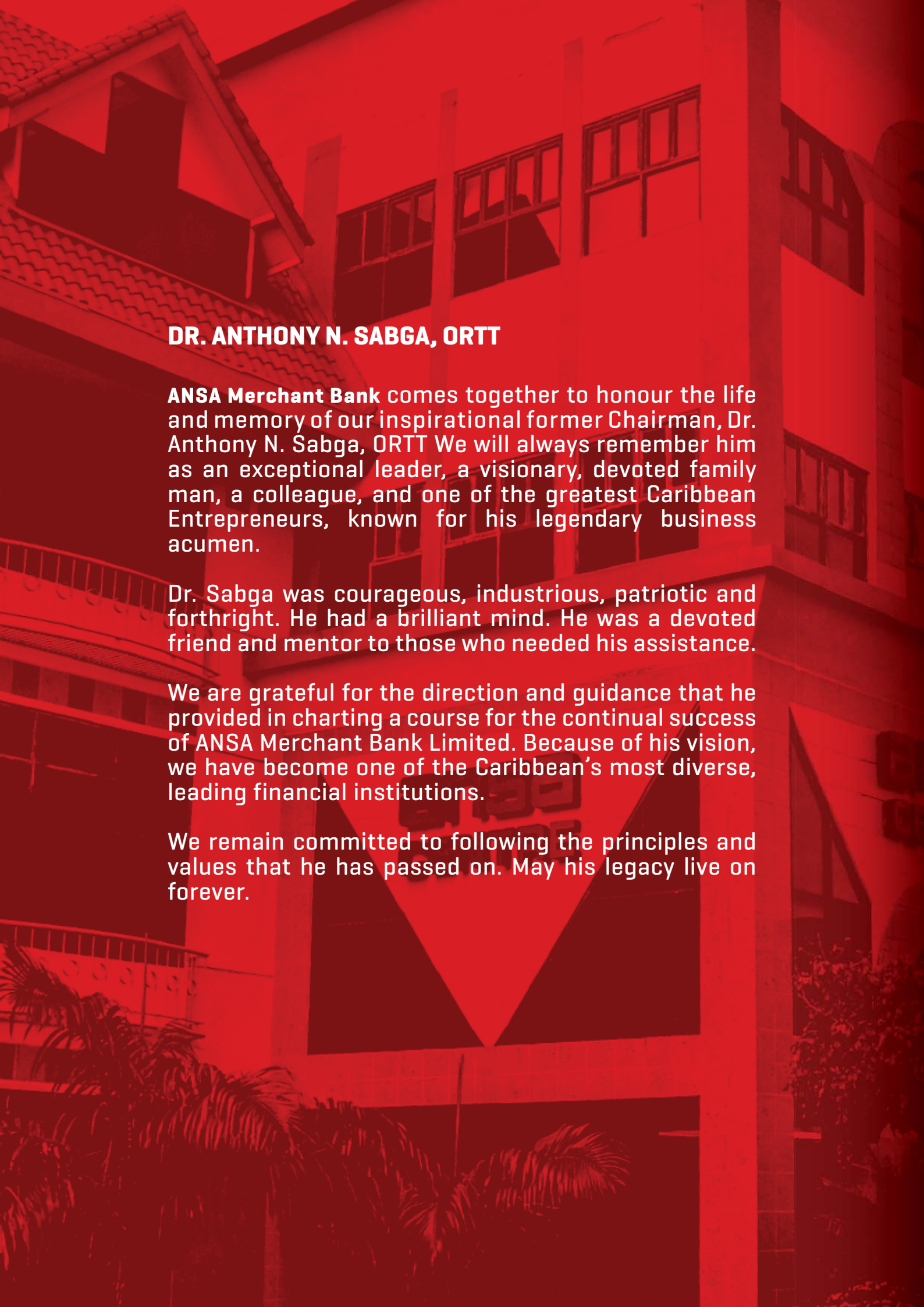




ANNUAL REPORT 2017

**THE  
LEGACY**  
**LIVES ON**



## **DR. ANTHONY N. SABGA, ORTT**

**ANSA Merchant Bank** comes together to honour the life and memory of our inspirational former Chairman, Dr. Anthony N. Sabga, ORTT. We will always remember him as an exceptional leader, a visionary, devoted family man, a colleague, and one of the greatest Caribbean Entrepreneurs, known for his legendary business acumen.

Dr. Sabga was courageous, industrious, patriotic and forthright. He had a brilliant mind. He was a devoted friend and mentor to those who needed his assistance.

We are grateful for the direction and guidance that he provided in charting a course for the continual success of ANSA Merchant Bank Limited. Because of his vision, we have become one of the Caribbean's most diverse, leading financial institutions.

We remain committed to following the principles and values that he has passed on. May his legacy live on forever.





"FIND A JOB THAT YOU LIKE AND YOU NEVER  
HAVE TO WORK ONE DAY IN YOUR LIFE."

**DR. ANTHONY N. SABGA, ORTT**







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# 1998

"At the same time our licensed classes of business were expanded, with the approval of the Central Bank, to include merchant banking activities and full authorised dealer status for foreign exchange services."

*1998 Chairman's Report*  
**Dr. Anthony N. Sabga**





REPORT OF THE

# CHAIRMAN



“

In the past five years, Profits before Tax have grown by over 60%. During that same period, Total Assets grew by 32%. This prolonged track record of success is a direct result of Dr Sabga's vision, tenacity and relentless pursuit of excellence.

”

**CHAIRMAN**

A. NORMAN SABGA, LLD [HON.] UWI

Dear Shareholders,

It was with great pride tinged with sorrow that I assumed the Chairmanship of ANSA Merchant Bank Limited (AMBL) in the middle of 2017.

Dr. Anthony N. Sabga's passing meant that the honour of setting and implementing the Bank's direction and strategy was entrusted to me. This legacy was not just about being the recipient of an esteemed position, but rather it was the acceptance of the obligation to sustain his achievements.

Dr. Sabga assumed control of the Bank in 1998 when ANSA McAL purchased 50% of the shares of Robert Fleming Holdings Limited. At that time, he merged the company with ANSA Finance Limited, forming ANSA Finance and Merchant Bank Limited. In 2004 it was transformed into ANSA Merchant Bank Limited. In that same year, Tatil and Tatil Life were acquired. Since then, the fabric of the Bank has become infused with his DNA.

Within two years of Dr. Sabga assuming control of the Bank, its Profit before Tax grew by more than threefold. Its Total Assets increased by 134%. Its Investments grew more than fifteen times. This was all a testimony of his confidence and his keen commercial acumen and foresight.

In the past five years, Profits before Tax have grown by over 60%. During that same period, Total Assets grew by 32%. This prolonged track record of success is a direct result of Dr. Sabga's vision, tenacity and relentless pursuit of excellence.

### **Financial Performance - 2017**

The consolidated revenue performance of AMBL in 2017 was very strong, reflecting robust growth of 21% or \$168 Million year over year. This drove Total Operating Income to \$982 Million in 2017, just shy of the \$1 Billion mark in top line performance. Net Operating

Income also increased by 9% year over year to \$582 Million in 2017 up from \$533 Million in 2016.

The consolidated Profit before Tax of the bank and its insurance subsidiaries remained solid at \$314 Million, maintaining the excellent results delivered in 2016 of \$322 Million. Total Equity increased by \$120 Million, or 5% year over year, to \$2.32 Billion. Our Earnings per Share in 2017 was \$2.71 compared to 2016 of \$2.94. We continued to maintain and grow a total asset base of over the \$7 Billion, ending 2017 4% higher at \$7.3 Billion.

### **Business Performance**

Our Banking business produced an increase of 6% in Profit before Tax at \$214 Million up from \$201 Million in 2016. Our Asset Finance business continues to be best in class and 2017 marked ten (10) years of our thrust into Corporate Finance and Investment Banking, with total transactions arranged in excess of

\$24 Billion during this period.

Our investment portfolios continue to deliver superior performance against their objectives of both investment income and capital growth within our active risk management framework. Notable was our TT Income Mutual Fund which delivered a 12 month return of 3.76% to December 31st, 2017.

Our insurance business performed well in 2017. TATIL continued to gain considerable market share in its Motor and Property books in 2017, with an increase in Net Premium Income of \$16.6 Million or 9%. It remains with a best in class rating by A.M. Best of A- [Excellent]. This demonstrates the strength and legacy of our Insurance business. Tatil Life's performance improved significantly by 27% or \$15 Million in 2017 over the corresponding period in 2016 to produce a Profit before Tax of \$67.6 Million, gaining market share in both its Mortgage and Life products where Net Premium Income jumped 77% year over year.

Sustaining our solid performance is indeed commendable in the current economic context. The All Trinidad and Tobago Index posted two (2) back-to-back years of negative total returns for the second time in the entire history of the Index. The unemployment rate in the country increased from a low of 3.1% in March 2014, to 5.3% by mid-2017.

Our Barbados subsidiary companies, Consolidated Finance Co. (CFC) and Bryden's Insurance, produced quite stable earnings throughout 2017, notwithstanding the difficult economic conditions being faced in that country. Throughout 2017, we continued to work closely on the integration of both companies to ensure we broaden the service base that we offer our clients regionally.

We have succeeded through excellent client service delivery and the continued diversification of our business. The Bank launched our Wealth Management business in mid-2017 and this has

shown encouraging growth in its first few months of operation. Likewise, Tatil Life exponentially grew its mortgage business, even in the face of tight domestic credit conditions. We maintain robust capital buffers and tightly manage the level of non-performing loans.

#### **Acknowledgements**

I would like to thank the Boards, Management and our dedicated Staff in the Financial Sector for their contribution to our continued success in 2017.

I also thank our valued clients and investors for their continued trust and confidence.



**A. NORMAN SABGA , LLD (Hon.) UWI  
CHAIRMAN**

# MANAGING

DIRECTOR'S REPORT



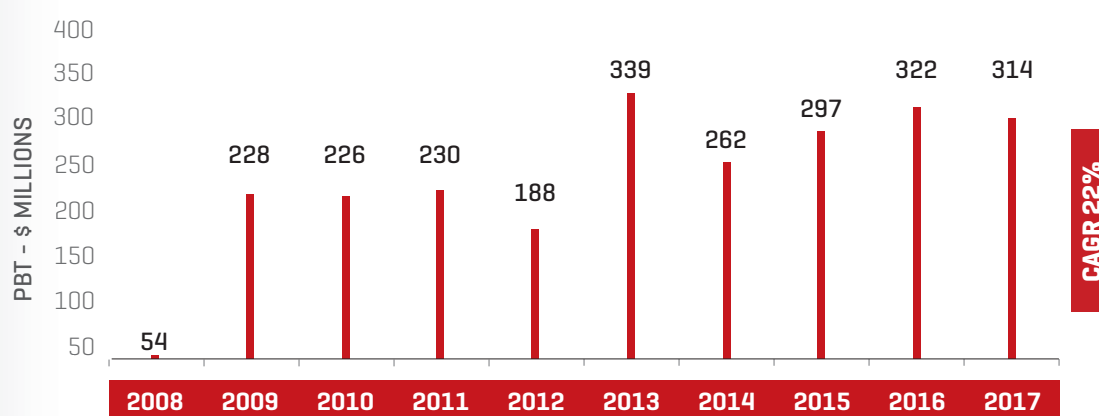
MANAGING DIRECTOR  
GREGORY N. HILL

The consolidated financial results of ANSA Merchant Bank Limited reflected a robust performance for the Financial Year-ended 31st December 2017. Against the back drop of a local environment characterized by subdued fiscal incentives, a contraction in domestic economic activity and ambiguity within the foreign exchange market, the Bank stood steadfastly to its mandate of producing value added products to our clients, better customer service and increased shareholder value. During the year, we maintained our strategic focus of continuous innovation and demonstrated this by launching our Wealth Management business and embarking upon the upgrade of our Core Banking Information Technology platform to deliver improved efficiency and the highest quality service to our customers. We also maintained our commitment to enhancing the Bank's regional footprint, with the

successful integration of our Barbados operations, Consolidated Finance Company (CFC). We remain committed to our mission of delivering innovation and unrivalled service to our clients, whilst remaining sufficiently flexible to grasp opportunities to grow which complement our strategic direction.

ANSA Merchant Bank and its operating subsidiaries, TATIL, Tatil Life and now CFC, recorded a significant increase in total revenue of 21% from \$813.8 million in 2016 to \$981.8 million in 2017, just shy of the \$1 billion mark. Profit before taxation of \$314 million for the year ended 31st December 2017 remained strong and closely in line with the \$322 million delivered in 2016. All business lines recorded growth in profit before taxation, while our general insurance business dipped this year after facing an aggressive pricing market and increased claims experience in 2017.

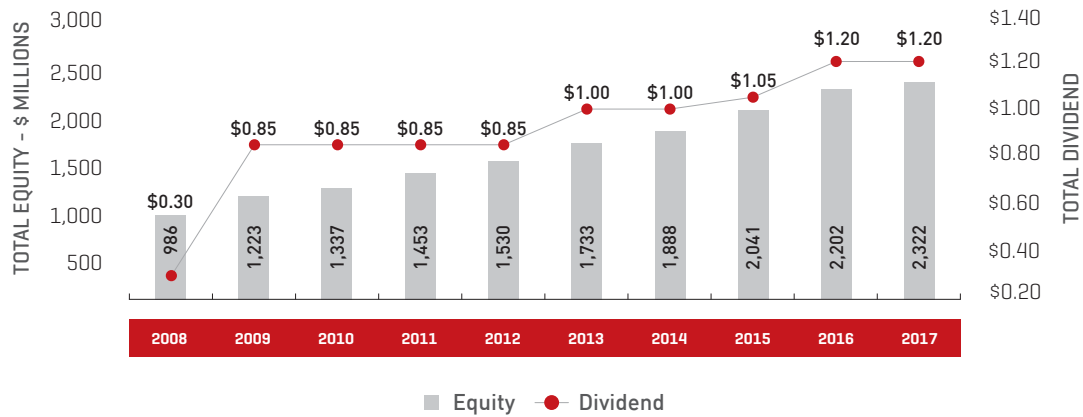
#### 10 YEAR GROWTH IN PROFITABILITY



We remain confident in the sustainability of our financial performance and the soundness of our asset and capital base. The total equity of the Bank Group grew to \$2.3 billion in 2017, which represented a

5% increase over the prior year. As such, the Board of Directors approved a final dividend of \$1.00 per share, which increased the total dividend for the year to \$1.20 per share, consistent with the dividend payment for 2016.

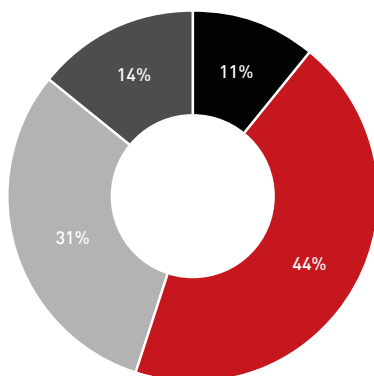
### SHAREHOLDER VALUE



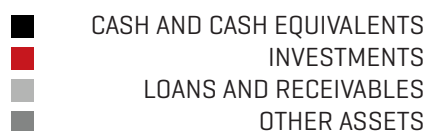
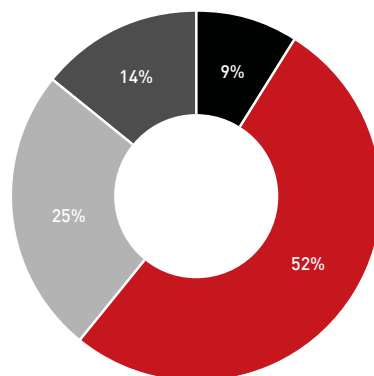
Consistent with our strategic directives, our net assets are managed closely via a risk-based approach, where diversification, flexibility and innovation are at the forefront of our tactical decision-making. We continue to maintain total assets over the \$7 billion mark, closing the year at \$7.3 billion. Our investment portfolio which comprised 44% of our total assets in 2016, comprised 52% of the total assets in 2017, with loans and receivables comprising 25% of total

assets, as compared to 31% in 2016 as we repositioned our Balance Sheet to mitigate an increased credit risk environment. Efficient cash utilisation resulted in cash and cash equivalents comprising 9% of total assets in 2017, as compared to 11% of total assets in 2016. Loans, advances and lease receivables ended the year at \$1.8 billion, which decreased over 2016, given the aforementioned rebalancing of our portfolio and maturity of short-term assets.

**TOTAL ASSETS 2016**



**TOTAL ASSETS 2017**

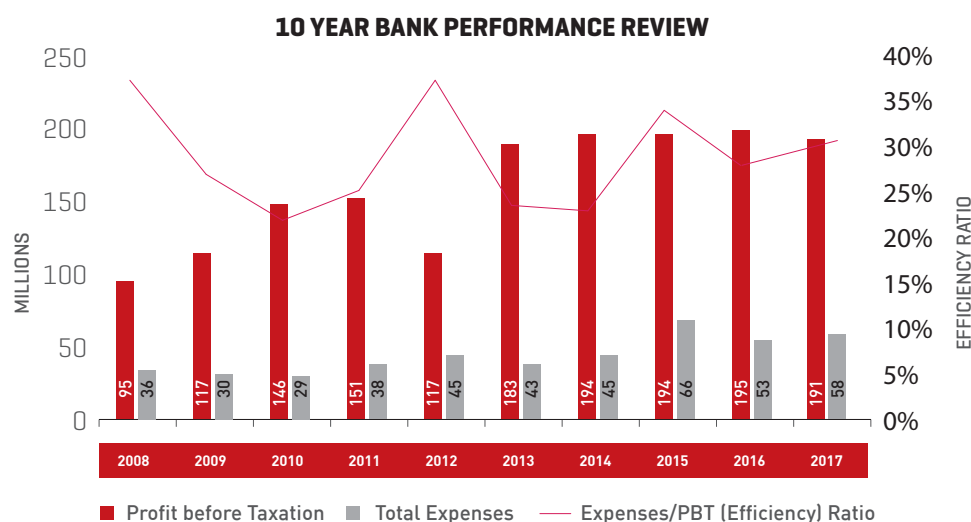


## BANKING

### ANSA MERCHANT BANK LIMITED

The parent company of the Bank Group, ANSA Merchant Bank Limited, [Bank], produced a robust profit before taxation in 2017 of \$214 million, a six [6%] increase, versus the \$202 million delivered in 2016, despite the significant decline in the domestic Banking activity. The core banking business delivered its highest

Total Operating Income in its forty [40] year history increasing by 23% year on year and net operating income also remained stable at \$248 million in 2017. In light of the domestic economic climate, we implemented innovative marketing initiatives to drive our core lending business lines and maintain our high levels of customer service geared towards satisfying the needs of all our clients.



We grew our asset finance portfolio a further 2% in 2017, which we achieved whilst preserving asset quality given our prudent credit culture. This was achieved notwithstanding a weakening lending market, especially in auto financing where new vehicle sales fell sharply by 15% in 2017.

Investment Services also performed quite well during the year and capitalized on trading gains and market opportunities to rebalance investment portfolios towards the second half of 2017 and preserved

gains earned. During the year, the Investment Committee continued to guide our investment strategies to provide enhanced returns to our investors, whilst remaining diversified with high quality rated portfolios. The Investment Services team also delivered attractive returns on our Mutual Fund portfolios, exceeding the performance of many of our competitors. The TT Income Fund YTD Return of 3.7%, was in the top quartile of the market in 2017 demonstrating our commitment to delivering attractive results for our clients.

We also successfully launched our Wealth Management business to offer innovative investment solutions to High Net Worth clients and pension plans and are encouraged by the progress we have achieved since we launched this year.

Our Foreign Exchange and Treasury Management services also played a key role in contributing to the Bank's revenue. This was achieved through a astute innovative investment and cash management strategies implemented throughout the year.

Our Investment Banking arm continued to produce yet another solid year of financing deals in both the domestic and regional capital markets amounting to over twenty-four (24) billion dollars during the last ten (10) years. Many Issuers and Institutional Investors have entrusted us with their financing and investment portfolio requirements and we executed quality transactions for them exceeding \$2.2 billion for the year. As such, we have expanded our bench strength to facilitate further growth and innovation.

#### **CONSOLIDATED FINANCE CO. LIMITED**



**ROLPH PHILLIPS**  
MANAGING DIRECTOR - CFC

In 2017 Consolidated Finance Co. Limited (CFC) produced Operating Income comprising net interest income, net lease rental income, fees and foreign exchange income of BB\$14.3 million up from BB\$14.0 million in 2016. Net interest income increased to BB\$8.4 million up from BB\$7.7 million, while cost of funding was BB\$5.1 million down from BB\$6.5 million versus 2016.

Profit before taxation of BB\$3.9 million was delivered for the year ended 31st December 2017 and was lower when compared to the BB\$5.8 million produced in 2016. This was largely due to conservative impairments taken on historical non-performing loans of BB\$1.3 million, compared to BB\$0.3 million in 2016, reflecting primarily a decline in values of assets held as collateral given the current economic environment.

Our capital base remained strong at BB\$52.9 million, resulting in the CFC's stable capital adequacy ratio which was 23% on par with 2016 and well above the regulatory requirement of 8%, reflecting the strength of our business in Barbados also.

In 2018 we opened a new Corporate Sales Office at Regus, One Welches, St. Thomas from which we will service our corporate, commercial and foreign exchange customers, as we strive to deepen our footholds in our community and provide better customer service to our clientele.

## GENERAL INSURANCE



**M. MUSA IBRAHIM**  
MANAGING DIRECTOR - TATIL

Trinidad and Tobago Insurance Limited (TATIL) continued its strong core operating performance in 2017, notwithstanding the challenging economic conditions, achieving growth both in Revenues and in our client base. It is notable, 2017 represented the highest level of Insurance Revenues generated in Tatil's fifty-four (54) year history having increased income by 9% and growth in its customer base by 10%. Profit before tax, however, decreased from \$74.8 million in 2016 to \$51.2 million in 2017, mainly due to a competitive pricing market and increased claims.

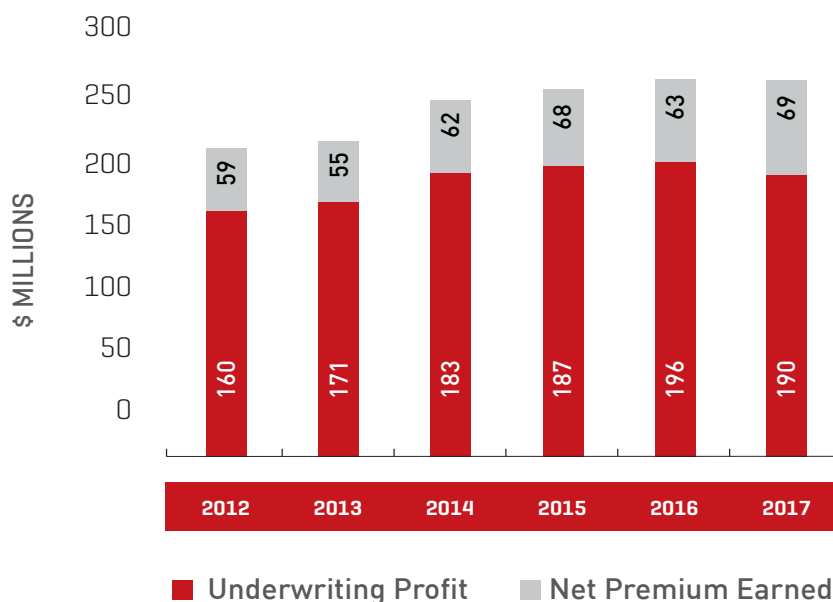
With total assets of \$1.1 billion and enjoying an A.M. Best A- (Excellent) rating, we were able to use our financial

strength to leverage reinsurance support to optimize the most efficient mix of risk and return that created value to our stakeholders.

We continue to be an industry leader in how we manage our costs and this is reflected in our "Combined Ratio" [expenses plus claims as a percentage of net premiums] and Efficiency Ratio [expenses as a percentage of net premiums] which were 86% and 44% respectively in 2017.

2017 may have marked the end of the 'soft' reinsurance market as a result of three (3) major catastrophes, namely; Harvey, Irma and Maria (HIM) affecting the region. Whilst TATIL was spared the impact of these disasters, reinsurers that provide support to Caribbean insurers operating in these markets were severely affected with record high claims payout.

We have seen positive steps taken in enacting the much needed insurance legislation as the Insurance Bill progressed through the Parliament in Trinidad & Tobago. The new strengthened legislation should lead to a more efficient and regulated industry focusing on governance, risk management and efficient use of capital that should redound to the benefit of consumers.

