	Work-In Progress	Total
Cost						
At 1 January 2015	$ 4,515,048	$ 1,506,859	$ 7,177,864	$ 1,853,119	$ 2,471,861	$ 17,524,751
Additions	–	148,900	67,766	953,000	3,373,008	4,542,674
Transfers	688,679	–	3,222,852	–	(3,911,531)	–
Disposals	–	(6,795)	–	(941,441)	–	(948,236)
At 31 December 2015	5,203,727	1,648,964	10,468,482	1,864,678	1,933,338	21,119,189
Accumulated Depreciation						
At 1 January 2015	1,313,471	1,147,927	5,815,414	1,062,851	–	9,339,663
Charge for the year	237,858	97,404	1,161,095	448,251	–	1,944,608
Disposals	–	(6,795)	–	(857,587)	–	(864,382)
At 31 December 2015	1,551,329	1,238,536	6,976,509	653,515	–	10,419,889
Net Book Value						
At 31 December 2015	**$ 3,652,398**	**$ 410,428**	**$ 3,491,973**	**$ 1,211,163**	**$ 1,933,338**	**$10,699,300**
At 31 December 2014	**$ 3,201,577**	**$ 358,932**	**$ 1,362,450**	**$ 790,268**	**$ 2,471,861**	**$ 8,185,088**

(Expressed in Trinidad and Tobago Dollars)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

8. PROPERTY AND EQUIPMENT:

	Leasehold Property	Office Furniture and Equipment	Computer Equipment and Software	Motor Vehicles	Work-In Progress	Total
Cost						
At 1 January 2014	$ 2,996,821	$ 1,420,300	$ 7,598,788	$ 1,853,119	$ 1,593,317	$ 15,462,345
Additions	62,554	113,967	415,138	–	2,384,311	2,975,970
Transfers	1,455,673	–	50,094	–	(1,505,767)	–
Disposals	–	(27,408)	(886,156)	–	–	(913,564)
At 31 December 2014	4,515,048	1,506,859	7,177,864	1,853,119	2,471,861	17,524,751
Accumulated Depreciation						
At 1 January 2014	1,119,392	1,084,674	5,646,632	599,571	–	8,450,269
Charge for the year	194,079	87,714	1,048,046	463,280	–	1,793,119
Disposals	–	(24,461)	(879,264)	–	–	(903,725)
At 31 December 2014	1,313,471	1,147,927	5,815,414	1,062,851	–	9,339,663
Net Book Value						
At 31 December 2014	**$ 3,201,577**	**$ 358,932**	**$ 1,362,450**	**$ 790,268**	**$ 2,471,861**	**$ 8,185,088**
At 31 December 2013	**$ 1,877,429**	**$ 335,626**	**$ 1,952,156**	**$ 1,253,548**	**$ 1,593,317**	**$ 7,012,076**

(Expressed in Trinidad and Tobago Dollars)

9. ACCOUNTS PAYABLE AND ACCRUALS:

	2015	2014
Accrued income	$ 43,889	$ 228,825
Audit fee	151,800	140,530
Amounts due to exporters	1,554,477	158,296
Interest payable	780,169	1,024,880
Deferred income – Portal	633,400	–
Marine insurance	15,380	22,987
Other payables	2,686,675	646,576
	$ 5,865,790	**$ 2,222,094**

10. LINES OF CREDIT:

	2015	2014
Trinidad and Tobago Unit Trust Corporation	$ 28,032,000	$ 28,032,000
Scotiabank (Trinidad and Tobago) Limited	69,539,339	105,679,339
Banco Latinamericano de Exportaciones (Bladex)	128,000,000	128,000,000
RBC Royal Bank (Trinidad and Tobago) Limited	19,816,000	13,336,000
	$ 245,387,339	**$ 275,047,339**

11. DEFERRED TAXATION:

The movement in the deferred taxation account is as follows:

	2015	2014
Balance at beginning of year – (liability) / asset	$ (188,066)	$ (373,106)
Effect on Statement of Comprehensive Income	(75,800)	185,040
Balance at end of year – liability	**$ (263,866)**	**$ (188,066)**
Deferred taxation is attributable to:		
Excess of net book value over written down tax value	**$ (263,866)**	**$ (188,066)**

12. STATED CAPITAL:

	2015	2014
Authorised	$	$
Unlimited ordinary shares of no par value		
12,600,000 cumulative convertible preference shares of no par value		
Issued and fully paid		
1,949,340 cumulative convertible preference shares of no par value	**$ 194,934,000**	**$ 174,934,000**

13. SPECIAL RESERVE:

An amount of **$450,000** was allocated to EXIMBANK by the Ministry of Finance to assist with the cost of broker fees and other pre-incorporation expenses associated with the partial divestment of the Bank. No related expenses were incurred during the years ended 31 December 2015 and 2014.