**TATIL : NET PREMIUM & UNDERWRITING PROFIT - \$ MILLION**

## LIFE INSURANCE

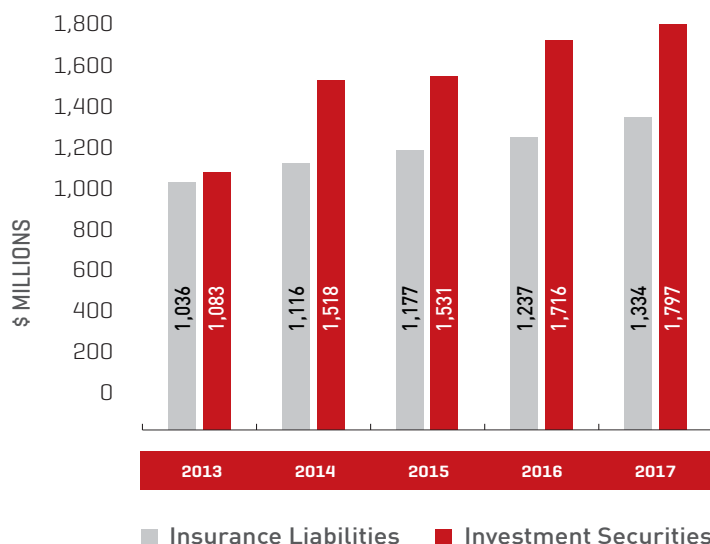


**RONALD MILFORD**  
MANAGING DIRECTOR - TATIL LIFE

2017 was a rewarding year for Tatil Life Assurance Limited (TATIL Life). Despite the economic downturn in 2017 Tatil Life successfully navigated these conditions and grew both its Premium Income and Profit before Tax.

Premium Income for the year increased by 77% over 2016 and Profit before Taxation for the year ended 31st December 2017 was recorded at \$67.6 million against \$53.1 million in 2016, which represented an increase of 27% year over year. Investment income also contributed significantly to the results of Tatil Life as it improved by 56.5% year over year from \$76.5 million to \$120 million.

Our mortgage portfolio grew steadily also in 2017, as we continued to diversify our investment book and increase market share as a mortgage provider to the public. Strategically, Tatil Life will be expanding its product offerings in the future to its loyal customers, thereby providing not just home ownership security, but quality life insurance products to the people of Trinidad & Tobago.

**TATIL LIFE : INVESTMENT SECURITIES AND TECHNICAL LIABILITIES**

## LOOKING AHEAD

During the 2017 Financial Year, the AMBL Group delivered a resilient performance despite stagnant economic conditions which plagued the domestic and regional economies.

We are quite optimistic about our prospects of continued positive growth within the Banking and Insurance Sectors. However, we remain ever cautious and prudent in our decision-making, due to the reduction in domestic consumer and business confidence, weaker private sector credit, increase in unemployment and concerns over job security and higher cost of living.

Notwithstanding the domestic environment, our Bank Group stands well poised to capitalize on the many opportunities we have strategically identified. We are investing significantly in our IT infrastructure in both banking and insurance to improve operating efficiency and deliver distinguished service to our deserving clients. We continue to

build momentum and confidence from the launch of our Wealth Management business and tailored Mortgage products, while we continue to expand our market share in our core banking and insurance businesses.

The Bank Group is confident in its executive management team which comprises an excellent mix of experience, risk management, technical ability and innovation. Supported by expert management and a loyal employee and customer base, the Bank continues to remain steadfast in its commitment as a market leader within the Financial Services Sector in Trinidad & Tobago and the Region, creating superior shareholder value and providing continued benefits to all our stakeholders.

GREGORY N. HILL  
**MANAGING DIRECTOR**

# 2003

"We entered into an agreement in December 2003, for the acquisition of the assets of Tatil General & Life Insurance Companies, which will provide the Bank with an asset base of approximately \$3.5 billion, and an opportunity to widen out Merchant Banking activities"

*2003 Chairman's Report*  
**Dr. Anthony N. Sabga**





# BOARD

## OF DIRECTORS



**DIRECTOR**  
LARRY  
HOWAI

**MANAGING DIRECTOR**  
GREGORY N.  
HILL

**CHAIRMAN**  
A. NORMAN  
SABGA

**DEPUTY CHAIRMAN**  
RAY A.  
SUMAIRSINGH



**DIRECTOR**  
ANTON  
GOPAULSINGH



**DIRECTOR**  
JEREMY  
MATOUK



**DIRECTOR**  
TIMOTHY  
HAMEL-SMITH



**DIRECTOR**  
NICHOLAS  
W. S. OWEN



**DIRECTOR**  
IAN E.  
WELCH

# CORPORATE

## EVENTS 2017



St. Maarten's Governor General, Dr. Eugene Holiday and Gregory N. Hill.



The Honourable Faris Al-Rawi, Attorney General and Minister of Legal Affairs sits on the panel of Speakers at the American Chamber of Commerce of Trinidad and Tobago (AMCHAM) Conference - Investing in Times of Uncertainty with MD. Gregory N. Hill 3rd speaker from the Left.



ANSA Merchant Bank Board Member Jeremy Matouk and Chairman A. Norman Sabga review the Annual Report at the Bank's AGM.



Left to Right: Ian Chin (Head, Sales & Trading at ANSA Merchant Bank Ltd), Randy Cyrus (Corporate Manager, Transaction & Advisory at ANSA Merchant Bank Ltd) and Gregory N. Hill (Managing Director, ANSA Merchant Bank Ltd) at the DBJ Conference held in Jamaica.



MD - Gregory N. Hill addressing the audience at the American Chamber of Commerce of Trinidad and Tobago (AMCHAM) Conference - Investing in Times of Uncertainty.



Manager, Collection - Kennedy Sammy, MD - Gregory N. Hill, Executive Director - Kathleen Galy and Tatil Life MD - Ronald Milford celebrates ANSA Merchant Bank's 40th Anniversary at the Cake Cutting Ceremony.

# STAFF

## EVENTS 2017



Left to Right: Tatil Life staff members Crystal Padarath & Luanna Rahman, T&T Cancer Society General Manager - Kevin Cox, Tatil Life Managing Director - Ronald Milford, Tatil Life staff members Jerrold Forde & Jennifer Khan Charles hand over cheque to the T&T Cancer Society.



Tatil M.D, M. Musa Ibrahim [Center] poses with Diamond Producer Awardees, [Left to Right] Jeevan Mohess, Paula Charleau, Vera Singh, Babita Gosine, David Stephens at Tatil Awards.



Left: M.D - Gregory N. Hill and [Right] Head of Wealth Management, Kavita Suratsingh celebrate Administrative Professionals' Day with ANSA Merchant Bank Admin Assistants.



ANSA Financial Services Team [ANSA Merchant Bank Ltd, Tatil & Tatil Life] at the Carifin - 1 lap Savannah Event



ANSA Merchant Bank staff at Christmas Party.



ANSA Merchant Bank Team Building, Blanchisseuse Hike.



Chairman A. Norman Sabga presents M.D - Gregory N. Hill with his 10 year Long Service Award at the Staff Christmas Party.

# CORPORATE

## INFORMATION

### ANSA MERCHANT BANK

#### BOARD OF DIRECTORS

A. Norman Sabga [Chairman]  
Gregory N. Hill [Managing Director]  
Ray A. Sumairsingh [Deputy Chairman]  
Larry Howai  
Anton Gopaulsingh  
Timothy Hamel-Smith  
Jeremy Matouk  
Nicholas W. S. Owen  
Ian E. Welch

#### CORPORATE SECRETARY

Robert I. Ferreira

#### MANAGEMENT TEAM

Darrin Ramdeen – Chief Financial Officer  
Kavita Suratsingh – Head of Wealth Management  
Ian N. Chin – Head of Sales & Trading  
A. Nigel Sabga – Head of Investments  
Reaaz Shah – Head of Treasury & Trading  
Robert I. Ferreira – Manager, Risk  
Randy Cyrus – Manager, Transaction & Advisory  
Sheldon Ramharack – Manager, IT  
Kennedy Sammy – Manager, 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 Ltd.  
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
9. Wealth Management 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

Anton Gopaulsingh [Chairman]  
Timothy Hamel-Smith  
Jeremy Matouk  
Nicholas W. S. Owen

# CONSOLIDATED FINANCE CO. LIMITED

## Board of Directors

Gregory N. Hill [Chairman]  
Rolf Phillips [President/CEO]  
Nicholas Mouttet  
Stephen Edghill  
Jeffrey Gellineau  
Mary Mahabir

## Corporate Secretary

Lydia McCollin

## Management Team

Frances Parravicino – Vice President – Credit  
Lydia McCollin – Vice President – Finance & Ops  
Marcia Bishop – Manager, Operations  
Cheryl Haynes – Manager, Finance  
Cheryl Brewster – Manager, Retail Credit  
Dana Selman – Risk & Compliance Manager  
Dionne Walthrus – Insurance Agency Manager  
Harriet Garcia – Manager, Human Resources

## Registered Office/Head Office

Hastings Main Road  
CHRIST CHURCH

## Classes of Business

1. Finance House/Finance Company
2. Leasing Corporation
3. Mortgage Institution
4. Merchant Bank
5. Commercial Lending
6. Financial Services
7. Foreign Exchange Trading

## Auditors

Ernst & Young  
One Welches  
Welches  
ST THOMAS

## Principal Bankers

Bank of Nova Scotia  
Broad Street  
BRIDGETOWN

## Attorneys at Law

Lex Caribbean  
Worthing Corporate Centre  
Worthing  
CHRIST CHURCH

## Audit Committee

Jeffery Gellineau [Chairman]  
Gregory N. Hill  
Stephen Edghill

# TATIL & TATIL LIFE ASSURANCE LIMITED

## BOARD OF DIRECTORS

Ray A. Sumairsingh [Chairman]  
 M. Musa Ibrahim [Managing Director, Tatil]  
 Ronald Milford [Managing Director, Tatil Life]  
 Larry Howai  
 Nabeel Hadeed  
 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

Nabeel Hadeed – Executive Director  
 Vijay Seudath – Technical Manager  
 Daran Soondarsingh – Chief Financial Officer  
 Sarita Parsad – Manager, Claims & Legal  
 Ricardo St. Cyr – Manager, Strategy  
 Joseph Elias – Manager, Motor Claims  
 Andy Livingston – Manager, Non- Motor Claims  
 Derek Jimdar – Manager, Group Risk  
 Padma Ramesh – Manager, Accident & Health  
 Mokesh Saroop – Manager, Corporate Sales & Agents Compliance

## MANAGEMENT TEAM - TATIL LIFE

Michelle Newallo – Chief Financial Officer  
 Jeffrey Dalton-Brown – Manager, Compliance & Risk  
 Claudine Allert – Life Office Manager  
 Luanna Rahman – Manager, Pensions  
 Allison Seales – Manager, Sales Administration  
 Erica Ortiz – Manager, Client Services  
 Larry Lequay – Manager, Mortgages

## REGISTERED OFFICE/HEAD 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

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

## OUR CORE VALUES



## SELECTED CAPITAL MARKET TRANSACTIONS

|                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br><b>BRIDGE LOAN</b><br><b>USD 60MM</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2013      | <br><b>BOND</b><br><b>BBD 59.85MM</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2013         | <br><b>TERM LOAN</b><br><b>TTD 399MM</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2013             | <br><b>BOND</b><br><b>TTD 495MM</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2014            |
| <br><b>NOTES</b><br><b>TTD 250MM</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2014           | <br><b>FINANCE LEASE</b><br><b>USD 23.4MM</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2014 | <br><b>BOND</b><br><b>TTD 1BN</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2015                    | <br><b>COMMERCIAL PAPER</b><br><b>TTD 25MM</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2015 |
| <br><b>BRIDGE LOAN</b><br><b>TTD 700MM</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2015 | <br><b>NOTES</b><br><b>BBD 32MM</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2015       | <br><b>TERM LOAN</b><br><b>TTD 1.2BN</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2016        | <br><b>TERM LOAN</b><br><b>TTD 233MM</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2016   |
| <br><b>BOND</b><br><b>TTD 1.047BN</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2016      | <br><b>NOTES</b><br><b>USD 40MM</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2017       | <br><b>COMMERCIAL PAPER</b><br><b>TTD 100MM</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2017 | <br><b>BOND</b><br><b>TTD 1B</b><br>LEAD ARRANGER<br><br>MERCHANT BANK LIMITED<br>2017           |

Over the period 2007 to 2017, ANSA Merchant Bank originated over TTD 24 Billion in transactions for Borrowers and Issuers covering Retail, Conglomerates, Sovereigns and State-owned entities domiciled in the Caribbean.

Our client base also became diversified to include hospitality, telecommunications and energy sectors. From a geographical perspective, TTD 1.07 Billion [USD 160 Million] in transactions were arranged for clients in Barbados.

# WEALTH MANAGEMENT



AMBL introduced its Private Wealth Management service in May 2017, to leverage our experience and expertise in investment management, developed over many decades.

Private Wealth Management is geared towards high net worth clients, who may not have the time nor expertise to develop investment strategies to meet their financial goals and grow their wealth for future generations. We offer a discretionary service whereby we seek to understand our clients' financial needs and risk tolerance, and then construct investment portfolios which satisfy their objectives.

We monitor the performance of the portfolios to ensure that they remain relevant to the client and responsive to market conditions.

We remain attentive to our clients' needs by frequent interactions, updates on market events and timely performance reports. We take pride in our confidentiality and careful attention to customer service which we offer our clients.

# 2006

"Our group has contributed in a large part to both the economic development of Trinidad and Tobago and the Caribbean region through our strategic investments in other islands"

*2006 Chairman's Report*  
**Dr. Anthony N. Sabga**





# REPORT

## OF THE DIRECTORS

The Directors present their report and Statement of Accounts for the year ended December 31, 2017.

### FINANCIAL RESULTS FOR THE YEAR

|                                           | \$000           | \$000      |
|-------------------------------------------|-----------------|------------|
| Profit attributable to shareholders       |                 | 232,238    |
| Dividends on ordinary shares              |                 |            |
| – Final paid (2016) – \$1.00              | (85,604)        |            |
| – Interim paid – 20¢                      | <u>(17,122)</u> |            |
|                                           |                 | (102,726)  |
| Other comprehensive income                |                 | (3,717)    |
| Transfer to statutory reserve             |                 | (20,222)   |
| Other life insurance movements            |                 | (4,766)    |
| Other reserve movements                   |                 | <u>445</u> |
|                                           |                 | 101,252    |
| Retained profits at the start of the year |                 | 1,291,663  |
| Retained profits at the end of the year   |                 | 1,392,915  |

### DIVIDENDS

The Directors declared a final dividend of \$1.00 per ordinary share, which, with the interim of 20¢ already paid, makes a total of \$1.20 for the year. The final dividend will be paid on May 25, 2018 to members on the register of shareholders at May 16, 2018.

### DIRECTORS

Pursuant to paragraph 4.4 of By-Law No. 1 of the Bank, Messrs A. Norman Sabga, Ray A. Sumairsingh, Timothy Hamel-Smith, Jeremy Matouk, Nicholas W. S. Owen, Ian E. Welch and Anton Gopaulsingh elected at the last Annual Meeting, retire and being eligible, offer themselves for re-election. Mrs. Kathleen Galy resigned from the Board in November 2017 and therefore does not offer herself for re-election. Mr. M. Musa Ibrahim offers himself for election to the Board of Directors.

### 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 19, 2018

## DIRECTORS' AND SUBSTANTIAL INTEREST

|                     | MARCH 31, 2018 | MARCH 31, 2017 |
|---------------------|----------------|----------------|
|                     | Beneficial     | Beneficial     |
| A. Norman Sabga     | 0              | 0              |
| Gregory N. Hill     | 0              | 0              |
| Ray A. Sumairsingh  | 2,000          | 2,000          |
| Larry Howai         | 2,397          | 2,397          |
| Anton Gopaulsingh   | 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] Mr. A. Norman Sabga has a beneficial interest in MASA Investments Ltd. and ANSA INVESTMENTS LIMITED, which is the major shareholder of ANSA McAL Limited.
- [b] Norman Finance Development Co. Ltd. and The ANSA McAL Foundation, connected person to Mr. A. Norman Sabga hold 848,090 and 530,820 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, 2017 |
|-------------------------------------------------------|-------------------------------------|
| ANSA McAL Limited                                     | 70,605,263                          |
| MASA Investments Limited                              | 2,573,793                           |
| Republic Bank Limited – 1162 [Trustee]                | 1,752,215                           |
| T&T Unit Trust Corporation – FUS                      | 1,507,700                           |
| Norman Finance Development Co. Limited                | 848,090                             |
| The ANSA McAL Foundation                              | 530,820                             |
| Guardian Life of the Caribbean Limited                | 463,293                             |
| Guardian Life of the Caribbean Limited – PFP          | 370,473                             |
| TATIL Life Assurance Limited A/C B                    | 300,426                             |
| T&T Unit Trust Corporation – Calypso Macro Index Fund | 292,608                             |

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Fortieth Annual Meeting of Shareholders of ANSA MERCHANT BANK LIMITED will be held at the Radisson Hotel, Wrightson Road, Port of Spain on Wednesday May 23, 2018 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, 2017 together with the Report of the Auditors and to note the final dividend.
2. To elect & appoint Directors.
3. To appoint the Auditors and to authorize the Directors to fix their remuneration.

DATED at Port of Spain, Trinidad, this 19th day of March, 2018

**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.

## MANAGEMENT PROXY CIRCULAR

1. **NAME OF COMPANY:** ANSA Merchant Bank Limited  
**COMPANY NO:** A – 350 (c)
2. **PARTICULARS OF MEETING:**  
 The Fortieth Meeting of the Company to be held at the Radisson Hotel, Wrightson Road, Port of Spain, Wednesday May 23, 2018 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**  
 March 19th, 2018

**NAME AND TITLE**  
 Robert I. Ferreira  
 Corporate Secretary

**SIGNATURE**



# FUND

## FACTS



The Investment Objective of the Fund is to seek to generate investment returns registered in Trinidad and Tobago, while providing for acceptable levels of liquidity and credit risk.

### ANSA SECURED FUND TOP 10 HOLDINGS - DEC 31 2017

|                                                         |        |
|---------------------------------------------------------|--------|
| GUARDIAN HOLDINGS LIMITED 7.975% FRB DUE 2023           | 10.90% |
| CREDIT SUISSE AG LONDON MTN 8% DUE 06/09/2020           | 10.42% |
| NIPDEC 5.15% FRB DUE 2025                               | 9.38%  |
| FIRST CITIZENS BANK LIMITED 3.10% FRB DUE 2021 SERIES 1 | 5.14%  |
| HDC 8.70% FRB DUE 2023                                  | 4.21%  |
| STANDARD CHARTERED PLC 5.70% FRB DUE 2022               | 3.68%  |
| L BRANDS INC. [US] 5.625% FRB DUE 2022                  | 3.65%  |
| JBS INVESTMENTS GMBH 7.75% NOTES DUE 2020               | 3.55%  |
| FIAT CHRYSLER 4.5% FRB DUE 15/04/2020                   | 3.47%  |
| MASCO CORP [MAS] 7.75% DUE 08/01/29                     | 3.47%  |

### ANSA SECURED FUND TOP 10 HOLDINGS - DEC 31 2016

|                                                |        |
|------------------------------------------------|--------|
| GHL 7.975% FRB DUE 2023                        | 10.44% |
| NIPDEC 5.15% FRB DUE 2025                      | 10.16% |
| FIRST CITIZENS BANK LIMITED 3.10% FRB DUE 2021 | 4.69%  |
| HDC 8.70% FRB DUE 2023                         | 4.03%  |
| STANDARD CHARTERED 5.70% FRB DUE 2022          | 3.39%  |
| L BRANDS INC. 5.625% FRB DUE 2022              | 3.36%  |
| FIAT CHRYSLER AUTOMOBILE 4.5% FRB DUE 2020     | 3.16%  |
| PETROTRIN 6.0% FRB DUE 2022                    | 3.11%  |
| FIXED DEPOSIT 3.75% DUE 2018                   | 2.81%  |
| FIXED DEPOSIT 4.00% DUE 2019                   | 2.81%  |

### CUMULATIVE RETURNS - DEC 31 2017

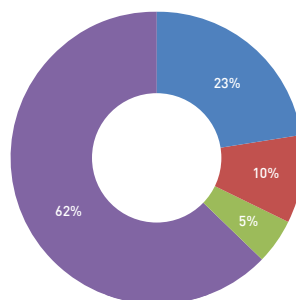
|                 |        |
|-----------------|--------|
| 12 MONTH        | 1.25%  |
| 3 YEAR          | 3.75%  |
| SINCE INCEPTION | 17.18% |

### HISTORICAL PERFORMANCE

|      |       |
|------|-------|
| 2013 | 1.81% |
| 2014 | 1.38% |
| 2015 | 1.25% |
| 2016 | 1.25% |
| 2017 | 1.25% |

### ASSET MIX - DEC 31 2017

- State-Owned Companies Securities
- Government Bonds
- Cash, Deposits and Receivables
- Corporate Bonds and Debentures



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



The Investment Objective of the Fund is to seek to generate investment returns registered in Trinidad and Tobago, while providing for acceptable levels of liquidity and credit risk.