14. INTEREST INCOME:

	2015	2014
Income from raw material and asset financing	$ 22,526,612	$ 20,200,487
Income from trade discounting	1,667,718	1,046,332
	$ 24,194,330	**$ 21,246,819**

15. RESULTS ON INSURANCE OPERATIONS:

	2015	2014
Insurance premium written	$ 1,726,187	$ 1,620,920
Insurance claims paid (net of recoveries)	–	(256,000)
	$ 1,726,187	**$ 1,364,920**

(Expressed in Trinidad and Tobago Dollars)

16. UNEXPIRED RISK ADJUSTMENT:

In 2004, based on the claims experience of EXIMBANK, its management changed the basis for estimation of the unexpired insurance risk from 80% of premium income on insurance contracts to 2% of the invoiced values on Insurance Contracts.

17. OTHER INCOME:

		2015		2014
Bad debts recovery	$	20,708	$	3,928
Gain on foreign exchange		254,030		582,366
Staff loan interest		534		910
Gain on disposal of property and equipment		35,827		6,357
Agency fees - TTTBDL (net) **(See Below)**		111,750		105,000
Deferred income		1,000,000		–
Other income		2,970		–
	$	**1,425,819**	**$**	**698,561**

Agency fees (net) -

		2015		2014
Agency fee income		420,000		420,000
Agency fee expenditure		(308,250)		(315,000)
	$	**111,750**	**$**	**105,000**

18. GENERAL AND ADMINISTRATIVE EXPENSES:

General and administrative expenses include the following:

		2015		2014
Building occupancy and equipment	$	3,050,269	$	2,898,618
Communications		317,684		273,313
General administrative expenses		9,585,630		9,302,316
Other business expenses		1,049,255		1,939,564
	$	**14,002,838**	**$**	**14,413,811**

(Expressed in Trinidad and Tobago Dollars)

19. TAXATION:

		2015		2014
Corporation Tax	$	(687,468)	$	(716,454)
Green Fund Levy		(29,251)		(26,289)
Deferred Taxation		(75,800)		185,040
	$	**(792,519)**	**$**	**(557,703)**

The tax on the Bank's net income before taxation differs from the theoretical amount that would arise using the basic rate of tax as follows:

		2015		2014
Net income before taxation	**$**	**3,711,983**	**$**	**2,908,261**
Tax calculated at 25%		(927,996)		(727,065)
Exempt income		187,676		238,628
Expenses not deductible for tax purposes		(22,948)		(42,977)
Green Fund Levy		(29,251)		(26,289)
	$	**(792,519)**	**$**	**(557,703)**

20. RELATED PARTY TRANSACTIONS:

Parties are considered to be related if one has the ability to control or exercise significant influence over the other in making financial and operational decisions.

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

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and conditions at market rates.

Balances and transactions with related parties during the year were as follows:

		2015		2014
a) Income				
Agency fees – TTTBDL (net)	$	111,750	$	105,000
b) Expenses				
Directors fees and travelling		420,849		496,518
c) Key management compensation				
Short term benefits		3,003,646		3,436,017
Post-employment benefits		296,910		298,083
	$	**3,300,556**	**$**	**3,734,100**

(Expressed in Trinidad and Tobago Dollars)

21. RISK MANAGEMENT:

The Bank has established a framework for managing risks and aims to achieve a balance between risk and return so as to minimise negative effects on the Bank's financial performance.

Financial risk management is carried out by an organisational structure which comprises the Board of Directors, the Board Credit Committee, the Management Credit Committee, and the Internal Audit Department. The risk management system is so designed to analyse risks through an up to date information system and in close co-operation with the Bank's Credit Department.