#### ANSA US\$ SECURED FUND TOP 10 HOLDINGS - DEC 31 2017

|                                                        |        |
|--------------------------------------------------------|--------|
| PETROTRIN 9.75% FRB DUE 2019                           | 14.60% |
| GOLDMAN SACHS 8.00% EQUITY LINKED NOTES DUE 02/25/2019 | 8.90%  |
| CREDIT SUISSE 7.50% EQUITY LINKED NOTES DUE 01/16/2020 | 7.42%  |
| STANDARD CHARTERED PLC 5.70% FRB DUE 2022              | 5.24%  |
| AEROPUERTO INTERNATIONAL TOCUMEN 5.75% FRB DUE 2023    | 5.06%  |
| JBS INVESTMENTS GMBH 7.75% NOTES DUE 2020              | 5.05%  |
| TRINIDAD GENERATION UNLIMITED (TGU) 5.25% DUE 2027     | 4.95%  |
| MACY'S INC. 6.65% FRB DUE 2024                         | 4.27%  |
| COMISION FED DE ELECTRICIDAD 4.875% FRB DUE 2021       | 3.62%  |
| PANGOLIN ZERO-COUPON BOND DUE 2022                     | 3.53%  |

#### ANSA US\$ SECURED FUND TOP 10 HOLDINGS - DEC 31 2016

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

#### CUMULATIVE RETURNS - DEC 31 2017

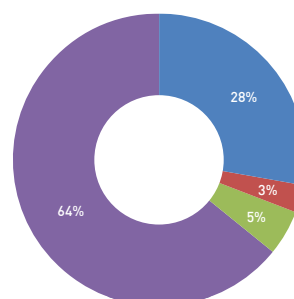
|                 |        |
|-----------------|--------|
| 12 MONTH        | 1.00%  |
| 3 YEAR          | 3.00%  |
| SINCE INCEPTION | 15.30% |

#### HISTORICAL PERFORMANCE

|      |       |
|------|-------|
| 2013 | 1.56% |
| 2014 | 1.13% |
| 2015 | 1.00% |
| 2016 | 1.00% |
| 2017 | 1.00% |

#### ASSET MIX - DEC 31 2017

- State-Owned Companies Securities
- Government Bonds
- Cash, Deposits and Receivables
- Corporate Bonds and Debentures



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



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 2017

|                                                         |       |
|---------------------------------------------------------|-------|
| WASA STRIP ZERO COUPON DUE 2023                         | 6.34% |
| TTNGL SHARES [NGL TP EQUITY]                            | 4.44% |
| BARCLAYS 6.05% FRB DUE 2017                             | 3.48% |
| GS 8.0% EQUITY LINKED NOTES DUE 02/25/2019              | 3.48% |
| BARCLAY'S BANK 8.05% EQUITY LINKED NOTES DUE 2019       | 3.48% |
| GUARDIAN HOLDINGS LTD 7.975% DUE 2023                   | 3.44% |
| GUARDIAN HOLDINGS LTD 4.25% FRB DUE 2019                | 2.57% |
| TTMF 4.62% FIXED RATE MTG BACKED BOND SERIES 1 DUE 2021 | 2.57% |
| CLICO INVESTMENT FUND                                   | 2.43% |
| GOTT CLICO DUE 2018                                     | 2.28% |

#### ANSA TT\$ INCOME FUND TOP 10 HOLDINGS - DEC 31 2016

|                                              |       |
|----------------------------------------------|-------|
| WASA ZERO COUPON BOND DUE 2023               | 6.72% |
| GUARDIAN HOLDINGS LIMITED 7.975% DUE 2023    | 3.90% |
| BARCLAYS 6.05% FRB DUE 2017                  | 3.88% |
| BANK OF AMERICA 5.42% FRB DUE 2017           | 2.84% |
| CLICO INVESTMENT FUND                        | 2.83% |
| GUARDIAN HOLDINGS LIMITED 4.25% FRB DUE 2019 | 2.78% |
| TTMF 4.62% FIXED RATE MTG BACKED SECURITY    | 2.78% |
| GORTT CLICO ZERO-COUPON BOND DUE 2017        | 2.53% |
| PETROTRIN 6.0% FRB DUE 2022                  | 2.53% |
| HDC TTD1.2BN 3.75% FIXED RATE LOAN DUE 2021  | 2.50% |

#### CUMULATIVE RETURNS - DEC 31 2017

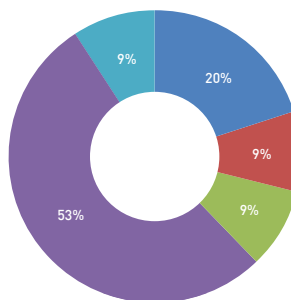
|                 |        |
|-----------------|--------|
| 12 MONTH        | 3.76%  |
| 3 YEAR          | 6.27%  |
| SINCE INCEPTION | 23.06% |

#### HISTORICAL PERFORMANCE

|      |        |
|------|--------|
| 2013 | 4.98%  |
| 2014 | 1.23%  |
| 2015 | -0.17% |
| 2016 | 2.59%  |
| 2017 | 3.76%  |

#### ASSET MIX - DEC 31 2017

- State-Owned Companies Securities
- Government Bonds
- Cash, Deposits and Receivables
- Corporate Bonds and Debentures
- Equities



This information does not form part of the audited financial statements, on where 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\$ INCOME FUND TOP 10 HOLDINGS - DEC 31 2017

|                                                           |        |
|-----------------------------------------------------------|--------|
| UDECOTT FRB 2020 SERIES #18 STRIP                         | 11.42% |
| SOVEREIGN BANK 8.75% FRB DUE 2018                         | 9.42%  |
| COMMERZBANK AG FRANKFURT MEDIUM TERM NOTE 8.125% DUE 2023 | 5.46%  |
| RABOBANK 11% FLR DUE 2049 [PERPETUAL]                     | 5.13%  |
| UBS AG 5.125% CONTINGENT CAPITAL FRB DUE 2024             | 4.86%  |
| COMISION FED DE ELECTRICIDAD 4.875% 2021                  | 4.86%  |
| VERIZON COMMUNICATIONS INC 4.15% DUE 2024                 | 4.74%  |
| ICAHN ENT. [IEP] 6% DUE AUGUST 1ST 2020                   | 4.73%  |
| AEROPUERTO INTL TOCUMEN 5.75% FRB DUE 2023                | 4.69%  |
| JBS INVESTMENTS 7.75% NOTES DUE 2020                      | 4.68%  |

#### ANSA US\$ INCOME FUND TOP 10 HOLDINGS - DEC 31 2016

|                                                     |        |
|-----------------------------------------------------|--------|
| UDECOTT ZERO COUPON BOND DUE 2020                   | 10.28% |
| SOVEREIGN BANK 8.75% FRB DUE 2018                   | 9.38%  |
| RABOBANK 11.0% FLR DUE 2049                         | 5.13%  |
| ICAHN ENTERPRISES 6.00% FRB DUE 2020                | 4.53%  |
| VERIZON COMMUNICATIONS INC 4.15% FRB DUE 2024       | 4.52%  |
| BARCLAYS 6.05% FRB DUE 2017                         | 4.50%  |
| COMISION FED DE ELECTRICIDAD 4.875% FRB DUE 2021    | 4.49%  |
| JBS INVESTMENTS 7.75% FRB DUE 2020                  | 4.46%  |
| AEROPUERTO INTERNATIONAL TOCUMEN 5.75% FRB DUE 2023 | 4.46%  |
| UBS AG 5.125% CONTINGENT CAPITAL FRB DUE 2024       | 4.40%  |

#### CUMULATIVE RETURNS - DEC 31 2017

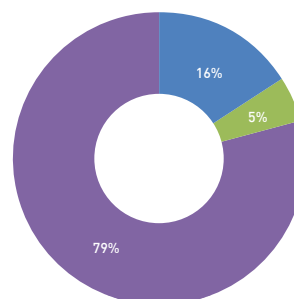
|                 |        |
|-----------------|--------|
| 12 MONTH        | 3.85%  |
| 3 YEAR          | 6.43%  |
| SINCE INCEPTION | 15.01% |

#### HISTORICAL PERFORMANCE

|      |        |
|------|--------|
| 2013 | -2.41% |
| 2014 | 0.93%  |
| 2015 | -0.11% |
| 2016 | 2.60%  |
| 2017 | 3.85%  |

#### ASSET MIX - DEC 31 2017

- State-Owned Companies Securities
- Cash, Deposits and Receivables
- Corporate Bonds and Debentures



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

# 2009

"In 2009 we introduced our watchwords [Trust . Security . Confidence] and I emphasize how applicable this is to all aspects of the mission of the Ansa Merchant Bank Financial Services Group"

*2009 Chairman's Report*  
**Dr. Anthony N. Sabga**





# FINANCIAL

## HIGHLIGHTS

**FOR THE YEAR ENDED 31ST DECEMBER 2017**  
 [EXPRESSED IN THOUSANDS IN TRINIDAD AND TOBAGO DOLLARS]

### 2013 - 2017 (\$000'S)

### DEC-17

|                                        |           |
|----------------------------------------|-----------|
| Profit Before Taxation                 | 313,562   |
| Profit After Taxation                  | 232,279   |
| Total Assets                           | 7,335,621 |
| Actual Number of Issued Shares         | 85,605    |
| Weighted Average Number of Shares      | 85,605    |
| Return on Average Assets               | 3.15%     |
| Return on Average Shareholders' equity | 10.27%    |
| Dividends                              | 102,727   |
| Earnings Per Share [\$]                | 2.71      |
| Dividends Per Share [\$]               | 1.20      |
| Net Book Value Per Share [\$]          | 27.13     |

### ANSA MERCHANT BANK (PARENT)

|                        |         |
|------------------------|---------|
| Net Operating Income   | 248,489 |
| Efficiency Ratio       | 23.16%  |
| Capital Adequacy Ratio | 29.04%  |

### TATIL

|                     |         |
|---------------------|---------|
| Net Premium Income  | 225,620 |
| Underwriting Profit | 53,511  |
| Net retention       | 70%     |
| Claim Ratio         | 43%     |
| Combined ratio      | 82%     |

### TATIL LIFE

|                      |        |
|----------------------|--------|
| # Field force agents | 63     |
| API                  | 19,674 |
| Avg API / Agent      | 312    |
| Persistency          | 92%    |

TOTAL ASSETS

7,335,621

PBT

313,562

RETURN ON EQUITY

10.27%

EARNINGS PER SHARE

\$ 2.71

**FOR THE YEAR ENDED 31ST DECEMBER 2017**  
 (EXPRESSED IN THOUSANDS IN TRINIDAD AND TOBAGO DOLLARS)

| <b>DEC-16</b> | <b>DEC-15</b> | <b>DEC-14</b><br>[Restated] | <b>DEC-13</b> |
|---------------|---------------|-----------------------------|---------------|
| 322,028       | 297,275       | 262,222                     | 338,910       |
| 251,747       | 247,447       | 213,047                     | 266,414       |
| 7,409,122     | 6,738,560     | 6,624,997                   | 6,092,409     |
| 85,605        | 85,605        | 85,605                      | 85,605        |
| 85,605        | 85,605        | 85,605                      | 85,605        |
| 3.56%         | 3.70%         | 3.35%                       | 4.58%         |
| 11.87%        | 12.60%        | 11.70%                      | 16.22%        |
| 102,727       | 89,886        | 85,605                      | 85,605        |
| 2.94          | 2.89          | 2.49                        | 3.11          |
| 1.20          | 1.05          | 1.00                        | 1.00          |
| 25.72         | 23.84         | 22.06                       | 20.49         |
| 248,017       | 259,591       | 239,559                     | 225,742       |
| 21.18%        | 25.25%        | 18.83%                      | 18.79%        |
| 30.92%        | 28.42%        | 21.79%                      | 19.98%        |
| 205,965       | 201,826       | 195,796                     | 187,230       |
| 63,318        | 68,414        | 61,837                      | 55,184        |
| 70%           | 69%           | 65%                         | 66%           |
| 40%           | 40%           | 44%                         | 41%           |
| 76%           | 74%           | 75%                         | 77%           |
| 73            | 72            | 72                          | 87            |
| 24,824        | 28,259        | 26,346                      | 21,275        |
| 340           | 392           | 366                         | 245           |
| 92%           | 91%           | 88%                         | 88%           |

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

### Report on the Audit of the Separate and Consolidated Financial Statements

#### Opinion

We have audited the separate and consolidated financial statements of ANSA Merchant Bank Limited ("Parent") and its subsidiaries ("the Group"), which comprise the separate and consolidated statement of financial position as at 31 December 2017, and the separate and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Parent and Group as at 31 December 2017 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

#### Basis for Opinion

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

#### Key Audit Matters

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

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

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

### Report on the Audit of the Separate and Consolidated Financial Statements (Continued)

#### Key Audit Matters (Continued)

| Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Estimates used in the calculation of Insurance Contracts' Liabilities</b></p> <p>Refer to Notes 2xix, 21 and 22. The Group has significant insurance liabilities of TT\$1.44 billion representing 29% of the Group's total liabilities. The valuation of insurance contract liabilities involves extensive judgment and is dependent on a number of subjective assumptions, including primarily the timing and ultimate settlement value of long-term policyholder liabilities as well as the estimation of claims incurred, whether reported or not, for short-term insurance contracts.</p> <p>Various economic and non-economic key assumptions are being used to estimate the long-term liabilities. Specifically, the Group estimates the expected number and timing of deaths, persistency, future expenses and future investment income arising from the assets backing long-term insurance contracts.</p> <p>For short-term insurance contracts, in calculating the estimated cost of unpaid claims (both reported and incurred but not reported (IBNR)), the Group uses a combination of loss-ratio-based estimates and estimates based upon actual claims experience.</p> <p>The Group uses valuation models to support the calculations of these insurance contract liabilities. The complexity of the models may give rise to errors as a result of inadequate/ incomplete data or the design or application of the models.</p> | <p>We involved our EY actuarial specialists to assist us in performing our audit procedures in this area, which included among others:</p> <ul style="list-style-type: none"> <li>• Assessment of the key assumptions applied including consideration of emerging trends and studies on mortality and morbidity, voluntary terminations, persistency, interest rate, policy maintenance and administrative expenses, inflation, tax and lapse rates.</li> <li>• Recalculation of technical provisions produced by the models on a sample basis.</li> <li>• An assessment of the internal controls regarding the maintenance of the policyholder database.</li> <li>• An analysis of the movements in insurance liabilities during the year. We assessed whether the movements are in line with changes in assumptions adopted by the Group, our understanding of developments in the business and our expectations derived from market experience.</li> <li>• We considered whether the Group's disclosures in the consolidated financial statements in relation to insurance contract liabilities were compliant with IFRS.</li> </ul> |

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

### Report on the Audit of the Separate and Consolidated Financial Statements

(Continued)

#### Key Audit Matters

(Continued)

| Key Audit Matters (continued)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Fair value measurement of investments securities and related disclosures</b></p> <p>Refer to Notes 2vii, 3, 7 and 37. The Group invests in various investment securities, of which \$856 million (Parent: \$122 million) is carried at fair value in the statement of financial position. Additionally, the fair values are disclosed for \$3 billion (Parent: \$743 million) of investment securities carried at amortized cost in the statement of financial position. Of these assets, \$2.2 billion (Parent: \$569 million) are related to investments for which no published prices in active markets are available and have been classified as Level 2 and Level 3 assets within the IFRS fair value hierarchy.</p> <p>Valuation techniques for these investments can be subjective in nature and involve various assumptions regarding pricing factors. Associated risk management disclosure is complex and dependent on high quality data. A specific area of audit focus includes the determination of fair value of Level 2 and Level 3 assets where valuation techniques are applied in which unobservable inputs are used.</p> <p>For Level 2 assets, these techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analyses making maximum use of market inputs, such as the market risk free yield curve.</p> <p>Included in the Level 3 category are financial assets that are not quoted as there are no active markets to determine a price. The fair value of these assets cannot be measured reliably and are therefore held at cost, being the fair value of the consideration paid on acquisition. These assets are regularly assessed for impairment.</p> | <p>We independently tested the pricing on quoted securities, and we used our valuation specialists to assess the appropriateness of pricing models used by the Group. This included:</p> <ul style="list-style-type: none"> <li>• An assessment of the pricing model methodologies and assumptions against industry practice and valuation guidelines.</li> <li>• Testing of the inputs used, including cash flows and other market based data.</li> <li>• An evaluation of the reasonableness of other assumptions applied such as credit spreads.</li> <li>• The re-performance of valuation calculations on a sample basis of internally priced securities that were classified as higher risk and estimation.</li> <li>• An assessment of management's impairment analysis.</li> </ul> <p>Finally, we assessed whether the financial statement disclosures, including sensitivity to key inputs and the IFRS fair value hierarchy, appropriately reflect the Group's exposure to financial instrument valuation risk.</p> |

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

### Report on the Audit of the Separate and Consolidated Financial Statements

(Continued)

#### Key Audit Matters

(Continued)

| Key Audit Matters (continued)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Loan loss provisions</b></p> <p>Refer to Notes 2vi, 3, 5, 6 and 38. Net investments in leased assets, loans and advances are 26% of the total assets of the Group (Parent: 39%) amounting to \$1.9 billion (Parent: \$1.3 billion).</p> <p>The appropriateness of loan loss provisions is a key area of judgment for management. The identification of impairment and the determination of the recoverable amount are inherently uncertain processes involving various assumptions and factors including the probability of default, financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices. The use of different modelling techniques and assumptions could produce significantly different estimates of loan loss provisions.</p> <p>The disclosures relating to investments in leased assets, loans and advances are considered important to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.</p> | <p>We evaluated and tested the Group's process and documented policy for loan loss provisioning.</p> <p>For loan loss provisions calculated on an individual basis we tested the factors underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral and estimates of recovery on default.</p> <p>For loan loss provisions calculated on a collective basis, we assessed the loan related data and challenged the assumptions used in the valuation models, mainly by back testing.</p> <p>Finally we focused on the adequacy of the Group's financial statement disclosures regarding net investments in leased assets, loans and advances and the related loan loss provisions.</p> |

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

### Report on the Audit of the Separate and Consolidated Financial Statements

(Continued)

#### Other information included in the Group's 2017 Annual Report

Other information consists of the information included in the Group's 2017 Annual Report, other than the separate and consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2017 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

### Report on the Audit of the Separate and Consolidated Financial Statements

(Continued)

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

(Continued)

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

### Report on the Audit of the Separate and Consolidated Financial Statements

(Continued)

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

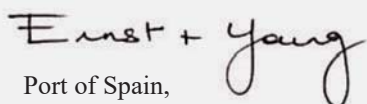
(Continued)

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

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

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

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



Port of Spain,

TRINIDAD:

19 March 2018

**ANSA MERCHANT BANK LIMITED****SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

[Expressed in thousands of Trinidad and Tobago dollars]

| Parent         |                | Notes                                        |    | Group          |                |
|----------------|----------------|----------------------------------------------|----|----------------|----------------|
| 31 Dec<br>2016 | 31 Dec<br>2017 |                                              |    | 31 Dec<br>2017 | 31 Dec<br>2016 |
| Assets         |                |                                              |    |                |                |
| 286,015        | 267,887        | Cash and short-term funds                    | 4  | 643,185        | 766,104        |
| –              | –              | Fixed deposits                               |    | 110,897        | 124,947        |
|                |                | Net investment in leased<br>assets and other |    |                |                |
| 1,056,495      | 1,078,103      | instalment loans                             | 5  | 1,445,858      | 1,427,928      |
| 697,428        | 205,229        | Loans and advances                           | 6  | 434,920        | 876,251        |
| 600,215        | 860,257        | Investment securities                        | 7  | 3,793,910      | 3,282,742      |
| 6,666          | 8,138          | Interest receivable                          |    | 33,976         | 29,103         |
| –              | –              | Insurance receivables                        | 9  | 35,619         | 47,648         |
|                |                | Other debtors and                            |    |                |                |
| 51,871         | 20,027         | prepayments                                  | 10 | 32,400         | 57,586         |
| –              | –              | Reinsurance assets                           | 21 | 175,125        | 182,506        |
| 1,219          | 1,219          | Taxation recoverable                         |    | 2,435          | 2,417          |
| 810,320        | 810,320        | Investment in subsidiaries                   | 11 | –              | –              |
| –              | –              | Investment properties                        | 12 | 139,268        | 139,268        |
| 1,351          | 1,242          | Property and equipment                       | 13 | 184,054        | 182,798        |
| –              | 12,288         | Intangible assets                            | 14 | 153,417        | 136,361        |
| 20,179         | 17,675         | Deferred tax asset                           | 15 | 21,782         | 24,374         |
| 9,374          | 8,354          | Employee benefit asset                       | 16 | 128,775        | 129,089        |
| 3,541,133      | 3,290,739      | Total assets                                 |    | 7,335,621      | 7,409,122      |

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

**ANSA MERCHANT BANK LIMITED****SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

| Parent         |                | Notes                                                   | Group          |                |
|----------------|----------------|---------------------------------------------------------|----------------|----------------|
| 31 Dec<br>2016 | 31 Dec<br>2017 |                                                         | 31 Dec<br>2017 | 31 Dec<br>2016 |
| Liabilities    |                |                                                         |                |                |
|                |                | Customers' deposits and<br>other funding<br>instruments |                |                |
| 1,125,556      | 949,469        | 18                                                      | 2,128,296      | 2,305,241      |
| —              | —              | Bank overdraft                                          | 4              | —              |
|                |                | Accrued interest and other<br>payables                  |                |                |
| 71,323         | 55,498         | 17                                                      | 128,886        | 139,719        |
| 1,004,330      | 904,324        | Debt securities in issue                                | 19             | 904,324        |
| 8,884          | 9,235          | Taxation payable                                        |                | 14,597         |
| 4,339          | 5,312          | Deferred tax liability                                  | 15             | 149,118        |
|                |                | Employee benefit<br>obligation                          |                |                |
| 385            | 483            | 16                                                      | 5,582          | 4,525          |
|                |                | Investment contract<br>liabilities                      |                |                |
| —              | —              | 20                                                      | 234,503        | 224,936        |
|                |                | Insurance contract<br>liabilities                       |                |                |
| —              | —              | 21                                                      | 1,441,760      | 1,364,492      |
| 2,214,817      | 1,924,321      | Total liabilities                                       | 5,013,451      | 5,206,958      |

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

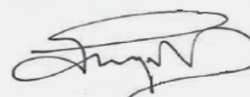
**ANSA MERCHANT BANK LIMITED****SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

| Parent         |                | Note                         | Group          |                |
|----------------|----------------|------------------------------|----------------|----------------|
| 31 Dec<br>2016 | 31 Dec<br>2017 |                              | 31 Dec<br>2017 | 31 Dec<br>2016 |
| Equity         |                |                              |                |                |
| 667,274        | 667,274        | 23                           | 667,274        | 667,274        |
| 162,303        | 176,632        |                              | 192,576        | 178,247        |
| —              | —              |                              | 63,220         | 57,327         |
| 5,366          | 5,508          |                              | 5,512          | 5,366          |
| 922            | 1,219          |                              | 112            | 1,767          |
| 490,451        | 515,785        |                              | 1,392,915      | 1,291,663      |
|                |                |                              |                |                |
| 1,326,316      | 1,366,418      |                              | 2,321,609      | 2,201,644      |
| —              | —              |                              | 561            | 520            |
| 1,326,316      | 1,366,418      | Total equity                 | 2,322,170      | 2,202,164      |
| 3,541,133      | 3,290,739      | Total liabilities and equity | 7,335,621      | 7,409,122      |

These financial statements were approved by the Board of Directors and authorised for issue on 19 March 2018 and signed on its behalf by:



A. Norman Sabga  
Director



Gregory N. Hill  
Director

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

**ANSA MERCHANT BANK LIMITED**  
**SEPARATE AND CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

[Expressed in thousands of Trinidad and Tobago dollars]

| Parent          |                 | Notes                                            | Group            |                  |
|-----------------|-----------------|--------------------------------------------------|------------------|------------------|
| 2016            | 2017            |                                                  | 2017             | 2016             |
| —               | —               | Net insurance revenue                            | 398,570          | 314,101          |
|                 |                 | Finance charges, loan fees                       |                  |                  |
| 187,512         | 165,181         | and other interest income                        | 204,657          | 197,318          |
| 65,596          | 74,280          | Investment income                                | 235,813          | 149,056          |
| 51,850          | 60,636          | Other income                                     | 142,761          | 153,304          |
| <u>304,958</u>  | <u>300,097</u>  | <b>Total operating income</b>                    | <u>981,801</u>   | <u>813,779</u>   |
|                 |                 | Net insurance benefits and                       |                  |                  |
| —               | —               | claims incurred                                  | (309,698)        | (201,430)        |
| (60,688)        | (55,649)        | Interest expense                                 | (91,063)         | (84,636)         |
|                 |                 | Write back of provision for                      |                  |                  |
| 3,442           | 10,895          | impairment of investments                        | 13,097           | 5,606            |
|                 |                 | Write back/(provision) for losses                |                  |                  |
| 305             | (6,854)         | on loans and advances                            | (12,127)         | 163              |
| <u>248,017</u>  | <u>248,489</u>  | <b>Net operating income</b>                      | <u>582,010</u>   | <u>533,482</u>   |
| (16,365)        | (18,552)        | Marketing and policy expenses                    | (60,462)         | (65,840)         |
| (22,853)        | (26,008)        | Personnel expenses                               | (86,174)         | (70,502)         |
| (518)           | (497)           | Depreciation                                     | (37,628)         | (11,465)         |
| (2,160)         | (2,160)         | Management fees                                  | (8,542)          | (8,597)          |
| (10,633)        | (10,335)        | General administrative expenses                  | (75,642)         | (55,050)         |
| <u>(52,529)</u> | <u>(57,552)</u> | <b>Total selling and administration expenses</b> | <u>(268,448)</u> | <u>(211,454)</u> |
| 195,488         | 190,937         | <b>Net profit before taxation</b>                | 313,562          | 322,028          |
| (42,427)        | (47,639)        | Taxation                                         | (81,283)         | (70,281)         |
| <u>153,061</u>  | <u>143,298</u>  | <b>Profit for the year</b>                       | <u>232,279</u>   | <u>251,747</u>   |

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

## SEPARATE AND CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

[Expressed in thousands of Trinidad and Tobago dollars] Continued

| <b>Parent</b>  |                                         | <b>Group</b>                                           |
|----------------|-----------------------------------------|--------------------------------------------------------|
| <b>2016</b>    | <b>2017</b>                             | <b>2017      2016</b>                                  |
|                |                                         |                                                        |
|                | <b>Profit attributable to:</b>          |                                                        |
| 153,061        | 143,298                                 | Equity holders of the Parent      232,238      251,714 |
| —              | —                                       | Non-controlling interest      41      33               |
| <u>153,061</u> | <u>143,298</u>                          | <u>232,279      251,747</u>                            |
|                | <b>Basic and diluted</b>                |                                                        |
|                | <b>earning per share (\$ per share)</b> | 2.71      2.94                                         |
|                | <b>Weighted average</b>                 |                                                        |
|                | <b>number of shares ('000)</b>          | 85,605      85,605                                     |