The Bank invests in financial instruments and maintains a balance between investments whilst maintaining sufficient liquidity to service the loan portfolio. The main risks arising from the Bank's financial instruments are credit risk, market risk, liquidity risk and operational risk. The Bank's policies for managing risks are as follows:

(a) Credit risk

Credit Risk arises in lending and investing activities and it relates to the possibility that a counter party may fail to fulfil an obligation and thereby cause a financial loss to the Bank. The principal business of the bank is loans and advances and as such these significant assets are responsible for a large percent of the revenue generated.

Exposure to credit risk is managed through credit policies, procedures and audit functions together with approved limits and also by obtaining collateral and corporate and personal guarantees.

i) Credit risk management

The Board of Directors maintains general oversight ensuring the strategic direction and credit philosophy is maintained and vests responsibility in the sub committees for the day to day decisions. The Credit Department is responsible for the management and administration of the credit portfolio whilst the Treasury Department oversees the Investment and Borrowing Portfolios. These two (2) departments ensure that current legislation, best practice and the credit and borrowing policies of the Bank are maintained.

ii) Credit risk measurement

1. *Single and Group Borrower Limits*

The Bank on a regular basis rates the credit facilities and concentrates attention on the loan portfolio as the need arises. A risk limit control policy is in effect in relation to one borrower or groups of borrowers so that no single borrower default will have a material impact on the Bank. This is implemented and monitored by the Credit Department.

21. RISK MANAGEMENT:

Risk management (continued)

a) Credit risk (continued)

2. *Collateral*

The principal collateral types for loans and advances are personal guarantees, letters of assignments of receivables, mortgage bills of sale and where possible mortgages and debentures and promissory notes.

iii) Provisioning policies

Loan loss provisions are set aside to cover potential losses in respect of loans that are not performing satisfactorily. These provisions are reviewed annually or as the circumstances require and recommendations are made and submitted to the Board for approval. Non performing loans recommended for write offs are also reviewed annually and action taken in accordance with set guidelines.

iv) Credit risk exposure

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

	2015 Gross maximum exposure	2014 Gross maximum exposure
Cash and cash equivalents	$ 60,248,803	$ 94,386,307
Loans and receivables	364,522,330	334,843,723
Other assets	3,898,156	4,083,318
Held-to-maturity investments	19,026,978	19,907,271
	$ 447,696,267	**$ 453,220,619**

The table above represents the worst case scenario of current credit risk exposure without taking account of any collateral and other credit enhancements.

(Expressed in Trinidad and Tobago Dollars)

21. RISK MANAGEMENT:

Risk management (continued)

a) Credit risk (continued)

iv) Credit risk exposure (continued)

Loans to customers

	2015	2014
Neither past due nor impaired (1)	$ 221,991,982	$ 219,388,947
Past due but not impaired (2)	165,601,748	132,170,176
Gross	387,593,730	351,559,123
Less: Provision for impairment	(23,071,400)	(16,715,400)
Net	**$ 364,522,330**	**$ 334,843,723**

The total impairment provision for loans to customers is **$23,071,400** (2014: $16,715,400).

1. Neither past due nor impaired:

The composition of the portfolio of loans to customers that were neither past due nor impaired is illustrated below by loan type.

	2015	2014
Raw material and asset financing	$ 218,889,569	$ 200,138,608
Trade discounting	3,102,413	19,250,339
Total loans to customers	**$ 221,991,982**	**$ 219,388,947**

21. RISK MANAGEMENT:

Risk management (continued)

a) Credit risk (continued)

iv) Credit risk exposure (continued)

2. Past due but not impaired:

Loans to customers less than ninety (90) days past due are not considered impaired, unless other information is available to indicate otherwise. Gross amount of loans to customers that were past due but not impaired are as follows:

	Up to 30 days	30-60 days	60-90 days	90 days	Total
December 31, 2015					
Raw material and asset financing	$ 9,430,144	$ 9,989,267	$ 20,462,503	$ 109,180,216	$ 149,062,130
Trade discounting	–	969,179	2,998,151	12,572,288	16,539,618
Total loans to customers	**$ 9,430,144**	**$ 10,958,446**	**$ 23,460,654**	**$ 121,752,504**	**$ 165,601,748**
December 31, 2014					
Raw material and asset financing	46,600,731	2,411,196	1,450,139	80,542,082	131,004,148
Trade discounting	221,953	702	–	943,373	1,166,028
Total loans to customers	**$ 46,822,684**	**$ 2,411,898**	**$ 1,450,139**	**$ 81,485,455**	**$ 132,170,176**

b) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market values. Market risk comprises currency risk, interest rate risk and other price risk.