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

SEPARATE AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017

(Expressed in thousands of Trinidad and Tobago dollars)

| Parent  |         | Notes                                                                                                    | Group   |         |
|---------|---------|----------------------------------------------------------------------------------------------------------|---------|---------|
| 2016    | 2017    |                                                                                                          | 2017    | 2016    |
| 153,061 | 143,298 |                                                                                                          |         |         |
|         |         | <b>Profit for the year</b>                                                                               | 232,279 | 251,747 |
|         |         | <b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</b> |         |         |
|         |         | Net gain/(loss) on investment securities at fair value through other comprehensive income                | —       | —       |
| 763     | 297     |                                                                                                          |         |         |
|         |         | Experience losses on defined benefit plans                                                               | (5,244) | (483)   |
| (38)    | (1,096) |                                                                                                          |         |         |
| (22)    | 329     | Income tax effect                                                                                        | 1,527   | (1,139) |
| (60)    | (767)   |                                                                                                          | (3,717) | (1,622) |
| 703     | (470)   |                                                                                                          | (3,717) | (1,622) |
|         |         | <b>Other comprehensive income that may be reclassified subsequently to profit and loss, net of tax</b>   |         |         |
|         |         | Exchange differences on translation of foreign operations                                                | (1,655) | 1,767   |
| —       | —       |                                                                                                          |         |         |
| 153,764 | 142,828 | <b>Total comprehensive income for the year, net of tax</b>                                               | 226,907 | 251,892 |
|         |         | <b>Attributable to:</b>                                                                                  |         |         |
| 153,764 | 142,828 | Equity holders of the Parent                                                                             | 226,866 | 251,859 |
| —       | —       | Non-controlling interest                                                                                 | 41      | 33      |
| 153,764 | 142,828 |                                                                                                          | 226,907 | 251,892 |

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

**ANSA MERCHANT BANK LIMITED**  
**SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

| Parent                                               | Stated<br>capital | Statutory<br>reserve<br>fund | General<br>loan loss<br>reserve | Foreign<br>currency<br>reserve | Retained<br>earnings | Total<br>equity  |
|------------------------------------------------------|-------------------|------------------------------|---------------------------------|--------------------------------|----------------------|------------------|
| <b>Balance as at 31 December 2015</b>                | 667,274           | 146,908                      | 5,056                           | 159                            | 442,118              | 1,261,515        |
| Profit for the year                                  | —                 | —                            | —                               | —                              | 153,061              | 153,061          |
| Other comprehensive income for the year              | —                 | —                            | —                               | 763                            | (60)                 | 703              |
| Transfer to general loan loss reserve                | —                 | —                            | 310                             | —                              | (310)                | —                |
| Transfer to statutory reserve fund                   | —                 | 15,395                       | —                               | —                              | (15,395)             | —                |
| Dividends (Final 2015 and Interim 2016)<br>(Note 44) | —                 | —                            | —                               | —                              | (89,886)             | (89,886)         |
| Other reserve movements                              | —                 | —                            | —                               | —                              | 923                  | 923              |
| <b>Balance as at 31 December 2016</b>                | 667,274           | 162,303                      | 5,366                           | 922                            | 490,451              | 1,326,316        |
| Profit for the year                                  | —                 | —                            | —                               | —                              | 143,298              | 143,298          |
| Other comprehensive income for the year              | —                 | —                            | —                               | 297                            | (767)                | (470)            |
| Transfer to general loan loss reserve                | —                 | —                            | 142                             | —                              | (142)                | —                |
| Transfer to statutory reserve fund                   | —                 | 14,329                       | —                               | —                              | (14,329)             | —                |
| Dividends (Final 2016 and Interim 2017)<br>(Note 44) | —                 | —                            | —                               | —                              | (102,726)            | (102,726)        |
| Other reserve movements                              | —                 | —                            | —                               | —                              | —                    | —                |
| <b>Balance as at 31 December 2017</b>                | <u>667,274</u>    | <u>176,632</u>               | <u>5,508</u>                    | <u>1,219</u>                   | <u>515,785</u>       | <u>1,366,418</u> |

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

**ANSA MERCHANT BANK LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

(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 equity attributable to equity holders of the parent | Non-controlling interest | Total equity     |
|---------------------------------------------------|----------------|------------------------|---------------------------|---------------------------|--------------------------|-------------------|-----------------------------------------------------------|--------------------------|------------------|
| <b>Balance as at 31 December 2015</b>             | 667,274        | 162,852                | 57,327                    | 5,056                     | —                        | 1,147,456         | 2,039,965                                                 | 487                      | 2,040,452        |
| Profit for the year                               | —              | —                      | —                         | —                         | —                        | 251,714           | 251,714                                                   | 33                       | 251,747          |
| Other comprehensive income for the year           | —              | —                      | —                         | —                         | 1,767                    | (1,622)           | 145                                                       | —                        | 145              |
| Other life insurance reserve movements            | —              | —                      | —                         | —                         | —                        | (325)             | (325)                                                     | —                        | (325)            |
| Transfer to general loan loss reserve             | —              | —                      | —                         | 310                       | —                        | (310)             | —                                                         | —                        | —                |
| Transfer to statutory reserve fund                | —              | 15,395                 | —                         | —                         | —                        | (15,395)          | —                                                         | —                        | —                |
| Dividends (Final 2015 and Interim 2016) (Note 44) | —              | —                      | —                         | —                         | —                        | (89,886)          | (89,886)                                                  | —                        | (89,886)         |
| Other reserve movements                           | —              | —                      | —                         | —                         | —                        | 31                | 31                                                        | —                        | 31               |
| <b>Balance as at 31 December 2016</b>             | <u>667,274</u> | <u>178,247</u>         | <u>57,327</u>             | <u>5,366</u>              | <u>1,767</u>             | <u>1,291,663</u>  | <u>2,201,644</u>                                          | <u>520</u>               | <u>2,202,164</u> |

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

**ANSA MERCHANT BANK LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

[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 equity attributable to equity holders of the parent | Non-controlling interest | Total equity     |
|---------------------------------------------------|----------------|------------------------|---------------------------|---------------------------|--------------------------|-------------------|-----------------------------------------------------------|--------------------------|------------------|
| <b>Balance as at 31 December 2016</b>             | 667,274        | 178,247                | 57,327                    | 5,366                     | 1,767                    | 1,291,663         | 2,201,644                                                 | 520                      | 2,202,164        |
| Profit for the year                               | —              | —                      | —                         | —                         | —                        | 232,238           | 232,238                                                   | 41                       | 232,279          |
| Other comprehensive income for the year           | —              | —                      | —                         | —                         | (1,655)                  | (3,717)           | (5,372)                                                   | —                        | (5,372)          |
| Other life insurance reserve movements            | —              | —                      | —                         | —                         | —                        | (4,766)           | (4,766)                                                   | —                        | (4,766)          |
| Transfer to general loan loss reserve             | —              | —                      | —                         | 142                       | —                        | (142)             | —                                                         | —                        | —                |
| Transfer to statutory reserve fund                | —              | 14,329                 | 5,893                     | —                         | —                        | (20,222)          | —                                                         | —                        | —                |
| Dividends (Final 2016 and Interim 2017) (Note 44) | —              | —                      | —                         | —                         | —                        | (102,726)         | (102,726)                                                 | —                        | (102,726)        |
| Other reserve movements                           | —              | —                      | —                         | 4                         | —                        | 587               | 591                                                       | —                        | 591              |
| <b>Balance as at 31 December 2017</b>             | <u>667,274</u> | <u>192,576</u>         | <u>63,220</u>             | <u>5,512</u>              | <u>112</u>               | <u>1,392,915</u>  | <u>2,321,609</u>                                          | <u>561</u>               | <u>2,322,170</u> |

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 2017**

[Expressed in thousands of Trinidad and Tobago dollars]

| Parent |      | Notes | Group |      |
|--------|------|-------|-------|------|
| 2016   | 2017 |       | 2017  | 2016 |
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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 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

| <b>Parent</b> |             |                                                                           | <b>Group</b> |             |
|---------------|-------------|---------------------------------------------------------------------------|--------------|-------------|
| <b>2016</b>   | <b>2017</b> |                                                                           | <b>2017</b>  | <b>2016</b> |
| 191,139       | 196,142     | Carried forward operating profit before working capital changes           | 216,685      | 216,728     |
| 51,777        | 463,736     | Decrease/(increase) in investment in leased assets and loans and advances | 411,273      | (258)       |
| (6,622)       | 31,845      | Decrease/(increase) in other receivables, debtors and prepayments         | 44,596       | 16,809      |
| (50,037)      | (176,086)   | Decrease in customers' deposits and other funding instruments             | (176,945)    | (264,316)   |
| 4,372         | (13,333)    | (Decrease)/increase in accruals and other payables                        | (6,636)      | (2,081)     |
| (17,837)      | 33,130      | (Increase)/decrease in Central Bank reserve account                       | 32,552       | (17,946)    |
| —             | —           | Increase in insurance and investment contracts                            | 86,835       | 54,037      |
| 172,792       | 535,434     |                                                                           | 608,360      | 2,973       |
| (59,413)      | (58,141)    | Finance costs paid                                                        | (95,260)     | (78,873)    |
| 62,218        | 47,337      | Interest received on investments                                          | 173,527      | 150,860     |
| (39,966)      | (42,996)    | Taxes paid                                                                | (74,144)     | (61,050)    |
| 135,631       | 481,634     | Cash generated from operating activities                                  | 612,483      | 13,910      |

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

[Expressed in thousands of Trinidad and Tobago dollars] Continued

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

[Expressed in thousands of Trinidad and Tobago dollars]

**1. Principal activities of the Group**

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

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

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

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

The ANSA Merchant Bank Group (the 'Group') is a financial services group comprising of the Parent and six subsidiaries at 31 December 2017. A full listing of the Group's subsidiaries is detailed in Note 11. The Group is engaged in a wide range of banking and financial related activities and carries on all classes of long-term and short-term insurance business and the rental of property in Trinidad and Tobago and the Caribbean. The ultimate parent of the Group is ANSA McAL Limited ('Ultimate Parent') which is incorporated in the Republic of Trinidad and Tobago.

**2. Significant accounting policies****i) Basis of preparation**

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****i) Basis of preparation (continued)**

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

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

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

**Presentation of financial statements**

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***2. Significant accounting policies (continued)****i) Basis of preparation (continued)****Basis of consolidation**

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

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

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

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

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****i) Basis of preparation (continued)****Basis of consolidation (continued)**

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

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

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

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

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

These mutual funds are financed through the issue of units to investors in the funds. The Group generates fees from managing the assets of the mutual funds and the Group's retirement benefit plans on behalf of third party interests. For the year ended 31 December 2017, the Group earned \$7 million (2016: \$6 million) in management fees from the retirement plans and \$17.9 million (2016: \$18.8 million) from the mutual funds.

The Group holds an interest of \$68 million in sponsored funds as at 31 December 2017 (2016: \$66 million). The maximum exposure to loss in these funds is the carrying value of the assets held by the Group.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[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 this criteria, the Bank has consolidated the Funds into these financial statements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The Parent accounts for investments in subsidiaries on a cost basis.

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

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016 except for the adoption of new standards and interpretations noted below.

***New and amended standards and interpretations***

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. Except for Phase 1 of IFRS 9, 'Financial Instruments' (see Note 2 vi), the Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

[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* (continued)**

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

**Amendments to IAS 7, ‘Statement of Cash Flows’ – Effective 1 January 2017**

The amendments to IAS 7, ‘Statement of Cash Flows’ are part of the IASB’s Disclosure Initiative and require 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 changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Application of amendments resulted in additional disclosure provided by the Group.

**Amendments to IAS 12, ‘Income Taxes’ – Effective 1 January 2017**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments have no impact on the Group.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***2. Significant accounting policies (continued)****ii) Changes in accounting policies and disclosures (continued)*****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 28 – Long-term Interests in Associates and Joint Ventures – Effective 1 January 2019
- Amendments to IAS 40 – Transfers of Investment Property – Effective 1 January 2018
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions – Effective 1 January 2018
- Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Effective 1 January 2018
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation – Effective 1 January 2019
- IFRS 9, 'Financial Instruments' Phases 2 and 3 – Effective 1 January 2018
- IFRS 15, 'Revenue from Contracts with Customers' – Effective 1 January 2018
- IFRS 16, 'Leases' – Effective 1 January 2019
- IFRS 17, 'Insurance Contracts' – Effective 1 January 2021
- IFRIC 22, 'Foreign Currency Transactions and Advance Consideration' – Effective 1 January 2018
- IFRIC 23, 'Uncertainty over Income Tax Treatments' – Effective 1 January 2019
- Annual improvements to IFRS standards 2014 – 2016 cycle, resulting in amendments to IFRS 1, IFRS 12 and IAS 28 – Effective 1 January 2018
- Annual improvements to IFRS standards 2015 – 2017 cycle, resulting in amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 – Effective 1 January 2019

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****ii) Changes in accounting policies and disclosures (continued)*****Standards issued but not yet effective*** (continued)**IFRS 9, 'Financial Instruments'**

The following is an overview of the process which the Company undertook in preparation for the implementation of IFRS 9, 'Financial Instruments.'

IFRS 9, 'Financial Instruments', was developed in three phases:

- Phase 1 – Classification and measurement of financial instruments

This phase was early adopted by the Group in its financial statements for the year ended 31 December 2011. The exemption given in the transitional provision for early application was applied and hence the Group did not restate comparative information in the year of application.

- Phase 2 – Impairment

This phase will be implemented by the Group from 1 January 2018. The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to financial assets accounted for at amortised cost or at FVOCI, including commitments and guarantees.

The Group has assessed that the application of IFRS 9 will result in earlier recognition of credit losses and is currently assessing the extent of the impact and the adjustment required.

- Phase 3 – Hedge accounting

The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting. At this time, the Group is not engaged in hedging strategies and therefore this phase has no impact on the Group.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****ii) Changes in accounting policies and disclosures (continued)*****Standards issued but not yet effective*** (continued)**IFRS 15, 'Revenue from Contracts with Customers'**

The following is an overview of the potential impact on the Company's Financial Statements and processes with the adoption of IFRS 15, 'Revenue from Contracts with Customers' effective 1 January 2018.

IFRS 15, 'Revenue from Contracts with Customers' is more prescriptive than the current IFRS requirements for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive. Implementing this standard required extensive work by all companies throughout the Group in reassessing their accounting policies, systems and processes, the impact of which is currently being assessed. The Group has decided to apply the modified retrospective approach from 1 January 2018. Additional information on the new requirements of IFRS 15 are further detailed below.

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11, 'Construction Contracts', IAS 18, 'Revenue', IFRIC 13, 'Customer Loyalty Programmes', IFRIC 15, 'Agreements for the Construction of Real Estate', IFRIC 18, 'Transfers of Assets from Customers' and SIC 31, 'Revenue – Barter Transactions Involving Advertising Services') and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17, 'Leases' (or IFRS 16, 'Leases', once applied). Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****ii) Changes in accounting policies and disclosures (continued)*****Standards issued but not yet effective*** (continued)**IFRS 15, 'Revenue from Contracts with Customers' (continued)**

The principles in IFRS 15 must be applied using a five-step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

The standard requires the Group to exercise judgement, taking into consideration all relevant facts and circumstances when applying each step of the model to contracts with its customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Application guidance is provided in IFRS 15 to assist entities in applying its requirements to certain common arrangements, including licences of intellectual property, warranties, rights of return, principal-versus-agent considerations, options for additional goods or services and breakage.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**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.

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

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****iii) Business combinations and goodwill (continued)**

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

**iv) Cash and short-term funds**

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

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

**v) Statutory deposits with Central Banks**

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****vi) Financial instruments****Financial assets****a) *Initial recognition and subsequent measurement***

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

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

***Amortised cost and effective interest method***

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt instruments 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  
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[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 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.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[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)***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 Instrument*'.

*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.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[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)***Financial assets at fair value through statement of income (FVSI) (continued)*

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

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

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

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

*Foreign exchange gains and losses*

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[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)***Foreign exchange gains and losses (continued)*

Therefore:

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

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

**b) Impairment of financial assets**

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

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

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***2. Significant accounting policies (continued)****vi) Financial instruments (continued)****Financial assets (continued)****c) *Derecognition of financial assets***

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

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

**Financial liabilities****a) *Initial recognition and subsequent measurement***

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of income.

**vii) Fair value measurement**

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

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

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****vii) Fair value measurement (continued)**

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

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

*Insurance contracts*

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

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

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

*Short-term financial assets and liabilities*

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

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

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

*Loans and advances*

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

*Debt securities in issue*

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

*Determination of fair value and fair value hierarchies*

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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.

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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****vii) Fair value measurement (continued)***Determination of fair value and fair value hierarchies (continued)*Level 3

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

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

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

**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.

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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****ix) Product classification***Insurance contracts*

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

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

*Investment contracts*

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

**x) Interest bearing debt and borrowings**

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

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**2. Significant accounting policies (continued)****xi) Insurance receivables**

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

**xii) Reinsurance assets**

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

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

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

**xiii) Taxation***Current income tax*

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****xiii) Taxation (continued)***Deferred tax*

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

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

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

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

**xiv) Investment properties**

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****xiv) Investment properties (continued)**

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

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

**xv) Property, equipment and leased assets**

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

| The rates used are as follows:            | % per annum |
|-------------------------------------------|-------------|
| Building                                  | 2           |
| Motor vehicles                            | 20 - 33½    |
| Computer equipment                        | 25 - 33½    |
| Leasehold improvements                    | 10 - 20     |
| Office furniture, machinery and equipment | 10 - 33½    |
| Leased vehicles and equipment             | 20          |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****xv) Property, equipment and leased assets (continued)**

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

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

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

**xvi) Leases***Finance leases (Group as lessor)*

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

*Operating leases (Group as lessor)*

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****xvi) Leases (continued)***Operating leases (Group as lessor) (continued)*

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

**xvii) Intangible assets***Goodwill*

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

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****xvii) Intangible assets (continued)***Computer software*

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed ten (10) years.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***2. Significant accounting policies (continued)****xviii) Employee benefits**

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

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

*Defined benefit plan*

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

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***2. Significant accounting policies (continued)****xviii) Employee benefits (continued)***Defined benefit plan (continued)*

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

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

*Other post-employment benefit plan*

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

*Defined contribution plan*

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***2. Significant accounting policies (continued)****xix) Insurance contract liabilities*****Life insurance contract liabilities***

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

***General insurance contract liabilities***

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

***Provision for unearned premiums***

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

***Liability adequacy test***

In accordance with IFRS 4, 'Insurance Contracts' 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-Ferguson model.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****xix) Insurance contract liabilities (continued)***Liability adequacy test (continued)*

The Bornhuetter-Fergusson model can be summarised as follows:

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

The independent actuaries concluded in their report dated 6 March 2018 that the carrying amounts of the insurance liabilities of the general insurance subsidiary as at 31 December 2017, in respect of incurred but not reported (IBNR) claims and claims from unexpired contracts were adequate.

*Provision for unexpired risk*

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

**xx) Provisions**

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

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

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

**xxi) Guarantee reserve fund**

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

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

**xxii) Revenue recognition**

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

*Loans and advances*

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****xxii) Revenue recognition (continued)***Investment income*

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

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

*Dividend income*

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

*Rental income*

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

*Premium income*

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

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

*Reinsurance premiums*

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****xxii) Revenue recognition (continued)***Fees and commissions*

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

*Other income and expenditure*

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

**xxiii) Deposit insurance contribution**

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

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

**xxiv) Benefits and claims***Life insurance*

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***2. Significant accounting policies (continued)****xxiv) Benefits and claims (continued)***General insurance*

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

*Reinsurance claims*

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

**xxv) Lapses - Life insurance**

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

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

**xxvi) Foreign currency translation***Functional and presentation currency*

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****xxvi) Foreign currency translation (continued)***Foreign currency transactions*

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

*Foreign entities*

On consolidation, the assets and liabilities of foreign operations are translated into Trinidad and Tobago dollars at the rate of exchange prevailing at 31 December and their statements of income are translated at an average exchange rate. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

**xxvii) Equity movements***Stated capital*

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

*Dividends on ordinary share capital*

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****xxviii) Statutory reserve fund**

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

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

**xxix) Catastrophe reserve**

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

**xxx) Statutory surplus reserve**

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

**xxxi) General loan loss reserve**

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****xxxii) Earnings per share**

Earnings per share have been calculated by taking the profit income for the year attributable to shareholders over the weighted average number of ordinary shares outstanding during the year net of treasury shares (2017: \$2.71; 2016: \$2.94). There are no dilutive ordinary shares in issue.

**xxxiii) Salvage and subrogation reimbursements**

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

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

**xxxiv) Impairment of non-financial assets**

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of 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.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**2. Significant accounting policies (continued)****xxxiv) Impairment of non-financial assets (continued)**

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

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

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

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

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

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

*Finance lease commitments – Group as lessor (Note 5)*

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

*Operating lease commitments – Group as lessor (Note 12)*

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

*Property and equipment (Note 13)*

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***3. Significant accounting judgements and estimates in applying Group policies (continued)****i) Judgements (continued)***Impairment of financial assets*

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

*Assessment of control*

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

**ii) Estimates and assumptions**

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

*Impairment of goodwill (Note 14)*

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***3. Significant accounting judgements and estimates in applying Group policies (continued)****ii) Estimates and assumptions (continued)***Impairment of goodwill (Note 14) (continued)*

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

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

*Deferred taxation (Note 15)*

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

*Pension and other post-employment benefits (Note 16)*

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

*Insurance contract liabilities (Note 21)*

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***3. Significant accounting judgements and estimates in applying Group policies (continued)****ii) Estimates and assumptions (continued)***Insurance contract liabilities (Note 21) (continued)*

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

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

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***3. Significant accounting judgements and estimates in applying Group policies (continued)****ii) Estimates and assumptions (continued)***Valuation of investments (Note 37)*

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

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

| <b>Parent</b>                    |                |                                      | <b>Group</b>   |                |
|----------------------------------|----------------|--------------------------------------|----------------|----------------|
| <b>2016</b>                      | <b>2017</b>    |                                      | <b>2017</b>    | <b>2016</b>    |
| <b>Cash and short-term funds</b> |                |                                      |                |                |
| 107,032                          | 93,499         | Cash in hand and at bank             | 353,461        | 374,074        |
| <u>93,440</u>                    | <u>121,974</u> | Short-term deposits with other banks | <u>214,155</u> | <u>283,909</u> |
| 200,472                          | 215,473        |                                      | 567,616        | 657,983        |
| <u>85,543</u>                    | <u>52,414</u>  | Central Bank Reserve                 | <u>75,569</u>  | <u>108,121</u> |
| <u>286,015</u>                   | <u>267,887</u> |                                      | <u>643,185</u> | <u>766,104</u> |

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.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***4. Cash and short-term funds (continued)**

The Central Bank Reserve balance represents the amounts held at the Central Bank of Trinidad and Tobago and the Central Bank of Barbados as required under the respective regulatory pronouncements. The Central Bank of Trinidad and Tobago reserve account represents 9% of average deposit liabilities and is non-interest bearing. The Central Bank of Barbados reserve account represents 5% of average deposit liabilities and earned interest of 0.10% (2016: 0.10%).