21. RISK MANAGEMENT:

Risk management (continued)

c) Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank is exposed to the effects of changes in exchange rates on its financial position and cash flows.

The Bank's policy is to match the loans granted in foreign currencies with funding in the same currency. The principal currencies of the Bank are Trinidad and Tobago (TTD) and United States of America (USD) dollars.

Balances as at 31 December 2015 and 31 December 2014, in their original currencies, were as follows:

31 December, 2015	TTD	USD	TOTAL
Assets			
Cash and cash equivalents	$ 4,538,916	$ 55,709,887	$ 60,248,803
Loans and receivables	147,034,426	217,487,904	364,522,330
Held-to-maturity investments	19,026,978	–	19,026,978
Total Assets	**$ 170,600,320**	**$ 273,197,791**	**$ 443,798,111**
Liabilities			
Accounts payable and accruals	5,865,790	–	5,865,790
Lines of credit	22,500,000	222,887,339	245,387,339
Total Liabilities	**$ 28,365,790**	**$ 222,887,339**	**$ 251,253,129**
31 December, 2014			
Assets			
Cash and cash equivalents	3,950,276	90,436,031	94,386,307
Loans and receivables	123,544,451	211,299,272	334,843,723
Held-to-maturity investments	19,907,271	–	19,907,271
Total Assets	**$ 147,401,998**	**$ 301,735,303**	**$ 449,137,301**
Liabilities			
Accounts payable and accruals	2,222,094	–	2,222,094
Lines of credit	8,000,000	267,047,339	275,047,339
Total Liabilities	**$ 10,222,094**	**$ 267,047,339**	**$ 277,269,433**

(Expressed in Trinidad and Tobago Dollars)

21. RISK MANAGEMENT:

Risk management (continued)

d) Interest rate risk

Interest rate risk arises due to fluctuations in market interest rates and this in turn will affect the value of financial instruments as well as future cash flows. The Bank aims to manage this risk by reducing the sensitivity of its earnings and overall portfolio value to fluctuations in the interest rate. This objective is achieved by periodically reviewing the price of loan products, diversifying portfolios and by making timely adjustments to the overall term to maturity based on the relevant economic and financial market conditions.

The table below shows the Bank's exposure to interest rate risk:

	Up to 30 days	1-3 months	3-12 months	1-5 years	Over 5 years	Total
December 31, 2015						
Assets						
Cash and cash equivalents	$ 60,248,803	$ –	$ –	$ –	$ –	$ 60,248,803
Loans to customers	12,452,148	24,528,184	170,708,289	74,027,157	82,806,552	364,522,330
Held-to-maturity investments	–	–	1,596,587	5,823,751	11,606,640	19,026,978
Total Assets	$ 72,700,951	$ 24,528,184	$ 172,304,876	$ 79,850,908	$ 94,413,192	$ 443,798,111
Liabilities						
Lines of credit	–	46,032,000	167,355,339	32,000,000	–	245,387,339
Total Liabilities	–	46,032,000	167,355,339	32,000,000	–	245,387,339
Net Gap	**$ 72,700,951**	**$(21,503,816)**	**$ 4,949,537**	**$ 47,850,908**	**$ 94,413,192**	**$ 198,410,772**
Cumulative Gap	**$ 72,700,951**	**$ 51,197,135**	**$ 56,146,672**	**$ 103,997,580**	**$ 198,410,772**	

(Expressed in Trinidad and Tobago Dollars)

21. RISK MANAGEMENT:

Risk management (continued)

d) Interest rate risk (continued)