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

| <b>Parent</b>  |                |                                      | <b>Group</b>   |                |
|----------------|----------------|--------------------------------------|----------------|----------------|
| <b>2016</b>    | <b>2017</b>    |                                      | <b>2017</b>    | <b>2016</b>    |
| 107,032        | 93,499         | Cash in hand and at bank             | 353,461        | 374,074        |
| <u>93,440</u>  | <u>121,974</u> | Short-term deposits with other banks | <u>214,155</u> | <u>283,909</u> |
| 200,472        | 215,473        |                                      | 567,616        | 657,983        |
| <u>—</u>       | <u>—</u>       | Bank overdraft                       | <u>—</u>       | <u>—</u>       |
| <u>200,472</u> | <u>215,473</u> |                                      | <u>567,616</u> | <u>657,983</u> |

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

| <b>Parent</b>    |                  |                                         | <b>Group</b>     |                  |
|------------------|------------------|-----------------------------------------|------------------|------------------|
| <b>2016</b>      | <b>2017</b>      |                                         | <b>2017</b>      | <b>2016</b>      |
| 1,001,675        | 1,027,821        | Hire purchase                           | 1,483,768        | 1,464,729        |
| <u>261,183</u>   | <u>228,397</u>   | Finance leases                          | <u>226,785</u>   | <u>259,163</u>   |
| 1,262,858        | 1,256,218        | Performing                              | 1,710,553        | 1,723,892        |
| <u>40,172</u>    | <u>69,375</u>    | Non-performing                          | <u>70,640</u>    | <u>41,700</u>    |
| 1,303,030        | 1,325,593        | Future minimum lease payments           | 1,781,193        | 1,765,592        |
|                  |                  | Future finance charges and loan fees    |                  |                  |
| <u>(227,212)</u> | <u>(221,087)</u> |                                         | <u>(306,517)</u> | <u>(315,554)</u> |
|                  |                  | Present value of minimum lease payments |                  |                  |
| <u>1,075,818</u> | <u>1,104,506</u> |                                         | <u>1,474,676</u> | <u>1,450,038</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***5. Net investment in leased assets and other instalment loans (continued)****a) Net investment in leased assets and other instalment loans (continued)**

| Parent           |                  |                                 | Group            |                  |
|------------------|------------------|---------------------------------|------------------|------------------|
| 2016             | 2017             |                                 | 2017             | 2016             |
| (16,573)         | (23,403)         | Specific provision              | (24,230)         | (17,707)         |
| <u>(2,750)</u>   | <u>(3,000)</u>   | Collective provision            | <u>(4,588)</u>   | <u>(4,403)</u>   |
|                  |                  | Net investment in leased assets |                  |                  |
| <u>1,056,495</u> | <u>1,078,103</u> | net of provision                | <u>1,445,858</u> | <u>1,427,928</u> |

**b) New business less unearned income**

| Parent         |                |                                   | Group          |                |
|----------------|----------------|-----------------------------------|----------------|----------------|
| 2016           | 2017           |                                   | 2017           | 2016           |
| <u>449,762</u> | <u>402,939</u> | New business less unearned income | <u>402,939</u> | <u>449,762</u> |

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

| Parent           |                  |            | Group            |                  |
|------------------|------------------|------------|------------------|------------------|
| 2016             | 2017             |            | 2017             | 2016             |
| 446,922          | 433,247          | Personal   | 731,627          | 746,034          |
| <u>628,896</u>   | <u>671,259</u>   | Commercial | <u>743,049</u>   | <u>704,004</u>   |
| <u>1,075,818</u> | <u>1,104,506</u> |            | <u>1,474,676</u> | <u>1,450,038</u> |

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

| Parent           |                  |               | Group            |                  |
|------------------|------------------|---------------|------------------|------------------|
| 2016             | 2017             |               | 2017             | 2016             |
| 86,737           | 61,555           | Within 1 year | 73,200           | 102,577          |
| 815,252          | 807,968          | 1 to 5 years  | 990,779          | 1,005,703        |
| <u>173,829</u>   | <u>234,983</u>   | Over 5 years  | <u>410,697</u>   | <u>341,758</u>   |
| <u>1,075,818</u> | <u>1,104,506</u> |               | <u>1,474,676</u> | <u>1,450,038</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***5. Net investment in leased assets and other instalment loans (continued)****e) Future minimum lease payments has the following maturity profile:**

| Parent           |                  |               | Group            |                  |
|------------------|------------------|---------------|------------------|------------------|
| 2016             | 2017             |               | 2017             | 2016             |
| 88,628           | 63,485           | Within 1 year | 75,402           | 104,931          |
| 982,367          | 957,879          | 1 to 5 years  | 1,172,804        | 1,206,869        |
| <u>232,035</u>   | <u>304,229</u>   | Over 5 years  | <u>532,987</u>   | <u>453,792</u>   |
| <u>1,303,030</u> | <u>1,325,593</u> |               | <u>1,781,193</u> | <u>1,765,592</u> |

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

| Parent        |                |                                    | Group          |               |
|---------------|----------------|------------------------------------|----------------|---------------|
| 2016          | 2017           |                                    | 2017           | 2016          |
| 9,946         | 19,323         | Balance at 1 January               | 22,110         | 9,946         |
| —             | —              | Acquired from business combination | —              | 3,342         |
| 9,377         | 9,044          | Charge for the year                | 11,140         | 9,749         |
| <u>—</u>      | <u>(1,964)</u> | Amounts written back               | <u>(4,432)</u> | <u>(927)</u>  |
| <u>19,323</u> | <u>26,403</u>  | <b>At 31 December</b>              | <u>28,818</u>  | <u>22,110</u> |

***Reposessed collateral***

As at 31 December 2017, the Group held reposessed vehicles with a fair value of \$2.8 million (2016: \$2.3 million). Reposessed vehicles are sold as soon as practical, with the proceeds used to reduce the outstanding indebtedness.

**6. Loans and advances**

| Parent         |                |                                   | Group           |                 |
|----------------|----------------|-----------------------------------|-----------------|-----------------|
| 2016           | 2017           |                                   | 2017            | 2016            |
| —              | —              | Policy loans                      | 11,067          | 11,340          |
| —              | —              | Mortgage loans                    | 175,697         | 110,371         |
| <u>697,428</u> | <u>205,229</u> | Other loans and advances          | <u>220,779</u>  | <u>716,750</u>  |
| 697,428        | 205,229        | Performing loans and advances     | 407,543         | 838,461         |
| <u>—</u>       | <u>—</u>       | Non-performing loans and advances | <u>96,929</u>   | <u>104,572</u>  |
| 697,428        | 205,229        |                                   | 504,472         | 943,033         |
| <u>—</u>       | <u>—</u>       | Specific provision                | <u>(69,552)</u> | <u>(66,782)</u> |
| <u>697,428</u> | <u>205,229</u> |                                   | <u>434,920</u>  | <u>876,251</u>  |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***6. Loans and advances (continued)**

| <b>Parent</b>                                                 |                |                                   | <b>Group</b>   |                |
|---------------------------------------------------------------|----------------|-----------------------------------|----------------|----------------|
| <b>2016</b>                                                   | <b>2017</b>    |                                   | <b>2017</b>    | <b>2016</b>    |
| <b>Sectorial analysis of advances</b>                         |                |                                   |                |                |
| 13,879                                                        | 2,301          | Personal                          | 154,092        | 97,050         |
| 162,524                                                       | 933            | Retail/distribution/manufacturing | 21,325         | 185,488        |
| 4,478                                                         | –              | Hotel and restaurant              | 30,628         | 40,564         |
| 399,085                                                       | 48,294         | Construction and real estate      | 70,692         | 421,817        |
| –                                                             | 25,229         | Financial                         | 25,229         | –              |
| 72,487                                                        | 36,871         | Utilities                         | 36,871         | 72,487         |
| 44,975                                                        | 91,601         | Other                             | 165,635        | 125,627        |
| <u>697,428</u>                                                | <u>205,229</u> |                                   | <u>504,472</u> | <u>943,033</u> |
| <b>Loans and advances have the following maturity profile</b> |                |                                   |                |                |
| 570,147                                                       | 110,219        | Within 1 year                     | 184,924        | 648,510        |
| 23,431                                                        | 28,657         | 1 to 5 years                      | 44,825         | 32,132         |
| 103,850                                                       | 66,353         | Over 5 years                      | 274,723        | 262,391        |
| <u>697,428</u>                                                | <u>205,229</u> |                                   | <u>504,472</u> | <u>943,033</u> |

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

| <b>Parent</b> |             |                                    | <b>Group</b>  |               |
|---------------|-------------|------------------------------------|---------------|---------------|
| <b>2016</b>   | <b>2017</b> |                                    | <b>2017</b>   | <b>2016</b>   |
| 9,682         | –           | Balance at 1 January               | 66,782        | 9,682         |
| –             | –           | Acquired from business combination | –             | 67,104        |
| (9,682)       | –           | Amounts written back               | –             | (10,004)      |
| <u>–</u>      | <u>–</u>    | Charge for the year                | <u>2,770</u>  | <u>–</u>      |
| <u>–</u>      | <u>–</u>    | At 31 December                     | <u>69,552</u> | <u>66,782</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***7. Investment securities**

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

| <b>Parent</b>  |                |                                                                                           | <b>Group</b>     |                  |
|----------------|----------------|-------------------------------------------------------------------------------------------|------------------|------------------|
| <b>2016</b>    | <b>2017</b>    |                                                                                           | <b>2017</b>      | <b>2016</b>      |
|                |                | <b>Investment securities</b>                                                              |                  |                  |
|                |                | Designated at fair value through                                                          |                  |                  |
| 87,962         | 102,091        | statement of income                                                                       | 856,107          | 964,986          |
| 492,260        | 737,876        | Amortised cost                                                                            | 2,937,803        | 2,317,756        |
| 19,993         | 20,290         | Fair value through other                                                                  | —                | —                |
|                |                | comprehensive income                                                                      |                  |                  |
| <u>600,215</u> | <u>860,257</u> | Total investment securities                                                               | <u>3,793,910</u> | <u>3,282,742</u> |
|                |                | <b>Investment securities designated<br/>at fair value through statement<br/>of income</b> |                  |                  |
| 34,834         | 26,144         | Equity securities                                                                         | 590,831          | 691,202          |
| 3,387          | 582            | Government bonds                                                                          | 16,781           | 30,131           |
| 9,931          | 3,660          | State-owned company securities                                                            | 80,467           | 81,122           |
| 39,810         | 71,705         | Corporate bonds                                                                           | 168,028          | 162,531          |
| <u>87,962</u>  | <u>102,091</u> |                                                                                           | <u>856,107</u>   | <u>964,986</u>   |
|                |                | <b>Investment securities measured<br/>at amortised cost</b>                               |                  |                  |
| 10,119         | 10,144         | Government bonds                                                                          | 534,926          | 476,693          |
| 226,173        | 211,059        | State-owned company securities                                                            | 844,591          | 849,024          |
| 255,968        | 516,673        | Corporate bonds                                                                           | 1,558,286        | 992,039          |
| <u>492,260</u> | <u>737,876</u> |                                                                                           | <u>2,937,803</u> | <u>2,317,756</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***7. Investment securities (continued)**

| <b>Parent</b>  |                |                                                                   | <b>Group</b>     |                  |
|----------------|----------------|-------------------------------------------------------------------|------------------|------------------|
| <b>2016</b>    | <b>2017</b>    |                                                                   | <b>2017</b>      | <b>2016</b>      |
|                |                | <b>Investment securities designated<br/>and measured at FVOCI</b> |                  |                  |
| <u>19,993</u>  | <u>20,290</u>  | Equity securities                                                 | <u>—</u>         | <u>—</u>         |
| <u>19,993</u>  | <u>20,290</u>  |                                                                   | <u>—</u>         | <u>—</u>         |
| <u>600,215</u> | <u>860,257</u> | <b>Total investment securities</b>                                | <u>3,793,910</u> | <u>3,282,742</u> |

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

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

| <b>Parent</b> |              |                      | <b>Group</b> |               |
|---------------|--------------|----------------------|--------------|---------------|
| <b>2016</b>   | <b>2017</b>  |                      | <b>2017</b>  | <b>2016</b>   |
| 9,816         | 10,073       | Balance at 1 January | 10,676       | 12,136        |
| —             | (7,430)      | Amounts written back | (8,047)      | (1,929)       |
| <u>257</u>    | <u>—</u>     | Charge for the year  | <u>13</u>    | <u>469</u>    |
| <u>10,073</u> | <u>2,643</u> | At 31 December       | <u>2,642</u> | <u>10,676</u> |

**8. Assets pledged**

| <b>Parent</b> |             |                           | <b>Group</b>     |                  |
|---------------|-------------|---------------------------|------------------|------------------|
| <b>2016</b>   | <b>2017</b> |                           | <b>2017</b>      | <b>2016</b>      |
| —             | —           | Cash and short-term funds | 150,947          | 128,832          |
| —             | —           | Loans and advances        | 170,691          | 110,651          |
| —             | —           | Bonds and debentures      | 1,103,914        | 886,118          |
| —             | —           | Equities                  | 434,282          | 512,509          |
| <u>—</u>      | <u>—</u>    | Real estate               | <u>25,300</u>    | <u>25,300</u>    |
| <u>—</u>      | <u>—</u>    |                           | <u>1,885,134</u> | <u>1,663,410</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***8. Assets pledged (continued)**

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

**9. Insurance receivables**

| Parent |      | Group  |        |
|--------|------|--------|--------|
| 2016   | 2017 | 2017   | 2016   |
| —      | —    | 26,105 | 26,508 |
| —      | —    | 9,514  | 21,140 |
| —      | —    | 35,619 | 47,648 |

**10. Other debtors and prepayments**

| Parent |        | Group  |        |
|--------|--------|--------|--------|
| 2016   | 2017   | 2017   | 2016   |
| 12,301 | 4,241  | 1,031  | 1,249  |
| —      | —      | 51     | —      |
| 612    | 675    | 5,111  | 6,806  |
| 2,422  | 757    | 3,307  | 5,615  |
| 12,678 | 6,144  | 6,144  | 12,678 |
| 22,317 | 5,300  | 3,945  | 22,514 |
| 650    | —      | 152    | 798    |
| —      | —      | 2,650  | 2,411  |
| 891    | 2,910  | 10,009 | 5,515  |
| 51,871 | 20,027 | 32,400 | 57,586 |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****(Expressed in thousands of Trinidad and Tobago dollars)** *Continued***11. Investment in subsidiaries**

|                                        | <b>Parent</b>  |                |
|----------------------------------------|----------------|----------------|
|                                        | <b>2017</b>    | <b>2016</b>    |
| At beginning of the period             | 810,320        | 632,500        |
| Acquisitions during the year (Note 41) | –              | 177,820        |
| At end of the period                   | <u>810,320</u> | <u>810,320</u> |

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

| <b>Name of Company</b>                     | <b>Country of<br/>incorporation and<br/>operation</b> | <b>Proportion<br/>of issued<br/>capital held<br/>31-Dec-17</b> | <b>Proportion<br/>of issued<br/>capital held<br/>31-Dec-16</b> |
|--------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|
| Trinidad and Tobago Insurance Limited      | Trinidad and Tobago                                   | 100%                                                           | 100%                                                           |
| TATIL Life Assurance Limited               | Trinidad and Tobago                                   | 99.93%                                                         | 99.93%                                                         |
| TATIL Re Limited                           | St Lucia                                              | 100%                                                           | 100%                                                           |
| ANSA Securities Limited                    | Trinidad and Tobago                                   | 100%                                                           | 100%                                                           |
| ANSA Financial Holdings (Barbados) Limited | Barbados                                              | 100%                                                           | 100%                                                           |
| Consolidated Finance Co. Limited           | Barbados                                              | 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.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***12. Investment properties**

| <b>Parent</b> |             | <b>Group</b> |             |
|---------------|-------------|--------------|-------------|
| <b>2016</b>   | <b>2017</b> | <b>2017</b>  | <b>2016</b> |
| –             | –           | 139,268      | 138,483     |
| –             | –           | –            | 785         |
| –             | –           | –            | –           |
| –             | –           | 139,268      | 139,268     |
| –             | –           | 15,366       | 17,546      |
| –             | –           | 9,689        | 7,073       |

*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:

|                                              | <b>2017</b>    | <b>2016</b>    |
|----------------------------------------------|----------------|----------------|
| No later than 1 year                         | 15,055         | 17,166         |
| Later than 1 year but not later than 5 years | 66,408         | 57,437         |
| Later than 5 years                           | 62,895         | 47,447         |
|                                              | <u>144,358</u> | <u>122,050</u> |

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.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****(Expressed in thousands of Trinidad and Tobago dollars)** *Continued***13. Property and equipment**

| <b>Parent 2017</b>              | <b>Furniture<br/>&amp; equipment</b> | <b>Computer<br/>equipment</b> | <b>Motor<br/>vehicles</b> | <b>Leasehold<br/>improvements</b> | <b>Total</b>  |
|---------------------------------|--------------------------------------|-------------------------------|---------------------------|-----------------------------------|---------------|
| <b>Cost</b>                     |                                      |                               |                           |                                   |               |
| At beginning of the period      | 1,543                                | 6,383                         | 1,304                     | 3,003                             | 12,233        |
| Additions                       | 47                                   | 332                           | –                         | 9                                 | 388           |
| At end of the period            | <u>1,590</u>                         | <u>6,715</u>                  | <u>1,304</u>              | <u>3,012</u>                      | <u>12,621</u> |
| <b>Accumulated depreciation</b> |                                      |                               |                           |                                   |               |
| At beginning of the period      | 1,174                                | 5,843                         | 912                       | 2,953                             | 10,882        |
| Current depreciation            | 40                                   | 359                           | 88                        | 10                                | 497           |
| At end of the period            | <u>1,214</u>                         | <u>6,202</u>                  | <u>1,000</u>              | <u>2,963</u>                      | <u>11,379</u> |
| <b>Net book value</b>           | <u>376</u>                           | <u>513</u>                    | <u>304</u>                | <u>49</u>                         | <u>1,242</u>  |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***13. Property and equipment (continued)**

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***13. Property and equipment (continued)**

| <b>Group 2017</b>                                         | <b>Furniture<br/>&amp; equipment</b> | <b>Computer<br/>equipment</b> | <b>Motor<br/>vehicles</b> | <b>Leasehold<br/>improvements</b> | <b>Land &amp;<br/>buildings</b> | <b>Leased<br/>vehicles<br/>&amp; equipment</b> | <b>Total</b>   |
|-----------------------------------------------------------|--------------------------------------|-------------------------------|---------------------------|-----------------------------------|---------------------------------|------------------------------------------------|----------------|
| <b>Cost</b>                                               |                                      |                               |                           |                                   |                                 |                                                |                |
| At beginning of the period                                | 20,484                               | 30,875                        | 4,764                     | 7,091                             | 18,880                          | 248,150                                        | 330,244        |
| Additions                                                 | 13,447                               | 1,667                         | 821                       | 1,480                             | —                               | 40,135                                         | 57,550         |
| Transfers                                                 | 1,903                                | 619                           | —                         | —                                 | (163)                           | —                                              | 2,359          |
| Disposals                                                 | (5)                                  | —                             | (600)                     | —                                 | —                               | (45,491)                                       | (46,096)       |
| Exchange differences on translation of foreign operations | 15                                   | 13                            | 5                         | 17                                | 24                              | 1,128                                          | 1,202          |
| Assets written off                                        | —                                    | (2,513)                       | —                         | (565)                             | —                               | —                                              | (3,078)        |
| At end of the period                                      | <u>35,844</u>                        | <u>30,661</u>                 | <u>4,990</u>              | <u>8,023</u>                      | <u>18,741</u>                   | <u>243,922</u>                                 | <u>342,181</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***13. Property and equipment (continued)**

| <b>Group 2017</b>                                         | <b>Furniture<br/>&amp; equipment</b> | <b>Computer<br/>equipment</b> | <b>Motor<br/>vehicles</b> | <b>Leasehold<br/>improvements</b> | <b>Land &amp;<br/>buildings</b> | <b>Leased<br/>vehicles<br/>&amp; equipment</b> | <b>Total</b>   |
|-----------------------------------------------------------|--------------------------------------|-------------------------------|---------------------------|-----------------------------------|---------------------------------|------------------------------------------------|----------------|
| <b>Accumulated depreciation</b>                           |                                      |                               |                           |                                   |                                 |                                                |                |
| At beginning of the period                                | 8,225                                | 24,775                        | 2,431                     | 6,215                             | 5,119                           | 100,681                                        | 147,446        |
| Current depreciation                                      | 1,298                                | 1,039                         | 766                       | 262                               | 130                             | 34,133                                         | 37,628         |
| Disposals                                                 | (2)                                  | —                             | (115)                     | (207)                             | —                               | (29,730)                                       | (30,054)       |
| Transfers                                                 | 1,605                                | 918                           | —                         | —                                 | (163)                           | —                                              | 2,360          |
| Exchange differences on translation of foreign operations | 1                                    | 13                            | (190)                     | 224                               | —                               | 699                                            | 747            |
| Assets written off                                        | —                                    | —                             | —                         | —                                 | —                               | —                                              | —              |
| At end of the period                                      | <u>11,127</u>                        | <u>26,745</u>                 | <u>2,892</u>              | <u>6,494</u>                      | <u>5,086</u>                    | <u>105,783</u>                                 | <u>158,127</u> |
| <b>Net book value</b>                                     | <u>24,717</u>                        | <u>3,916</u>                  | <u>2,098</u>              | <u>1,529</u>                      | <u>13,655</u>                   | <u>138,139</u>                                 | <u>184,054</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****(Expressed in thousands of Trinidad and Tobago dollars)** *Continued***13. Property and equipment (continued)**

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***13. Property and equipment (continued)**

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

As at 31 December 2017, the Parent's gross carrying amount of fully depreciated assets still in use amounted to \$3.8 million (2016: \$0.9 million) and the Group \$19.2 million (2016: \$16.3 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 2017 and at 31 December 2016 for both the Parent and the Group.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***14. Intangible assets**

| <b>Group</b>                                   |                 |                          |                |
|------------------------------------------------|-----------------|--------------------------|----------------|
| <b>2017</b>                                    | <b>Goodwill</b> | <b>Computer software</b> | <b>Total</b>   |
| <b>Gross carrying amounts</b>                  |                 |                          |                |
| At beginning of the period                     | 136,361         | –                        | 136,361        |
| Acquisitions during the year                   | –               | 19,655                   | 19,655         |
| Adjustments during the year (Note 41)          | (2,599)         | –                        | (2,599)        |
| At end of the period                           | <u>133,762</u>  | <u>19,655</u>            | <u>153,417</u> |
| <b>Accumulated impairment and amortisation</b> |                 |                          |                |
| At beginning of the period                     | –               | –                        | –              |
| Impairment charge for the year                 | –               | –                        | –              |
| At end of the period                           | <u>–</u>        | <u>–</u>                 | <u>–</u>       |
| <b>Net carrying amounts</b>                    | <u>133,762</u>  | <u>19,655</u>            | <u>153,417</u> |
| <b>2016</b>                                    |                 |                          |                |
| Goodwill at carrying value                     | <u>136,361</u>  | <u>–</u>                 | <u>136,361</u> |

Parent includes an amount of \$12.3 million (2016: nil) relating to computer software in development as at 31 December 2017.

**Goodwill**

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***14. Intangible assets (continued)*****Computer software***

Intangible assets also include the internal development cost arising from the development of computer software for the Group which was recognized at fair value at the capitalization date. Subsequent to initial recognition, computer software will be carried at cost, less amortization and impairment losses where necessary. This software is still in development and a useful life has not been determined in which to amortise the asset.

**Impairment testing of intangible assets*****Goodwill***

In accordance with IFRS 3, 'Business Combinations,' all assets that gave rise to goodwill were reviewed for impairment at 31 December 2017 using the 'value in use' method. Based on the results of this review no impairment expense was required.