	Up to 30 days	1-3 months	3-12 months	1-5 years	Over 5 years	Total
December 31, 2014						
Cash in hand and at bank	$ 94,386,307	$ –	$ –	$ –	$ –	$ 94,386,307
Held-to-maturity investments	–	–	1,603,901	5,889,873	12,413,497	19,907,271
Loans to customers	139,203,602	43,428,691	57,702,216	75,967,441	18,541,773	334,843,723
Total Assets	$ 233,589,909	$ 43,428,691	$ 59,306,117	$ 81,857,314	$ 30,955,270	$ 449,137,301
Liabilities						
Lines of credit	–	56,152,000	154,895,339	64,000,000	–	275,047,339
Total Liabilities	–	56,152,000	154,895,339	64,000,000	–	275,047,339
Net Gap	**$ 233,589,909**	**$ (12,723,309)**	**$ (95,589,222)**	**$ 17,857,314**	**$ 30,955,270**	**$ 174,089,962**
Cumulative Gap	**$ 233,589,909**	**$220,866,600**	**$ 125,277,378**	**$143,134,692**	**$174,089,962**	

e) **Liquidity risk**

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations and commitments as they fall due. The Bank's liquidity management system is so designed to ensure that the demands of customers for additional borrowings can be met, that the short term investments can be easily liquidated to meet day to day needs, and that there is a right mix of short term and long term debt portfolio. The Bank's Treasury Department manages the liquidity management process.

The table below shows the maturity profile of the liabilities of the Bank as at 31 December 2014 to the contractual maturity date. These balances include interest to be paid over the remaining term of the liabilities, and are therefore greater than the Statement of Financial Position figures. The figures are also undiscounted cash flows.

	Up to 30 days	1-3 months	3-12 months	1-5 years	Over 5 years	Total
December 31, 2015						
Total Assets	$ 72,700,951	$ 24,528,184	$ 172,304,876	$ 79,850,908	$ 94,413,192	$ 443,798,111
Total Liabilities	–	46,032,000	167,355,339	32,000,000	–	245,387,339
Net Gap	**$ 72,700,951**	**$ (21,503,816)**	**$ 4,949,537**	**$ 47,850,908**	**$ 94,413,192**	**$ 198,410,772**
Cumulative Gap	**$ 72,700,951**	**$ 51,197,135**	**$ 56,146,672**	**$103,997,580**	**$198,410,772**	

(Expressed in Trinidad and Tobago Dollars)

21. RISK MANAGEMENT:

Risk management (continued)

e) Liquidity risk (continued)

	Up to 30 days	1-3 months	3-12 months	1-5 years	Over 5 years	Total
December 31, 2014						
Total Assets	$ 233,589,909	$ 43,428,691	$ 59,306,117	$ 81,857,314	$ 30,955,270	$ 449,137,301
Total Liabilities	–	56,152,000	154,895,339	64,000,000	–	275,047,339
Net Gap	**$ 233,589,909**	**$ (12,723,309)**	**$ (95,589,222)**	**$ 17,857,314**	**$ 30,955,270**	**$ 174,089,962**
Cumulative Gap	**$ 233,589,909**	**$ 220,866,600**	**$ 125,277,378**	**$ 143,134,692**	**$ 174,089,962**	

(f) **Operational risk**

Operational risk is the potential for financial or reputational loss arising as a result of inadequate or failed internal controls, operational processes and systems. It includes errors, omissions, disasters and deliberate acts such as fraud.

The Bank recognises that such risks can never be completely eliminated and the Bank's Operational Risk Department has implemented mechanisms to identify, measure, monitor, control and mitigate against such risks. In addition, independent checks on operational risks areas are also undertaken by the Internal Audit function.

Where appropriate, risks are transferred by the placement of adequate insurance coverage.

(g) **Compliance risk**

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state.

Management has developed systems to continuously scan the legal and regulatory environment in order to identify risk exposures inherent to our business operations and to be proactive in implementing specific policies and procedures to mitigate compliance risk.

(h) **Reputation risk**

The risk of loss of reputation arising from the negative publicity relating to the Bank's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Bank.

The Bank recognises that certain forms of business risks can never be completely eliminated and the bank's Finance and Risk Department has implemented mechanisms to identify, measure, monitor, control and mitigate against the various categories of business risk facing the bank. Where appropriate, risks are transferred by the placement of adequate insurance coverage.