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

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****(Expressed in thousands of Trinidad and Tobago dollars) Continued****15. Deferred taxation**

|                                     | 2016           | Credit/(charge) to |            | 2017           |
|-------------------------------------|----------------|--------------------|------------|----------------|
|                                     |                | Income             | OCI        |                |
| <b>Parent</b>                       |                |                    |            |                |
| Property and equipment              | 288            | (39)               | –          | 249            |
| Employee benefit obligation         | 117            | 6                  | 23         | 146            |
| Finance leases                      | 19,262         | (1,981)            | –          | 17,281         |
| Unrealised investment losses        | 512            | (513)              | –          | (1)            |
| <b>Total deferred tax asset</b>     | <u>20,179</u>  | <u>(2,527)</u>     | <u>23</u>  | <u>17,675</u>  |
| Employee benefit asset              | (2,812)        | –                  | 306        | (2,506)        |
| Unrealised investment gains         | <u>(1,527)</u> | <u>(1,279)</u>     | <u>–</u>   | <u>(2,806)</u> |
| <b>Total deferred tax liability</b> | <u>(4,339)</u> | <u>(1,279)</u>     | <u>306</u> | <u>(5,312)</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***15. Deferred taxation (continued)**

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****[Expressed in thousands of Trinidad and Tobago dollars] Continued****15. Deferred taxation (continued)**

| Group                               | 2016             | Movement<br>from<br>business<br>combination | Credit/(charge) to |              |                                          | 2017             |
|-------------------------------------|------------------|---------------------------------------------|--------------------|--------------|------------------------------------------|------------------|
|                                     |                  |                                             | Income             | OCI          | Life<br>and other<br>reserve<br>movement |                  |
| Employee benefit obligation         | 1,252            | —                                           | 85                 | 163          | —                                        | 1,500            |
| Unrealised foreign exchange losses  | —                | 75                                          | —                  | —            | —                                        | 75               |
| Property and equipment              | 2,304            | —                                           | (516)              | —            | —                                        | 1,788            |
| Finance leases                      | 19,261           | —                                           | (1,981)            | —            | —                                        | 17,280           |
| Tax losses                          | 950              | —                                           | —                  | —            | —                                        | 950              |
| Unrealised investment losses        | 607              | —                                           | (607)              | —            | —                                        | —                |
| Allowance for impairment            | —                | —                                           | 189                | —            | —                                        | 189              |
| <b>Total deferred tax asset</b>     | <b>24,374</b>    | <b>75</b>                                   | <b>(2,830)</b>     | <b>163</b>   | <b>—</b>                                 | <b>21,782</b>    |
| Life insurance reserves             | (47,801)         | —                                           | —                  | —            | (3,004)                                  | (50,805)         |
| Unrealised foreign exchange losses  | —                | (1,508)                                     | —                  | —            | —                                        | (1,508)          |
| Employee benefit asset              | (35,783)         | —                                           | (952)              | 1,364        | —                                        | (35,371)         |
| Finance leases                      | —                | —                                           | —                  | —            | —                                        | —                |
| Property and equipment              | (25,973)         | —                                           | 942                | —            | —                                        | (25,031)         |
| Unrealised investment gains         | (39,561)         | —                                           | (1,650)            | —            | (1,762)                                  | (42,973)         |
| <b>Total deferred tax liability</b> | <b>(149,118)</b> | <b>(1,508)</b>                              | <b>(1,660)</b>     | <b>1,364</b> | <b>(4,766)</b>                           | <b>(155,688)</b> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***15. Deferred taxation (continued)**

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***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**

|                                                                        | <b>Defined benefit<br/>pension plan</b> |                  | <b>Post-retirement<br/>health benefits</b> |              |
|------------------------------------------------------------------------|-----------------------------------------|------------------|--------------------------------------------|--------------|
|                                                                        | <b>2017</b>                             | <b>2016</b>      | <b>2017</b>                                | <b>2016</b>  |
| <b>Parent</b>                                                          |                                         |                  |                                            |              |
| Present value of                                                       |                                         |                  |                                            |              |
| defined benefit obligation                                             | 16,740                                  | 10,977           | 483                                        | 385          |
| Fair value of plan assets                                              | <u>(25,094)</u>                         | <u>(20,351)</u>  | <u>—</u>                                   | <u>—</u>     |
| (Asset)/liability recognised in the<br>statement of financial position | <u>(8,354)</u>                          | <u>(9,374)</u>   | <u>483</u>                                 | <u>385</u>   |
| <b>Group</b>                                                           |                                         |                  |                                            |              |
| Present value of                                                       |                                         |                  |                                            |              |
| defined benefit obligation                                             | 113,835                                 | 99,414           | 5,582                                      | 4,525        |
| Fair value of plan assets                                              | <u>(242,610)</u>                        | <u>(228,503)</u> | <u>—</u>                                   | <u>—</u>     |
| (Asset)/liability recognised in the<br>statement of financial position | <u>(128,775)</u>                        | <u>(129,089)</u> | <u>5,582</u>                               | <u>4,525</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***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.

| <b>Parent</b>                                                 | <b>Defined<br/>benefit<br/>obligation</b> | <b>Fair value<br/>of plan<br/>assets</b> | <b>Defined<br/>benefit<br/>pension<br/>plans</b> | <b>Post-<br/>employment<br/>medical<br/>benefits</b> |
|---------------------------------------------------------------|-------------------------------------------|------------------------------------------|--------------------------------------------------|------------------------------------------------------|
| <b>Balance at 1 January 2017</b>                              | <u>10,977</u>                             | <u>(20,351)</u>                          | <u>(9,374)</u>                                   | <u>385</u>                                           |
| <b><i>Pension cost charged to<br/>statement of income</i></b> |                                           |                                          |                                                  |                                                      |
| Current service cost                                          | 765                                       | —                                        | 765                                              | 19                                                   |
| Net interest cost                                             | 751                                       | (1,208)                                  | (457)                                            | 19                                                   |
| Administrative expenses                                       | 16                                        | —                                        | 16                                               | —                                                    |
| Past service costs                                            | <u>9</u>                                  | <u>—</u>                                 | <u>9</u>                                         | <u>—</u>                                             |
| <b>Total charge/(credit) to<br/>statement of income</b>       | <u>1,541</u>                              | <u>(1,208)</u>                           | <u>333</u>                                       | <u>38</u>                                            |
| <b><i>Experience (gains)/losses in OCI</i></b>                |                                           |                                          |                                                  |                                                      |
| Experience gains                                              |                                           |                                          |                                                  |                                                      |
| - demographic                                                 | 676                                       | —                                        | 676                                              | 77                                                   |
| Experience losses                                             |                                           |                                          |                                                  |                                                      |
| - financial                                                   | <u>—</u>                                  | <u>343</u>                               | <u>343</u>                                       | <u>—</u>                                             |
| <b>Total charge/(credit) to OCI</b>                           | <u>676</u>                                | <u>343</u>                               | <u>1,019</u>                                     | <u>77</u>                                            |
| <b><i>Other movements</i></b>                                 |                                           |                                          |                                                  |                                                      |
| Contributions by employee                                     | 332                                       | (332)                                    | —                                                | —                                                    |
| Contributions by employer                                     | —                                         | (332)                                    | (332)                                            | —                                                    |
| Transfers                                                     | 3,750                                     | (3,750)                                  | —                                                | —                                                    |
| Administrative expenses                                       | (16)                                      | 16                                       | —                                                | —                                                    |
| Benefits paid                                                 | <u>(520)</u>                              | <u>520</u>                               | <u>—</u>                                         | <u>(17)</u>                                          |
| <b>Total other movements</b>                                  | <u>3,546</u>                              | <u>(3,878)</u>                           | <u>(332)</u>                                     | <u>(17)</u>                                          |
| <b>Balance at 31 December 2017</b>                            | <u>16,740</u>                             | <u>(25,094)</u>                          | <u>(8,354)</u>                                   | <u>483</u>                                           |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***16. Employee benefits (continued)****b) Changes in defined benefit obligation and fair value of plan assets (continued)**

| <b>Group</b>                                                  | <b>Defined<br/>benefit<br/>obligation</b> | <b>Fair value<br/>of plan<br/>assets</b> | <b>Defined<br/>benefit<br/>pension<br/>plans</b> | <b>Post-<br/>employment<br/>medical<br/>benefits</b> |
|---------------------------------------------------------------|-------------------------------------------|------------------------------------------|--------------------------------------------------|------------------------------------------------------|
| <b>Balance at 1 January 2017</b>                              | <u>99,414</u>                             | <u>(228,503)</u>                         | <u>(129,089)</u>                                 | <u>4,525</u>                                         |
| <b><i>Pension cost charged to<br/>statement of income</i></b> |                                           |                                          |                                                  |                                                      |
| Current service cost                                          | 3,259                                     | 63                                       | 3,322                                            | 309                                                  |
| Net interest cost                                             | 5,893                                     | (13,912)                                 | (8,019)                                          | 283                                                  |
| Past service cost                                             | 529                                       | –                                        | 529                                              | –                                                    |
| Administrative expenses                                       | <u>16</u>                                 | <u>87</u>                                | <u>103</u>                                       | <u>–</u>                                             |
| <b>Total charge/(credit) to<br/>statement of income</b>       | <u>9,697</u>                              | <u>(13,762)</u>                          | <u>(4,065)</u>                                   | <u>592</u>                                           |
| <b><i>Experience (gains)/losses in OCI</i></b>                |                                           |                                          |                                                  |                                                      |
| Experience gains                                              |                                           |                                          |                                                  |                                                      |
| - demographic                                                 | 2,539                                     | –                                        | 2,539                                            | 614                                                  |
| Experience losses                                             |                                           |                                          |                                                  |                                                      |
| - financial                                                   | <u>–</u>                                  | <u>2,091</u>                             | <u>2,091</u>                                     | <u>–</u>                                             |
| <b>Total charge/(credit) to OCI</b>                           | <u>2,539</u>                              | <u>2,091</u>                             | <u>4,630</u>                                     | <u>614</u>                                           |
| <b><i>Other movements</i></b>                                 |                                           |                                          |                                                  |                                                      |
| Contributions by employee                                     | 1,378                                     | (1,450)                                  | (72)                                             | –                                                    |
| Contributions by employer                                     | –                                         | (1,625)                                  | (1,625)                                          | –                                                    |
| Transfers                                                     | 5,057                                     | (5,057)                                  | –                                                | –                                                    |
| Administrative expenses                                       | (16)                                      | 16                                       | –                                                | –                                                    |
| Exchange differences                                          | 21                                        | (55)                                     | (34)                                             | 5                                                    |
| Benefits paid                                                 | <u>(4,255)</u>                            | <u>5,735</u>                             | <u>1,480</u>                                     | <u>(154)</u>                                         |
| <b>Total other movements</b>                                  | <u>2,185</u>                              | <u>(2,436)</u>                           | <u>(251)</u>                                     | <u>(149)</u>                                         |
| <b>Balance at 31 December 2017</b>                            | <u>113,835</u>                            | <u>(242,610)</u>                         | <u>(128,775)</u>                                 | <u>5,582</u>                                         |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***16. Employee benefits (continued)****b) Changes in defined benefit obligation and fair value of plan assets (continued)**

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***16. Employee benefits (continued)****b) Changes in defined benefit obligation and fair value of plan assets (continued)**

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***16. Employee benefits (continued)****c) Movements in net (asset)/liability recognised in the statement of financial position**

|                                                                                | <b>Defined benefit<br/>pension plan</b> |                  | <b>Post-retirement<br/>health benefits</b> |              |
|--------------------------------------------------------------------------------|-----------------------------------------|------------------|--------------------------------------------|--------------|
|                                                                                | <b>2017</b>                             | <b>2016</b>      | <b>2017</b>                                | <b>2016</b>  |
| <b>Parent</b>                                                                  |                                         |                  |                                            |              |
| Net (asset)/liability at the start of the year                                 | (9,374)                                 | (9,278)          | 385                                        | 431          |
| Net expense recognised in the statement of income                              | 333                                     | 61               | 38                                         | 40           |
| Net income/(expense) recognised in the statement of other comprehensive income | 1,019                                   | 111              | 77                                         | (73)         |
| Contributions paid                                                             | <u>(332)</u>                            | <u>(268)</u>     | <u>(17)</u>                                | <u>(13)</u>  |
| Net (asset)/liability recognised at the end of the year                        | <u>(8,354)</u>                          | <u>(9,374)</u>   | <u>483</u>                                 | <u>385</u>   |
| <b>Group</b>                                                                   |                                         |                  |                                            |              |
| Net (asset)/liability at the start of the year                                 | (129,089)                               | (118,395)        | 4,525                                      | 4,075        |
| Net (asset)/liability acquired in business combination                         | –                                       | (6,231)          | –                                          | 456          |
| Net (income)/expense recognised in the statement of income                     | (4,065)                                 | (3,607)          | 592                                        | 580          |
| Net income/(expense) recognised in the statement of other comprehensive income | 4,630                                   | 976              | 614                                        | (493)        |
| Contributions paid                                                             | <u>(251)</u>                            | <u>(1,832)</u>   | <u>(149)</u>                               | <u>(93)</u>  |
| Net (asset)/liability recognised at the end of the year                        | <u>(128,775)</u>                        | <u>(129,089)</u> | <u>5,582</u>                               | <u>4,525</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***16. Employee benefits (continued)**

|                                                                                |                                     |               |
|--------------------------------------------------------------------------------|-------------------------------------|---------------|
| <b>d) Actual return on plan assets</b>                                         | <b>2017</b>                         | <b>2016</b>   |
| Parent                                                                         | <u>865</u>                          | <u>857</u>    |
| Group                                                                          | <u>10,056</u>                       | <u>51,890</u> |
| <b>e) Major categories of plan assets as a percentage of total plan assets</b> |                                     |               |
|                                                                                | <b>Defined benefit pension plan</b> |               |
| <b>Parent and Group</b>                                                        | <b>2017</b>                         | <b>2016</b>   |
| Local equities                                                                 | 32%                                 | 33%           |
| Local bonds                                                                    | 40%                                 | 37%           |
| Foreign investments                                                            | 21%                                 | 15%           |
| Real estate/mortgages                                                          | 2%                                  | 2%            |
| Short-term securities                                                          | <u>5%</u>                           | <u>13%</u>    |
|                                                                                | <u>100%</u>                         | <u>100%</u>   |
| <b>f) Principal actuarial assumptions</b>                                      |                                     |               |
|                                                                                | <b>Defined benefit pension plan</b> |               |
| <b>Parent and Group</b>                                                        | <b>2017</b>                         | <b>2016</b>   |
| Discount rate                                                                  | 5%                                  | 5%            |
| Future salary increases                                                        | 3%                                  | 3%            |
| Medical costs trend rates                                                      | 3%                                  | 3%            |

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

**Parent**

| <b>Assumptions<br/>Sensitivity level</b> | <b>Discount rate</b> |            | <b>Future salary increases</b> |            | <b>Future medical claims inflation</b> |            |
|------------------------------------------|----------------------|------------|--------------------------------|------------|----------------------------------------|------------|
|                                          | <b>+1%</b>           | <b>-1%</b> | <b>+1%</b>                     | <b>-1%</b> | <b>+1%</b>                             | <b>-1%</b> |
| At 31 December 2017                      | (2,003)              | 2,557      | 851                            | (740)      | 66                                     | (53)       |
| At 31 December 2016                      | (1,327)              | 1,686      | 385                            | (348)      | 61                                     | (50)       |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***16. Employee benefits (continued)****g) Principal actuarial assumptions (continued)**

| Group<br>Assumptions<br>Sensitivity level | Discount<br>rate |        | Future salary<br>increases |         | Future medical<br>claims inflation |       |
|-------------------------------------------|------------------|--------|----------------------------|---------|------------------------------------|-------|
|                                           | +1%              | -1%    | +1%                        | -1%     | +1%                                | -1%   |
| At 31 December 2017                       | (12,231)         | 15,466 | 4,337                      | (3,836) | 553                                | (443) |
| At 31 December 2016                       | (11,689)         | 14,658 | 3,043                      | (2,825) | 822                                | (658) |

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

As advised by the consulting actuary, the Group is expected to contribute \$1.8 million to its defined benefit plan in 2018 and the average duration of the defined benefit obligation at the end of the reporting period is 15 years (2016: 14 years).

**Defined contribution plan**

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

| Parent |      | Group |      |
|--------|------|-------|------|
| 2016   | 2017 | 2017  | 2016 |
| 159    | 191  | 597   | 745  |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***17. Accrued interest and other payables**

| <b>Parent</b> |               |                                  | <b>Group</b>   |                |
|---------------|---------------|----------------------------------|----------------|----------------|
| <b>2016</b>   | <b>2017</b>   |                                  | <b>2017</b>    | <b>2016</b>    |
| 19,898        | 17,406        | Interest payable                 | 21,824         | 26,021         |
| 10,155        | 10,760        | Accrued expenses                 | 17,499         | 15,379         |
| 27,238        | 5,948         | Client funds held for investment | 15,908         | 35,689         |
| 57            | 71            | Due to statutory authorities     | 3,914          | 15,681         |
| –             | –             | Distributions payable            | 1,673          | 1,407          |
| –             | –             | Deferred fee income              | –              | –              |
| –             | –             | Unapplied premiums               | 6,315          | 5,022          |
| –             | –             | Commissions payable              | 5,142          | 5,541          |
| 3,095         | 1,622         | Stale-dated cheques              | 3,221          | 4,119          |
| –             | –             | Due to reinsurers                | 28,464         | 14,722         |
| 4,380         | 9,143         | Asset finance promotional items  | 9,143          | 4,380          |
| 4,090         | 8,543         | Related party balances           | 9,962          | 5,263          |
| 2,410         | 2,005         | Other creditors                  | 5,821          | 6,495          |
| <u>71,323</u> | <u>55,498</u> |                                  | <u>128,886</u> | <u>139,719</u> |

**18. Customers' deposits and other funding instruments**

Sectorial analysis of customers' deposits and other funding instruments

| <b>Parent</b>    |                |                             | <b>Group</b>     |                  |
|------------------|----------------|-----------------------------|------------------|------------------|
| <b>2016</b>      | <b>2017</b>    |                             | <b>2017</b>      | <b>2016</b>      |
| 154,793          | 166,801        | Individuals                 | 1,069,399        | 1,079,002        |
|                  |                | Pension funds/credit unions |                  |                  |
| 329,168          | 92,550         | trustees                    | 223,483          | 461,959          |
|                  |                | Private companies/estates/  |                  |                  |
| 641,595          | 690,118        | financial institutions      | 835,414          | 764,280          |
| <u>1,125,556</u> | <u>949,469</u> |                             | <u>2,128,296</u> | <u>2,305,241</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***19. Debt securities in issue**

| <b>Parent</b>    |                |                            | <b>Group</b>   |                  |
|------------------|----------------|----------------------------|----------------|------------------|
| <b>2016</b>      | <b>2017</b>    |                            | <b>2017</b>    | <b>2016</b>      |
| 903,563          | 904,324        | Medium and long-term notes | 904,324        | 903,563          |
| 100,767          | —              | Promissory notes           | —              | 100,767          |
| <u>1,004,330</u> | <u>904,324</u> |                            | <u>904,324</u> | <u>1,004,330</u> |

***US\$ denominated notes***

On 2 August 2011, the Bank issued US\$50 million medium-term notes in three tranches, two of which matured in 2014 and in 2016. The remaining US\$15 million which represents the last tranche will mature in 2018. Interest is fixed at 5.20% for Tranche 3. In September 2015, the Bank issued an additional US\$30 million medium-term note maturing on 17 September 2021. Interest was set at a fixed rate of 4% per annum.

***TT\$ denominated notes***

In November 2014, the Bank issued a TT\$250 million medium-term note maturing on 28 November 2022. Interest was set at a fixed rate of 3.35% per annum. An additional TT\$350 million medium-term note was issued on 5 June 2015 also maturing 28 November 2022 with the interest set at a fixed rate of 3.75% per annum. On 3 October 2016, the Bank issued TT\$100.8 million promissory notes in three tranches of TT\$33.6 million each which were repaid on 23 June 2017.

**20. Investment contract liabilities**

|                                                                                         | <b>Group</b>   |                |
|-----------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                         | <b>2017</b>    | <b>2016</b>    |
| At the beginning of year                                                                | 224,936        | 210,231        |
| Premiums received                                                                       | 19,003         | 19,633         |
| Interest credited                                                                       | 9,899          | 9,674          |
| Liabilities realised for payment on death, surrender and other terminations in the year | (18,714)       | (13,718)       |
| Other movements                                                                         | <u>(621)</u>   | <u>(884)</u>   |
|                                                                                         | <u>234,503</u> | <u>224,936</u> |

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****(Expressed in thousands of Trinidad and Tobago dollars)** *Continued***21. Insurance contract liabilities**

|                                             | Notes | Group                          |                                  |                  |                                |                                  |                  |
|---------------------------------------------|-------|--------------------------------|----------------------------------|------------------|--------------------------------|----------------------------------|------------------|
|                                             |       | 2017                           |                                  |                  | 2016                           |                                  |                  |
|                                             |       | Insurance contract liabilities | Reinsurers' share of liabilities | Net              | Insurance contract liabilities | Reinsurers' share of liabilities | Net              |
| Life insurance contracts                    | 21(b) | 1,100,026                      | (19,842)                         | 1,080,184        | 1,011,806                      | (17,355)                         | 994,451          |
| General insurance contracts                 | 21(c) | 341,734                        | (155,283)                        | 186,451          | 352,686                        | (165,151)                        | 187,535          |
| <b>Total insurance contract liabilities</b> |       | <u>1,441,760</u>               | <u>(175,125)</u>                 | <u>1,266,635</u> | <u>1,364,492</u>               | <u>(182,506)</u>                 | <u>1,181,986</u> |
| <b>a) Reinsurance assets</b>                |       | <b>2017</b>                    | <b>2016</b>                      |                  |                                |                                  |                  |
| Life insurance contract                     |       | 19,842                         | 17,355                           |                  |                                |                                  |                  |
| General insurance contracts:                |       |                                |                                  |                  |                                |                                  |                  |
| Premiums                                    |       | 43,015                         | 46,045                           |                  |                                |                                  |                  |
| Claims                                      |       | <u>112,268</u>                 | <u>119,106</u>                   |                  |                                |                                  |                  |
|                                             |       | <u>175,125</u>                 | <u>182,506</u>                   |                  |                                |                                  |                  |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**(Expressed in thousands of Trinidad and Tobago dollars) *Continued***21. Insurance contract liabilities (continued)****b) Life insurance contract liabilities may be analysed as follows:**

|                                                                                            | <b>Group</b>                                  |                                                 |                  |                                               |                                                 |                |
|--------------------------------------------------------------------------------------------|-----------------------------------------------|-------------------------------------------------|------------------|-----------------------------------------------|-------------------------------------------------|----------------|
|                                                                                            | <b>2017</b>                                   |                                                 |                  | <b>2016</b>                                   |                                                 |                |
|                                                                                            | <b>Insurance<br/>contract<br/>liabilities</b> | <b>Reinsurers'<br/>share of<br/>liabilities</b> | <b>Net</b>       | <b>Insurance<br/>contract<br/>liabilities</b> | <b>Reinsurers'<br/>share of<br/>liabilities</b> | <b>Net</b>     |
| With DPF                                                                                   | 227,152                                       | —                                               | 227,152          | 227,963                                       | —                                               | 227,963        |
| Without DPF                                                                                | 847,729                                       | (19,842)                                        | 827,887          | 752,107                                       | (17,355)                                        | 734,752        |
|                                                                                            | 1,074,881                                     | (19,842)                                        | 1,055,039        | 980,070                                       | (17,355)                                        | 962,715        |
| Outstanding claims                                                                         | 25,145                                        | —                                               | 25,145           | 31,736                                        | —                                               | 31,736         |
| <b>Total life insurance contract liabilities</b>                                           | <b>1,100,026</b>                              | <b>(19,842)</b>                                 | <b>1,080,184</b> | <b>1,011,806</b>                              | <b>(17,355)</b>                                 | <b>994,451</b> |
| <b>At 1 January</b>                                                                        | 1,011,806                                     | (17,355)                                        | 994,451          | 966,516                                       | (12,049)                                        | 954,467        |
| Premiums received                                                                          | 221,584                                       | (13,678)                                        | 207,906          | 130,472                                       | (12,710)                                        | 117,762        |
| Liabilities realised for payment on death,<br>surrender and other terminations in the year | (133,364)                                     | 11,191                                          | (122,173)        | (85,182)                                      | 7,404                                           | (77,778)       |
| <b>At 31 December</b>                                                                      | <b>1,100,026</b>                              | <b>(19,842)</b>                                 | <b>1,080,184</b> | <b>1,011,806</b>                              | <b>(17,355)</b>                                 | <b>994,451</b> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**(Expressed in thousands of Trinidad and Tobago dollars) *Continued***21. Insurance contract liabilities (continued)****c) General insurance contracts may be analysed as follows:**

|                                                        | <b>Group</b>                                  |                                                 |                |                                               |                                                 |                |
|--------------------------------------------------------|-----------------------------------------------|-------------------------------------------------|----------------|-----------------------------------------------|-------------------------------------------------|----------------|
|                                                        | <b>2017</b>                                   |                                                 |                | <b>2016</b>                                   |                                                 |                |
|                                                        | <b>Insurance<br/>contract<br/>liabilities</b> | <b>Reinsurers'<br/>share of<br/>liabilities</b> | <b>Net</b>     | <b>Insurance<br/>contract<br/>liabilities</b> | <b>Reinsurers'<br/>share of<br/>liabilities</b> | <b>Net</b>     |
| Claims reported and IBNR                               | 199,425                                       | (112,268)                                       | 87,157         | 214,875                                       | (119,106)                                       | 95,769         |
| Provisions for unearned premiums and<br>unexpired risk | 142,309                                       | (43,015)                                        | 99,294         | 137,811                                       | (46,045)                                        | 91,766         |
| <b>Total at end of year</b>                            | <b>341,734</b>                                | <b>(155,283)</b>                                | <b>186,451</b> | <b>352,686</b>                                | <b>(165,151)</b>                                | <b>187,535</b> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***21. Insurance contract liabilities (continued)****c) General insurance contracts may be analysed as follows: (continued)****i) Claims reported and IBNR**

|                                                           | Group                                |                                        |           |                                      |                                        |          |
|-----------------------------------------------------------|--------------------------------------|----------------------------------------|-----------|--------------------------------------|----------------------------------------|----------|
|                                                           | 2017                                 |                                        |           | 2016                                 |                                        |          |
|                                                           | Insurance<br>contract<br>liabilities | Reinsurers'<br>share of<br>liabilities | Net       | Insurance<br>contract<br>liabilities | Reinsurers'<br>share of<br>liabilities | Net      |
| Provisions for claims reported<br>by policy holders       | 172,609                              | (95,285)                               | 77,324    | 173,746                              | (88,932)                               | 84,814   |
| Provisions for claims incurred<br>but not reported (IBNR) | 42,266                               | (23,820)                               | 18,446    | 42,648                               | (22,254)                               | 20,394   |
|                                                           | 214,875                              | (119,105)                              | 95,770    | 216,394                              | (111,186)                              | 105,208  |
| Cash paid for claims settled in the year                  | (131,293)                            | 28,151                                 | (103,142) | (119,555)                            | 29,966                                 | (89,589) |
| Claims incurred                                           | 115,843                              | (21,314)                               | 94,529    | 118,036                              | (37,886)                               | 80,150   |
| Total at end of year                                      | 199,425                              | (112,268)                              | 87,157    | 214,875                              | (119,106)                              | 95,769   |
| Provisions for claims reported<br>by policy holders       | 160,487                              | (89,947)                               | 70,540    | 172,609                              | (95,285)                               | 77,324   |
| Provisions for claims incurred<br>but not reported (IBNR) | 38,938                               | (22,321)                               | 16,617    | 42,266                               | (23,821)                               | 18,445   |
|                                                           | 199,425                              | (112,268)                              | 87,157    | 214,875                              | (119,106)                              | 95,769   |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***21. Insurance contract liabilities (continued)****c) General insurance contracts may be analysed as follows: (continued)****ii) Provisions for unearned premiums and unexpired risk**

|                                  | <b>Group</b>                          |                                         |            |                                       |                                         |            |
|----------------------------------|---------------------------------------|-----------------------------------------|------------|---------------------------------------|-----------------------------------------|------------|
|                                  | <b>2017</b>                           |                                         |            | <b>2016</b>                           |                                         |            |
|                                  | <b>Insurance contract liabilities</b> | <b>Reinsurers' share of liabilities</b> | <b>Net</b> | <b>Insurance contract liabilities</b> | <b>Reinsurers' share of liabilities</b> | <b>Net</b> |
| Provisions for unearned premiums | 122,525                               | (40,929)                                | 81,596     | 126,615                               | (43,420)                                | 83,195     |
| Provisions for unexpired risk    | 15,286                                | (5,116)                                 | 10,170     | 15,658                                | (5,427)                                 | 10,231     |
|                                  | 137,811                               | (46,045)                                | 91,766     | 142,273                               | (48,847)                                | 93,426     |
| Increase in the period           | 351,552                               | (153,361)                               | 198,191    | 359,609                               | (164,905)                               | 194,704    |
| Release in the period            | (347,054)                             | 156,391                                 | (190,663)  | (364,071)                             | 167,707                                 | (196,364)  |
| Total at end of year             | 142,309                               | (43,015)                                | 99,294     | 137,811                               | (46,045)                                | 91,766     |
| Provisions for unearned premiums | 126,524                               | (38,236)                                | 88,288     | 122,525                               | (40,929)                                | 81,596     |
| Provisions for unexpired risk    | 15,785                                | (4,779)                                 | 11,006     | 15,286                                | (5,116)                                 | 10,170     |
|                                  | 142,309                               | (43,015)                                | 99,294     | 137,811                               | (46,045)                                | 91,766     |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**21. Insurance contract liabilities** (continued)**c) General insurance contracts may be analysed as follows:** (continued)**ii) Provisions for unearned premiums and unexpired risk** (continued)

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.

**ANSA MERCHANT BANK LIMITED**  
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**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.

|                                                                 | 2012     | 2013     | 2014     | Group<br>2015 | 2016      | 2017     | Total     |
|-----------------------------------------------------------------|----------|----------|----------|---------------|-----------|----------|-----------|
| Estimate of outstanding claims costs (gross):                   |          |          |          |               |           |          |           |
| - at end of underwriting year                                   | 96,585   | 91,281   | 92,421   | 157,401       | 120,579   | 118,617  | —         |
| - one year later                                                | 100,288  | 94,982   | 96,461   | 169,457       | 126,999   | —        | —         |
| - two years later                                               | 102,935  | 97,232   | 92,333   | 164,935       | —         | —        | —         |
| - three years later                                             | 102,778  | 94,749   | 91,152   | —             | —         | —        | —         |
| - four years later                                              | 97,000   | 96,502   | —        | —             | —         | —        | —         |
| - five years later                                              | 113,316  | —        | —        | —             | —         | —        | —         |
| Current estimate of cumulative claims                           | 113,316  | 96,502   | 91,152   | 164,935       | 126,999   | 118,617  | 711,521   |
| Cumulative payments to date                                     | (95,570) | (86,338) | (82,366) | (96,905)      | (108,875) | (81,014) | (551,068) |
| Liability recognised in the statement of financial position     | 17,746   | 10,164   | 8,786    | 68,030        | 18,124    | 37,603   | 160,453   |
| Total liability in respect of prior years                       |          |          |          |               |           |          | 38,972    |
| Total liability included in the statement of financial position |          |          |          |               |           |          | 199,425   |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****(Expressed in thousands of Trinidad and Tobago dollars) Continued****21. Insurance contract liabilities (continued)****Claims development table (continued)**

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

|                                                                 | <b>Group</b> |             |             |             |             |             |              |
|-----------------------------------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|--------------|
|                                                                 | <b>2012</b>  | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>Total</b> |
| Estimate of outstanding claims (net):                           |              |             |             |             |             |             |              |
| - at end of underwriting year                                   | 77,698       | 73,573      | 76,408      | 77,882      | 89,913      | 89,765      | —            |
| - one year later                                                | 82,982       | 78,636      | 79,779      | 83,604      | 97,417      | —           | —            |
| - two years later                                               | 84,976       | 80,685      | 76,761      | 83,168      | —           | —           | —            |
| - three years later                                             | 86,123       | 77,958      | 76,087      | —           | —           | —           | —            |
| - four years later                                              | 81,033       | 79,336      | —           | —           | —           | —           | —            |
| - five years later                                              | 94,395       | —           | —           | —           | —           | —           | —            |
| Current estimate of cumulative claims                           | 94,395       | 79,336      | 76,087      | 83,168      | 97,417      | 89,765      | 520,168      |
| Cumulative payments to date                                     | (78,264)     | (72,881)    | (68,653)    | (73,340)    | (83,936)    | (70,813)    | (447,887)    |
| Liability recognised in the statement of financial position     | 16,131       | 6,455       | 7,434       | 9,828       | 13,481      | 18,952      | 72,281       |
| Total liability in respect of prior years                       |              |             |             |             |             |             | 14,876       |
| Total liability included in the statement of financial position |              |             |             |             |             |             | 87,157       |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**22. Insurance contracts, investment contracts and reinsurance assets - terms, assumptions and sensitivities****a) Life insurance contracts and investment contracts*****Terms and conditions***

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

***Key assumptions***

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

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

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***22. Insurance contracts, investment contracts and reinsurance assets - terms, assumptions and sensitivities (continued)****a) Life insurance contracts and investment contracts (continued)*****Key assumptions*** (continued)*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.

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.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and changes in policyholders' circumstances.

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

**Sensitivities**

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

| Assumption change                  | Required increase in insurance contract liabilities |         |
|------------------------------------|-----------------------------------------------------|---------|
|                                    | 2017                                                | 2016    |
| 2% Increase in mortality           | 7,200                                               | 6,100   |
| 5% Increase in expenses            | 9,000                                               | 9,300   |
| 10% Change in lapse rates          | 7,700                                               | 7,900   |
| 1% Decrease in investment earnings | 125,100                                             | 118,100 |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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The major classes of general insurance written by the Group include motor, property, casualty, marine, general accident and other miscellaneous types of general insurance. Risks under these policies usually cover a 12 month duration.

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

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

***Assumptions***

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***22. Insurance contracts, investment contracts and reinsurance assets - terms, assumptions and sensitivities (continued)****b) General insurance contracts (continued)*****Sensitivities***

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**

| <b>Parent</b>                       |                | <b>Group</b>                    |                |
|-------------------------------------|----------------|---------------------------------|----------------|
| <b>2016</b>                         | <b>2017</b>    | <b>2017</b>                     | <b>2016</b>    |
| <b>Authorised</b>                   |                |                                 |                |
| An unlimited number of shares       |                |                                 |                |
| <b>Issued and fully paid</b>        |                |                                 |                |
| 2017: 85,605,263 (2016: 85,605,263) |                |                                 |                |
| <u>667,274</u>                      | <u>667,274</u> | <u>667,274</u>                  | <u>667,274</u> |
|                                     |                | ordinary shares of no par value |                |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***24. Net insurance revenue**

| <b>Parent</b> |                                  | <b>Group</b>   |                |
|---------------|----------------------------------|----------------|----------------|
| <b>2016</b>   | <b>2017</b>                      | <b>2017</b>    | <b>2016</b>    |
|               |                                  |                |                |
|               | Gross insurance contracts        |                |                |
| —             | — premium revenue                | 573,137        | 490,079        |
|               | Reinsurers' share of insurance   |                |                |
| —             | — contracts premium revenue      | (167,039)      | (177,616)      |
|               | Net insurance contracts          |                |                |
| —             | — premium revenue                | 406,098        | 312,463        |
|               | Gross change in unearned premium |                |                |
| —             | — provision and unexpired risks  | (4,498)        | 4,439          |
|               | Reinsurers' share of change in   |                |                |
|               | unearned premium provision and   |                |                |
| —             | — unexpired risks                | (3,030)        | (2,801)        |
|               | Net change in unearned premium   |                |                |
| —             | — provision and unexpired risks  | (7,528)        | 1,638          |
| —             | — <b>Net insurance revenue</b>   | <b>398,570</b> | <b>314,101</b> |

**25. Finance charges, loan fees and other interest income**

| <b>Parent</b>  |                | <b>Group</b>   |                |
|----------------|----------------|----------------|----------------|
| <b>2016</b>    | <b>2017</b>    | <b>2017</b>    | <b>2016</b>    |
| 121,133        | 119,732        | 156,519        | 130,371        |
| 28,160         | 16,729         | 16,729         | 28,160         |
| 38,219         | 28,720         | 31,409         | 38,787         |
| <u>187,512</u> | <u>165,181</u> | <u>204,657</u> | <u>197,318</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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| <b>Parent</b>  |               |                                                                                                                   | <b>Group</b>   |                |
|----------------|---------------|-------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>2016</b>    | <b>2017</b>   |                                                                                                                   | <b>2017</b>    | <b>2016</b>    |
|                |               | Interest income from investments<br>designated at fair value through<br>statement of income                       |                |                |
| 3,599          | 28,424        |                                                                                                                   | 40,737         | 16,103         |
|                |               | Interest income on impaired<br>financial assets                                                                   | (2,448)        | 1,382          |
|                |               | Interest income from financial assets<br>measured at amortised cost                                               | 123,377        | 124,884        |
| 34,071         | 34,138        | Dividend income                                                                                                   | 32,569         | 25,668         |
|                |               | Realised (losses)/gains on sale of<br>investment securities                                                       | 11,217         | (10,207)       |
|                |               | Unrealised (losses)/gains on<br>investments held at year end designated<br>fair value through statement of income | 30,361         | (8,774)        |
| <u>(3,037)</u> | <u>4,545</u>  |                                                                                                                   | <u>30,361</u>  | <u>(8,774)</u> |
| <u>65,596</u>  | <u>74,280</u> |                                                                                                                   | <u>235,813</u> | <u>149,056</u> |

**27. Other income**

| <b>Parent</b> |               |                                     | <b>Group</b>   |                |
|---------------|---------------|-------------------------------------|----------------|----------------|
| <b>2016</b>   | <b>2017</b>   |                                     | <b>2017</b>    | <b>2016</b>    |
| 19,630        | 18,939        | Administrative fees and commissions | 21,386         | 29,297         |
| 28,137        | 33,487        | Foreign exchange trading and gains  | 37,840         | 80,856         |
| 2,459         | 2,832         | Lease sales and recoveries          | 4,423          | 872            |
| –             | –             | Property rental                     | 62,824         | 29,563         |
| –             | –             | Trustee and other fiduciary fees    | 8,102          | 7,825          |
| <u>1,624</u>  | <u>5,378</u>  | Other                               | <u>8,186</u>   | <u>4,891</u>   |
| <u>51,850</u> | <u>60,636</u> |                                     | <u>142,761</u> | <u>153,304</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****(Expressed in thousands of Trinidad and Tobago dollars)** *Continued***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.

|                                                               | <b>Group</b>             |               |                       |                |                |                |
|---------------------------------------------------------------|--------------------------|---------------|-----------------------|----------------|----------------|----------------|
|                                                               | <b>General insurance</b> |               | <b>Life insurance</b> |                | <b>Total</b>   |                |
|                                                               | <b>2017</b>              | <b>2016</b>   | <b>2017</b>           | <b>2016</b>    | <b>2017</b>    | <b>2016</b>    |
| Gross insurance contracts benefits and claims incurred        | 115,843                  | 118,036       | 124,972               | 87,643         | 240,815        | 205,679        |
| Reinsurers' share of gross insurance benefits and claims paid | (21,314)                 | (37,886)      | (2,129)               | (6,058)        | (23,443)       | (43,944)       |
| Net change in insurance contract liabilities                  | <u>—</u>                 | <u>—</u>      | <u>92,326</u>         | <u>39,695</u>  | <u>92,326</u>  | <u>39,695</u>  |
|                                                               | <u>94,529</u>            | <u>80,150</u> | <u>215,169</u>        | <u>121,280</u> | <u>309,698</u> | <u>201,430</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***29. Interest expense**

| <b>Parent</b> |               |                          | <b>Group</b>  |               |
|---------------|---------------|--------------------------|---------------|---------------|
| <b>2016</b>   | <b>2017</b>   |                          | <b>2017</b>   | <b>2016</b>   |
| 23,787        | 19,149        | Customers' deposits      | 54,563        | 47,736        |
| <u>36,901</u> | <u>36,500</u> | Debt securities in issue | <u>36,500</u> | <u>36,900</u> |
| <u>60,688</u> | <u>55,649</u> |                          | <u>91,063</u> | <u>84,636</u> |

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

| <b>Parent</b>  |                 |             | <b>Group</b>    |                |
|----------------|-----------------|-------------|-----------------|----------------|
| <b>2016</b>    | <b>2017</b>     |             | <b>2017</b>     | <b>2016</b>    |
| 508            | (6,908)         | State-owned | (6,908)         | (660)          |
| (264)          | (523)           | Government  | (523)           | (264)          |
| <u>(3,686)</u> | <u>(3,464)</u>  | Corporate   | <u>(5,666)</u>  | <u>(4,682)</u> |
| <u>(3,442)</u> | <u>(10,895)</u> |             | <u>(13,097)</u> | <u>(5,606)</u> |

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**

| <b>Parent</b> |               |                                   | <b>Group</b>  |               |
|---------------|---------------|-----------------------------------|---------------|---------------|
| <b>2016</b>   | <b>2017</b>   |                                   | <b>2017</b>   | <b>2016</b>   |
| –             | –             | Agents and brokers commissions    | 41,034        | 37,339        |
| –             | –             | Agents allowance and bonus        | 4,973         | 4,051         |
| –             | –             | Agents policy expenses            | 1,090         | 1,114         |
| 13,232        | 15,297        | Asset finance promotional expense | 4,531         | 13,821        |
| <u>3,133</u>  | <u>3,255</u>  | Advertising costs                 | <u>8,834</u>  | <u>9,515</u>  |
| <u>16,365</u> | <u>18,552</u> |                                   | <u>60,462</u> | <u>65,840</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***32. Personnel expenses**

| <b>Parent</b> |               |                                   | <b>Group</b>  |               |
|---------------|---------------|-----------------------------------|---------------|---------------|
| <b>2016</b>   | <b>2017</b>   |                                   | <b>2017</b>   | <b>2016</b>   |
| 21,579        | 24,893        | Salaries and bonus                | 82,095        | 68,260        |
| 219           | 49            | Health, life and pension benefits | (661)         | (1,290)       |
| <u>1,055</u>  | <u>1,066</u>  | Other staff cost                  | <u>4,740</u>  | <u>3,532</u>  |
| <u>22,853</u> | <u>26,008</u> |                                   | <u>86,174</u> | <u>70,502</u> |

**33. General administrative expenses**

| <b>Parent</b> |               |                                      | <b>Group</b>  |               |
|---------------|---------------|--------------------------------------|---------------|---------------|
| <b>2016</b>   | <b>2017</b>   |                                      | <b>2017</b>   | <b>2016</b>   |
| 2,099         | 1,661         | Professional insurance               | 2,543         | 2,806         |
| 1,937         | 2,321         | Property related expenses            | 8,577         | 5,461         |
| 2,428         | 2,570         | Subscriptions & donations            | 4,327         | 2,885         |
| 609           | 673           | Finance charges                      | 1,119         | 1,411         |
| 366           | 253           | Travel & entertainment               | 2,984         | 3,432         |
|               |               | Communications, printing &           |               |               |
| 882           | 838           | stationery                           | 5,211         | 3,698         |
|               |               | Write (back)/off of other receivable |               |               |
| –             | –             | balances                             | –             | –             |
| <u>2,312</u>  | <u>2,019</u>  | General expenses                     | <u>50,881</u> | <u>35,357</u> |
| <u>10,633</u> | <u>10,335</u> |                                      | <u>75,642</u> | <u>55,050</u> |

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

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

| <b>Parent</b> |             |                                  | <b>Group</b> |              |
|---------------|-------------|----------------------------------|--------------|--------------|
| <b>2016</b>   | <b>2017</b> |                                  | <b>2017</b>  | <b>2016</b>  |
| 1,553         | –           | Within one year                  | 250          | 1,751        |
|               |             | After one year but not more than |              |              |
| –             | –           | five years                       | 272          | 116          |
| –             | –           | More than five years             | –            | –            |
| <u>1,553</u>  | <u>–</u>    |                                  | <u>522</u>   | <u>1,867</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***34. Taxation**

| <b>Parent</b>                                                                                                                                               |                |                                                                        | <b>Group</b>   |                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------------|----------------|----------------|
| <b>2016</b>                                                                                                                                                 | <b>2017</b>    |                                                                        | <b>2017</b>    | <b>2016</b>    |
| 40,071                                                                                                                                                      | 42,025         | Corporation tax                                                        | 71,296         | 65,496         |
|                                                                                                                                                             |                | Under/(over) provision to                                              |                |                |
| (939)                                                                                                                                                       | –              | prior year tax charge                                                  | 308            | (940)          |
| 390                                                                                                                                                         | 192            | Withholding tax                                                        | 232            | 472            |
| 1,858                                                                                                                                                       | 3,806          | Deferred tax (Note 15)                                                 | 4,490          | 3,388          |
| 1,047                                                                                                                                                       | 1,616          | Green Fund levy                                                        | 4,957          | 1,865          |
| <u>42,427</u>                                                                                                                                               | <u>47,639</u>  |                                                                        | <u>81,283</u>  | <u>70,281</u>  |
| <b>Reconciliation between taxation expense and accounting profit</b>                                                                                        |                |                                                                        |                |                |
| 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: |                |                                                                        |                |                |
| <u>195,488</u>                                                                                                                                              | <u>190,937</u> | Net profit before taxation                                             | <u>313,562</u> | <u>322,028</u> |
| 48,872                                                                                                                                                      | 57,213         | Tax at applicable statutory tax rates                                  | 88,732         | 80,507         |
|                                                                                                                                                             |                | Tax effect of items that are adjustable in determining taxable profit: |                |                |
| (11,177)                                                                                                                                                    | (14,619)       | Tax exempt income                                                      | (17,402)       | (12,423)       |
| 2,433                                                                                                                                                       | 1,802          | Non-deductible expenses                                                | 2,921          | 1,049          |
| (1,813)                                                                                                                                                     | (2,657)        | Allowable deductions                                                   | (2,666)        | (1,728)        |
| (939)                                                                                                                                                       | –              | Adjustment to prior year tax charge                                    | 308            | (940)          |
| 3,614                                                                                                                                                       | 4,092          | Other temporary differences                                            | 4,201          | 1,479          |
|                                                                                                                                                             |                | Provision for Green Fund levy and other taxes                          |                |                |
| <u>1,437</u>                                                                                                                                                | <u>1,808</u>   |                                                                        | <u>5,189</u>   | <u>2,337</u>   |
| <u>42,427</u>                                                                                                                                               | <u>47,639</u>  | <b>Total taxation</b>                                                  | <u>81,283</u>  | <u>70,281</u>  |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**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.<br><br>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 2017 or 2016.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****(Expressed in thousands of Trinidad and Tobago dollars)** *Continued***35. Segmental information (continued)**

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

|                                       | <b>Banking<br/>services</b> | <b>Mutual<br/>funds</b> | <b>Life<br/>insurance<br/>operations</b> | <b>General<br/>insurance<br/>operations</b> | <b>Eliminations</b> | <b>Total</b> |
|---------------------------------------|-----------------------------|-------------------------|------------------------------------------|---------------------------------------------|---------------------|--------------|
| <b>2017</b>                           |                             |                         |                                          |                                             |                     |              |
| Total operating income                | 409,874                     | 41,944                  | 343,775                                  | 287,671                                     | (101,463)           | 981,801      |
| Total operating expense               | (82,748)                    | (10,533)                | (225,078)                                | (94,529)                                    | –                   | (412,888)    |
| Write back/(provision) for impairment | 10,895                      | 1,822                   | 380                                      | –                                           | –                   | 13,097       |
| Selling and administration expense    | (123,750)                   | (20,761)                | (51,464)                                 | (119,950)                                   | 47,477              | (268,448)    |
| Profit/(loss) before tax              | 214,271                     | 12,472                  | 67,613                                   | 73,192                                      | (53,986)            | 313,562      |
| Taxation                              | (53,582)                    | –                       | (9,371)                                  | (18,330)                                    | –                   | (81,283)     |
| Profit/(loss) after taxation          | 160,689                     | 12,472                  | 58,242                                   | 54,862                                      | (53,986)            | 232,279      |
| Total assets                          | 4,248,419                   | 780,268                 | 2,248,059                                | 1,099,509                                   | (1,040,634)         | 7,335,621    |
| Total liabilities                     | 2,514,388                   | 780,234                 | 1,447,173                                | 402,866                                     | (131,210)           | 5,013,451    |
| Purchase of fixed assets              | 42,242                      | –                       | 788                                      | 14,520                                      | –                   | 57,550       |
| Depreciation                          | (35,487)                    | –                       | (599)                                    | (1,542)                                     | –                   | (37,628)     |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***35. Segmental information (continued)**

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

|                                       | <b>Banking<br/>services</b> | <b>Mutual<br/>funds</b> | <b>Life<br/>insurance<br/>operations</b> | <b>General<br/>insurance<br/>operations</b> | <b>Eliminations</b> | <b>Total</b> |
|---------------------------------------|-----------------------------|-------------------------|------------------------------------------|---------------------------------------------|---------------------|--------------|
| <b>2016</b>                           |                             |                         |                                          |                                             |                     |              |
| Total operating income                | 330,804                     | 37,504                  | 236,013                                  | 287,844                                     | (78,386)            | 813,779      |
| Total operating expense               | (63,170)                    | (11,631)                | (130,953)                                | (80,345)                                    | 196                 | (285,903)    |
| Write back/(provision) for impairment | 4,471                       | (161)                   | 1,305                                    | (9)                                         | –                   | 5,606        |
| Selling and administration expense    | (70,284)                    | (21,725)                | (53,274)                                 | (108,837)                                   | 42,666              | (211,454)    |
| Profit/(loss) before tax              | 201,821                     | 3,987                   | 53,091                                   | 98,653                                      | (35,524)            | 322,028      |
| Taxation                              | (43,974)                    | –                       | (6,800)                                  | (19,507)                                    | –                   | (70,281)     |
| Profit/(loss) after taxation          | 157,847                     | 3,987                   | 46,291                                   | 79,146                                      | (35,524)            | 251,747      |
| Total assets                          | 4,342,819                   | 801,314                 | 2,090,038                                | 1,108,052                                   | (933,101)           | 7,409,122    |
| Total liabilities                     | 2,823,265                   | 800,365                 | 1,342,077                                | 431,522                                     | (190,271)           | 5,206,958    |
| Purchase of fixed assets              | 14,543                      | –                       | 629                                      | 2,253                                       | –                   | 17,425       |
| Depreciation                          | (9,350)                     | –                       | (659)                                    | (1,456)                                     | –                   | (11,465)     |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****(Expressed in thousands of Trinidad and Tobago dollars)** *Continued***35. Segmental information (continued)**

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

|                                       | <b>Domestic<br/>services</b> | <b>Regional</b> | <b>International</b> | <b>Eliminations</b> | <b>Total</b> |
|---------------------------------------|------------------------------|-----------------|----------------------|---------------------|--------------|
| <b>2017</b>                           |                              |                 |                      |                     |              |
| Total operating income                | 821,013                      | 147,447         | 114,804              | (101,463)           | 981,801      |
| Total operating expense               | (376,579)                    | (36,309)        | –                    | –                   | (412,888)    |
| Write back/(provision) for impairment | (67)                         | 7,680           | 5,484                | –                   | 13,097       |
| Selling and administration expense    | (238,475)                    | (77,450)        | –                    | 47,477              | (268,448)    |
| Profit/(loss) before tax              | 205,891                      | 41,368          | 120,288              | (53,986)            | 313,562      |
| Taxation                              | (75,129)                     | (6,154)         | –                    | –                   | (81,283)     |
| Profit/(loss) after taxation          | 130,762                      | 35,214          | 120,288              | (53,986)            | 232,279      |
| Total assets                          | 5,505,523                    | 1,164,952       | 1,705,780            | (1,040,634)         | 7,335,621    |
| Total liabilities                     | 4,542,435                    | 592,381         | 9,845                | (131,210)           | 5,013,451    |
| Purchase of fixed assets              | 15,695                       | 41,855          | –                    | –                   | 57,550       |
| Depreciation                          | (2,480)                      | (35,148)        | –                    | –                   | (37,628)     |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****(Expressed in thousands of Trinidad and Tobago dollars)** Continued**35. Segmental information (continued)**