In addition, the Internal Audit function of the Bank performs annual risk assessments and routinely provides the Management and the Board of Directors with reports on reviews conducted.

(Expressed in Trinidad and Tobago Dollars)

22. FAIR VALUES:

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

I. *Current assets and liabilities*
The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

II. *Loans and receivables*
Loans are net of specific provisions for losses. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with financial statement amounts.

III. *Investments*
The fair values of investments are determined on the basis of quoted market prices available at December 31, 2015.

(a) *Classification of financial instruments at fair value*
The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

There were no transfers of financial instruments between levels during the year, neither were there any changes in the categorisation from the prior year.

22. FAIR VALUES:

Fair Values (continued)

(b) *Financial instruments not measured at fair value*
The table below shows the financial assets and liabilities not measured at fair value and analyses them by the level in the fair value hierarchy into which the fair value measurement is categorised. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Level 1	Level 2	Level 3	Fair Value	Carrying Amount
As of December 31, 2015					
Assets					
Held-to-maturity investments	$ –	$ 19,206,978	$ –	$ 19,781,599	$ 19,026,978

23. CAPITAL RISK MANAGEMENT:

The Bank manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its shareholder. The Bank's overall strategy remains unchanged from previous years.

The capital structure of the Bank consists of equity attributable to the shareholder, and comprises stated capital and retained earnings.

24. CAPITAL COMMITMENTS:

The Bank has capital commitments of TT$212,283 as at 31 December 2015 for the acquisition of new software and $1,211,859 (VAT Inclusive) for the development of the "Made in TNT" website. The Bank is also committed to an annual expenditure of **TT$1,718,438** (VAT Inclusive) for the management, marketing and promotion and general maintenance of the "Made in TNT" website over a minimum period of five (5) years.

(Expressed in Trinidad and Tobago Dollars)

25. ADJUSTMENT TO RECOGNITION OF ZERO-COUPON BONDS:

On 9 February 2012 the Government of the Republic of Trinidad and Tobago (GORTT) made an offer to the Bank to repay the principal balances of investments the Bank held with Colonial Life Insurance Company Limited (CLICO) on all policies held up to 8 September 2010. The Bank accepted the offer made by the GORTT for initial payments of approximately $75,000 on each policy and with the remaining balance to be settled by the issuance of up to 20 Year Zero-Coupon Bonds.

The 20 Zero-Coupon Bonds were issued in 2012 with a total face value of $32,620,000 and were classified as held-to-maturity investments. The Bank recorded the bonds at face value. In accordance with IAS 39 "When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value". IAS 39 also states "held-to-maturity investments as defined in paragraph 9, which shall be measured at amortised cost using the effective interest method".

During the course of the audit of the year end December 31, 2015 it was discovered the Bank did not initially record the bonds at fair value and therefore did not amortise the bonds using the effective interest method in the subsequent periods. As a consequence the carrying value of the bonds were overstated and the interest income during the preceding years were understated.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, the interest income on these bonds are tax exempt and therefore have no tax impact on the prior periods:

Impact on statement of financial position as at December 31, 2014

	December 31, 2014 as previously stated	Adjustments	December 31, 2014 restated balance
Held-to-maturity investments	$ 29,226,600	$ (9,319,329)	$ 19,907,271
Total effect on net assets	29,226,600	(9,319,329)	19,907,271
Total effect on equity	$ 192,511,078	$ (9,319,329)	$ 183,191,749

(Expressed in Trinidad and Tobago Dollars)

25. ADJUSTMENT TO RECOGNITION OF ZERO-COUPON BONDS:

Impact on statement of financial position as at January 1, 2014

	January 1, 2014 as previously stated	Adjustments	January 1, 2014 restated balance
Held-to-maturity investments	$ 42,417,000	$ (10,059,277)	$ 32,357,723
Total effect on net assets	42,417,000	(10,059,277)	32,357,723
Total effect on equity	$ 190,900,468	$ (10,059,277)	$ 180,841,191

Impact on statement of profit or loss for the year ended December 31, 2014

	December 31, 2014 as previously stated	Adjustments	December 31, 2014 restated balance
Investment income	$ –	$ 739,949	$ 739,949
Total effect on equity	$ –	$ 739,949	$ 739,949

(Expressed in Trinidad and Tobago Dollars)