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

|                                       | <b>Domestic<br/>services</b> | <b>Regional</b> | <b>International</b> | <b>Eliminations</b> | <b>Total</b> |
|---------------------------------------|------------------------------|-----------------|----------------------|---------------------|--------------|
| <b>2016</b>                           |                              |                 |                      |                     |              |
| Total operating income                | 728,611                      | 67,603          | 95,951               | (78,386)            | 813,779      |
| Total operating expense               | (267,815)                    | (18,284)        | –                    | 196                 | (285,903)    |
| Write back/(provision) for impairment | 1,346                        | 4,573           | (313)                | –                   | 5,606        |
| Selling and administration expense    | (224,809)                    | (29,311)        | –                    | 42,666              | (211,454)    |
| Profit before tax                     | 237,333                      | 24,581          | 95,638               | (35,524)            | 322,028      |
| Taxation                              | (68,566)                     | (1,715)         | –                    | –                   | (70,281)     |
| Profit after taxation                 | 168,767                      | 22,866          | 95,638               | (35,524)            | 251,747      |
| Total assets                          | 5,796,986                    | 1,064,170       | 1,481,067            | (933,101)           | 7,409,122    |
| Total liabilities                     | 4,775,096                    | 611,047         | 11,086               | (190,271)           | 5,206,958    |
| Purchase of fixed assets              | 3,249                        | 14,176          | –                    | –                   | 17,425       |
| Depreciation                          | (2,555)                      | (8,910)         | –                    | –                   | (11,465)     |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***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:

| <b>Parent</b>                              |                |                              | <b>Group</b>   |                |
|--------------------------------------------|----------------|------------------------------|----------------|----------------|
| <b>2016</b>                                | <b>2017</b>    |                              | <b>2017</b>    | <b>2016</b>    |
| <b>Loans, investments and other assets</b> |                |                              |                |                |
| 56,957                                     | 117,739        | ANSA McAL Group              | 143,800        | 59,559         |
| 34,126                                     | 33,250         | Subsidiaries                 | —              | —              |
|                                            |                | Directors and key management |                |                |
| 2,189                                      | 945            | personnel                    | 8,435          | 2,454          |
| <u>50,740</u>                              | <u>3,084</u>   | Other related parties        | <u>27,296</u>  | <u>81,307</u>  |
| <u>144,012</u>                             | <u>155,018</u> |                              | <u>179,531</u> | <u>143,320</u> |
| <b>Deposits and other liabilities</b>      |                |                              |                |                |
| 438,124                                    | 260,093        | ANSA McAL Group              | 286,740        | 442,494        |
| 96,590                                     | 37,771         | Subsidiaries                 | —              | —              |
|                                            |                | Directors and key management |                |                |
| 55,189                                     | —              | personnel                    | 57,981         | 56,671         |
| <u>5,649</u>                               | <u>5,681</u>   | Other related parties        | <u>53,334</u>  | <u>52,789</u>  |
| <u>595,552</u>                             | <u>303,545</u> |                              | <u>398,055</u> | <u>551,954</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***36. Related party transactions and balances (continued)**

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

| <b>Parent</b>                     |               |                              | <b>Group</b>  |               |
|-----------------------------------|---------------|------------------------------|---------------|---------------|
| <b>2016</b>                       | <b>2017</b>   |                              | <b>2017</b>   | <b>2016</b>   |
| <b>Interest and other income</b>  |               |                              |               |               |
| 20,510                            | 6,664         | ANSA McAL Group              | 38,698        | 54,432        |
| 53,329                            | 51,229        | Subsidiaries                 | —             | —             |
|                                   |               | Directors and key management |               |               |
| 23                                | 68            | personnel                    | 276           | 43            |
| 4,025                             | 2,228         | Other related parties        | 6,144         | 8,621         |
| <u>77,887</u>                     | <u>60,189</u> |                              | <u>45,118</u> | <u>63,096</u> |
| <b>Interest and other expense</b> |               |                              |               |               |
| 6,265                             | 6,990         | ANSA McAL Group              | 13,367        | 13,229        |
| 2,345                             | 8,652         | Subsidiaries                 | —             | —             |
|                                   |               | Directors and key management |               |               |
| 2,065                             | —             | personnel                    | 1,544         | 1,392         |
| 66                                | 99            | Other related parties        | 1,165         | 774           |
| <u>10,741</u>                     | <u>15,741</u> |                              | <u>16,076</u> | <u>15,395</u> |

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

**Key management compensation**

| <b>Parent</b> |              |                          | <b>Group</b>  |               |
|---------------|--------------|--------------------------|---------------|---------------|
| <b>2016</b>   | <b>2017</b>  |                          | <b>2017</b>   | <b>2016</b>   |
| 6,380         | 7,539        | Short-term benefits      | 13,478        | 10,422        |
|               |              | Contribution to defined  |               |               |
| 111           | 91           | contribution plans       | 86            | 153           |
| 133           | 161          | Post employment benefits | 406           | 133           |
| <u>6,624</u>  | <u>7,790</u> |                          | <u>13,970</u> | <u>10,708</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***37. Fair value of financial instruments****(i) Carrying amounts and fair values**

The tables in the following pages summarise the carrying amounts and the fair values of the Parent's and the Group's financial assets and liabilities for 2017 and 2016.

**2017**

| <b>Parent</b>          |                    |                                  |                              | <b>Group</b>           |                    |                                  |
|------------------------|--------------------|----------------------------------|------------------------------|------------------------|--------------------|----------------------------------|
| <b>Carrying values</b> | <b>Fair values</b> | <b>Unrecognised gain /(loss)</b> |                              | <b>Carrying values</b> | <b>Fair values</b> | <b>Unrecognised gain /(loss)</b> |
| 860,257                | 865,458            | 5,201                            | <b>Financial assets</b>      | 3,793,910              | 3,842,735          | 48,825                           |
| —                      | —                  | —                                | Investment securities        | 139,268                | 139,268            | —                                |
| 860,257                | 865,458            | 5,201                            | Investment property          | 3,933,178              | 3,982,003          | 48,825                           |
| 904,324                | 916,995            | (12,671)                         | <b>Financial liabilities</b> | 904,324                | 916,995            | (12,671)                         |
| 904,324                | 916,995            | (12,671)                         | Debt securities in issue     | 904,324                | 916,995            | (12,671)                         |

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***37. Fair value of financial instruments (continued)****(i) Carrying amounts and fair values (continued)****2016**

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***37. Fair value of financial instruments (continued)****(ii) Determination of fair value and fair value hierarchies**

| <b>2017</b>                                                                                 | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
|---------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| <b>Parent</b>                                                                               |                |                |                |                |
| <b>Investment securities designated at FVSI</b>                                             |                |                |                |                |
| Equity securities                                                                           | 26,144         | —              | —              | 26,144         |
| Government bonds                                                                            | —              | 582            | —              | 582            |
| State-owned company securities                                                              | 3,660          | —              | —              | 3,660          |
| Corporate bonds and debentures                                                              | <u>71,705</u>  | <u>—</u>       | <u>—</u>       | <u>71,705</u>  |
|                                                                                             | <u>101,509</u> | <u>582</u>     | <u>—</u>       | <u>102,091</u> |
| <b>Investment securities measured at amortised cost for which fair values are disclosed</b> |                |                |                |                |
| Government bonds                                                                            | —              | 12,801         | 102            | 12,903         |
| State-owned company securities                                                              | 31,022         | 173,360        | —              | 204,382        |
| Corporate bonds and debentures                                                              | <u>142,859</u> | <u>355,063</u> | <u>27,870</u>  | <u>525,792</u> |
|                                                                                             | <u>173,881</u> | <u>541,224</u> | <u>27,972</u>  | <u>743,077</u> |
| <b>Investment securities measured at FVOCI</b>                                              |                |                |                |                |
| Equity securities                                                                           | <u>—</u>       | <u>20,290</u>  | <u>—</u>       | <u>20,290</u>  |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***37. Fair value of financial instruments (continued)****(ii) Determination of fair value and fair value hierarchies (continued)**

| <b>2017<br/>Group</b>                                                                               | <b>Level 1</b> | <b>Level 2</b>   | <b>Level 3</b> | <b>Total</b>     |
|-----------------------------------------------------------------------------------------------------|----------------|------------------|----------------|------------------|
| <b>Investment securities designated<br/>at FVSI</b>                                                 |                |                  |                |                  |
| Equity securities                                                                                   | 589,773        | —                | 1,058          | 590,831          |
| Government bonds                                                                                    | 5,663          | 11,118           | —              | 16,781           |
| State-owned company securities                                                                      | 25,536         | 54,931           | —              | 80,467           |
| Corporate bonds and debentures                                                                      | 145,474        | 22,554           | —              | 168,028          |
|                                                                                                     | <u>766,446</u> | <u>88,603</u>    | <u>1,058</u>   | <u>856,107</u>   |
| <b>Investment securities measured<br/>at amortised cost for which<br/>fair values are disclosed</b> |                |                  |                |                  |
| Government bonds                                                                                    | 40,603         | 494,897          | 102            | 535,602          |
| State-owned company securities                                                                      | 135,608        | 735,402          | —              | 871,010          |
| Corporate bonds and debentures                                                                      | 689,618        | 824,671          | 65,727         | 1,580,016        |
|                                                                                                     | <u>865,829</u> | <u>2,054,970</u> | <u>65,829</u>  | <u>2,986,628</u> |
| <b>Assets measured at fair value</b>                                                                |                |                  |                |                  |
| Investment properties                                                                               | —              | 139,268          | —              | 139,268          |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***37. Fair value of financial instruments (continued)****(ii) Determination of fair value and fair value hierarchies (continued)**

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***37. Fair value of financial instruments (continued)****(ii) Determination of fair value and fair value hierarchies (continued)**

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***37. Fair value of financial instruments (continued)****(iii) Determination of fair value and fair values hierarchy (continued)****Description of significant unobservable inputs to valuation:**

|                     | Valuation technique   | Significant unobservable inputs | Range (weighted average) | Sensitivity of the input to fair value                                                                                |
|---------------------|-----------------------|---------------------------------|--------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Unquoted securities | Discounted cash flows | Rate of return                  | 1.73% to 12.00%          | 2% increase/(decrease) in the rate of return would result in decrease/(increase) in fair value by \$15,787/(\$13,499) |

**(iv) Transfers between Level 1 and 2**

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

There were no transfers between level 1 and level 2 for the year ended 31 December 2017 (2016: there were no transfers from level 2 to level 1).

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***37. Fair value of financial instruments (continued)****(v) Movements in Level 3 financial instruments**

| <b>P</b>        | <b>Parent</b> |                            | <b>Group</b>    |                 |
|-----------------|---------------|----------------------------|-----------------|-----------------|
| <b>2016</b>     | <b>2017</b>   |                            | <b>2017</b>     | <b>2016</b>     |
| <b>Assets</b>   |               |                            |                 |                 |
| 158,459         | 164,357       | Balance at 1 January       | 230,517         | 191,615         |
| 978             | 4,379         | Gains recognised           | 7,250           | 4,329           |
| 45,252          | —             | Purchases                  | 10,102          | 85,487          |
| 4,098           | (140,590)     | Transfers (out)/in Level 3 | (160,750)       | 36,922          |
| <u>(44,430)</u> | <u>(174)</u>  | Disposal                   | <u>(20,232)</u> | <u>(87,836)</u> |
| <u>164,357</u>  | <u>27,972</u> |                            | <u>66,887</u>   | <u>230,517</u>  |

**38. Risk management****Introduction**

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

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

**Risk management structure**

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

*Board of Directors*

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**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.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on an ongoing basis, and limits on the levels of credit risk that the Group can engage in are approved by the Board of Directors.

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

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

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

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

| <b>Parent</b>    |                  |                                 | <b>Group</b>     |                  |
|------------------|------------------|---------------------------------|------------------|------------------|
| <b>2016</b>      | <b>2017</b>      |                                 | <b>2017</b>      | <b>2016</b>      |
| 286,015          | 267,887          | Cash and short-term funds       | 643,185          | 766,104          |
| —                | —                | Fixed deposits                  | 110,897          | 124,947          |
|                  |                  | Net investment in leased assets |                  |                  |
| 1,056,495        | 1,078,103        | and other instalment loans      | 1,445,858        | 1,427,928        |
| 697,428          | 205,229          | Loans and advances              | 434,920          | 876,251          |
| 545,388          | 813,823          | Investment securities           | 3,203,079        | 2,591,540        |
| 6,666            | 8,138            | Interest receivable             | 33,976           | 29,103           |
| —                | —                | Insurance receivables           | 35,619           | 47,648           |
| —                | —                | Reinsurance assets              | 175,125          | 182,506          |
| <u>2,591,992</u> | <u>2,373,180</u> | <b>Total</b>                    | <u>6,082,659</u> | <u>6,046,027</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***38. Risk management (continued)****Credit risk management (continued)****Maximum exposure to credit risk without taking account of any collateral and other credit enhancements (continued)**

| <b>Parent</b>    |                        | <b>Group</b>     |                  |
|------------------|------------------------|------------------|------------------|
| <b>2016</b>      | <b>2017</b>            | <b>2017</b>      | <b>2016</b>      |
| 2,591,992        | 2,373,180              | <b>Total</b>     |                  |
|                  |                        | 6,082,659        | 6,046,027        |
| <u>6,442</u>     | <u>1,541</u>           | <u>1,541</u>     | <u>6,442</u>     |
|                  | Contingent liabilities |                  |                  |
| <u>2,598,434</u> | <u>2,374,721</u>       | <u>6,084,200</u> | <u>6,052,469</u> |

The main types of collateral obtained are as follows:

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

**Cash and short-term funds and fixed deposits**

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

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

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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An aging analysis of these facilities is as follows:

|               | Current   | In Arrears |            |            |              | Total     |
|---------------|-----------|------------|------------|------------|--------------|-----------|
|               |           | 1-30 days  | 31-60 days | 61-90 days | Over 90 days |           |
| <b>Parent</b> |           |            |            |            |              |           |
| <b>2017</b>   | 944,853   | 59,979     | 22,172     | 13,202     | 37,897       | 1,078,103 |
| <b>2016</b>   | 950,972   | 47,730     | 22,104     | 16,419     | 19,270       | 1,056,495 |
| <b>Group</b>  |           |            |            |            |              |           |
| <b>2017</b>   |           |            |            |            |              |           |
| Net leases    | 1,236,108 | 115,880    | 37,888     | 16,490     | 39,492       | 1,445,858 |
| Mortgages     | 155,814   | 18,254     | 1,629      | —          | —            | 175,697   |
| Policy loans  | 11,067    | —          | —          | —          | —            | 11,067    |
|               | 1,402,989 | 134,134    | 39,517     | 16,490     | 39,492       | 1,632,622 |
| <b>Group</b>  |           |            |            |            |              |           |
| <b>2016</b>   |           |            |            |            |              |           |
| Net leases    | 1,245,374 | 108,281    | 37,696     | 17,338     | 19,239       | 1,427,928 |
| Mortgages     | 95,565    | 14,806     | —          | —          | —            | 110,371   |
| Policy loans  | 11,340    | —          | —          | —          | —            | 11,340    |
|               | 1,352,279 | 123,087    | 37,696     | 17,338     | 19,239       | 1,549,639 |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[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.                                                                                                                                                                                                                                                                                                                                                          |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***38. Risk management (continued)****Other loans and advances (continued)**

|               | <b>High<br/>grade</b> | <b>Standard</b> | <b>Special<br/>monitoring</b> | <b>Sub-<br/>standard</b> | <b>Impaired</b> | <b>Total</b> |
|---------------|-----------------------|-----------------|-------------------------------|--------------------------|-----------------|--------------|
| <b>Parent</b> |                       |                 |                               |                          |                 |              |
| <b>2017</b>   | 126,150               | 53,213          | 20,574                        | 5,160                    | 132             | 205,229      |
| <b>2016</b>   | 379,185               | 316,581         | —                             | 1,662                    | —               | 697,428      |
| <b>Group</b>  |                       |                 |                               |                          |                 |              |
| <b>2017</b>   | 131,377               | 220,095         | 47,630                        | 6,789                    | 29,029          | 434,920      |
| <b>2016</b>   | 387,823               | 423,485         | 23,248                        | 1,662                    | 40,033          | 876,251      |

**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.                                                                                                                                                                                                                                           |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****[Expressed in thousands of Trinidad and Tobago dollars]** *Continued***38. Risk management (continued)****Investment debt securities (continued)**

|                                        | <b>High grade</b> | <b>Standard</b>  | <b>Sub-<br/>standard</b> | <b>Impaired</b> | <b>Total</b>     |
|----------------------------------------|-------------------|------------------|--------------------------|-----------------|------------------|
| <b>Parent</b>                          |                   |                  |                          |                 |                  |
| <b>2017</b>                            |                   |                  |                          |                 |                  |
| Investments designated at FVSI         | 4,243             | 71,704           | —                        | —               | 75,947           |
| Investments measured at amortised cost | 168,711           | 569,165          | —                        | —               | 737,876          |
|                                        | <u>172,954</u>    | <u>640,869</u>   | <u>—</u>                 | <u>—</u>        | <u>813,823</u>   |
| <b>2016</b>                            |                   |                  |                          |                 |                  |
| Investments designated at FVSI         | 3,387             | 49,741           | —                        | —               | 53,128           |
| Investments measured at amortised cost | 162,726           | 270,177          | 59,357                   | —               | 492,260          |
|                                        | <u>166,113</u>    | <u>319,918</u>   | <u>59,357</u>            | <u>—</u>        | <u>545,388</u>   |
| <b>Group</b>                           |                   |                  |                          |                 |                  |
| <b>2017</b>                            |                   |                  |                          |                 |                  |
| Investments designated at FVSI         | 97,248            | 168,028          | —                        | —               | 265,276          |
| Investments measured at amortised cost | 887,230           | 2,050,573        | —                        | —               | 2,937,803        |
|                                        | <u>984,478</u>    | <u>2,218,601</u> | <u>—</u>                 | <u>—</u>        | <u>3,203,079</u> |
| <b>2016</b>                            |                   |                  |                          |                 |                  |
| Investments designated at FVSI         | 88,741            | 185,043          | —                        | —               | 273,784          |
| Investments measured at amortised cost | 900,016           | 1,401,840        | 13,810                   | 2,090           | 2,317,756        |
|                                        | <u>988,757</u>    | <u>1,586,883</u> | <u>13,810</u>            | <u>2,090</u>    | <u>2,591,540</u> |

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FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***38. Risk management (continued)****Insurance receivables**

An aged analysis of insurance receivables is as follows:

|                                    | Up to 45<br>days | 45-90<br>days | Over 90<br>days | Total         |
|------------------------------------|------------------|---------------|-----------------|---------------|
| <b>2017</b>                        |                  |               |                 |               |
| Gross premiums receivable          | 11,856           | 4,993         | 12,257          | 29,106        |
| Provision for premiums receivables | —                | —             | (3,000)         | (3,000)       |
| Gross reinsurance receivables      | <u>506</u>       | <u>92</u>     | <u>8,915</u>    | <u>9,513</u>  |
|                                    | <u>12,362</u>    | <u>5,085</u>  | <u>18,172</u>   | <u>35,619</u> |
| <b>2016</b>                        |                  |               |                 |               |
| Gross premiums receivable          | 12,140           | 3,768         | 13,600          | 29,508        |
| Provision for premiums receivables | —                | —             | (3,000)         | (3,000)       |
| Gross reinsurance receivables      | <u>3,219</u>     | <u>100</u>    | <u>17,821</u>   | <u>21,140</u> |
|                                    | <u>15,359</u>    | <u>3,868</u>  | <u>28,421</u>   | <u>47,648</u> |

**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.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***38. Risk management (continued)****Interest rate risk (continued)**

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

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

The sensitivity of income is the effect of the assumed changes in interest rates on the income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2017 and 2016.

| Change in basis points |       | Sensitivity of income |       |
|------------------------|-------|-----------------------|-------|
|                        |       | 2017                  | 2016  |
| <b>Parent</b>          | + 100 | 950                   | 40    |
|                        | – 100 | (950)                 | (40)  |
| <b>Group</b>           | + 100 | 1,352                 | 584   |
|                        | – 100 | (1,352)               | (584) |

**Currency risk**

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The tables on the following pages indicate the currencies to which the Parent and Group had significant exposure at 31 December 2017 and 2016 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.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***38. Risk management (continued)****Currency risk (continued)**

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

| <b>Parent</b>                                     | <b>USD</b>     | <b>EURO</b> | <b>OTHER</b> | <b>TOTAL</b>   |
|---------------------------------------------------|----------------|-------------|--------------|----------------|
| <b>2017</b>                                       |                |             |              |                |
| Cash and short-term funds                         | 131,799        | 298         | 6,625        | 138,722        |
| Loans and advances                                | 67,463         | –           | –            | 67,463         |
| Investment securities                             | 721,173        | –           | –            | 721,173        |
| Interest receivable                               | 6,443          | –           | –            | 6,443          |
| Other debtors and prepayments                     | 2,595          | –           | 488          | 3,083          |
| <b>Total financial assets</b>                     | <b>929,473</b> | <b>298</b>  | <b>7,113</b> | <b>936,884</b> |
| Customers' deposits and other funding instruments | 337,685        | –           | –            | 337,685        |
| Debt securities                                   | 304,324        | –           | –            | 304,324        |
| <b>Total financial liabilities</b>                | <b>642,009</b> | <b>–</b>    | <b>–</b>     | <b>642,009</b> |
| <b>Net currency risk exposure</b>                 | <b>287,464</b> | <b>298</b>  | <b>7,113</b> | <b>294,875</b> |
| Reasonably possible change in currency rate       | 5%             | 5%          | 5%           | 5%             |
| <b>Effect on profit before tax</b>                | <b>14,373</b>  | <b>15</b>   | <b>356</b>   | <b>14,744</b>  |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***38. Risk management (continued)****Currency risk (continued)**

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***38. Risk management (continued)****Currency risk (continued)****Group**

| <b>2017</b>                                                      | <b>USD</b>       | <b>BDS</b>     | <b>EURO</b> | <b>OTHER</b>  | <b>TOTAL</b>     |
|------------------------------------------------------------------|------------------|----------------|-------------|---------------|------------------|
| Cash and short-term funds                                        | 204,380          | 98,475         | 341         | 9,245         | 312,441          |
| Fixed deposits                                                   | —                | 13,804         | —           | 4,111         | 17,915           |
| Net investment in leased<br>assets and other<br>instalment loans | —                | 369,111        | —           | —             | 369,111          |
| Loans and advances                                               | 67,463           | 45,623         | —           | —             | 113,086          |
| Investment securities                                            | 2,005,183        | 86,931         | —           | 987           | 2,093,101        |
| Interest receivable                                              | 16,268           | 1,451          | —           | 27            | 17,746           |
| Insurance receivables                                            | 3,965            | 7,378          | —           | —             | 11,343           |
| Other debtors and<br>prepayments                                 | 3,098            | 8,217          | 1           | 488           | 11,804           |
| Reinsurance assets                                               | —                | 36,206         | —           | —             | 36,206           |
| <b>Total financial assets</b>                                    | <b>2,300,357</b> | <b>667,196</b> | <b>342</b>  | <b>14,858</b> | <b>2,982,753</b> |
| Customers' deposits and other<br>funding instruments             | 337,685          | —              | —           | —             | 337,685          |
| Debt securities                                                  | 498,491          | 515,083        | —           | —             | 1,013,574        |
| <b>Total financial liabilities</b>                               | <b>836,176</b>   | <b>515,083</b> | <b>—</b>    | <b>—</b>      | <b>1,351,259</b> |
| <b>Net currency risk<br/>exposure</b>                            | <b>1,464,181</b> | <b>152,113</b> | <b>342</b>  | <b>14,858</b> | <b>1,631,494</b> |
| Reasonably possible change in<br>currency rate                   | 5%               | 5%             | 5%          | 5%            | 5%               |
| <b>Effect on profit before tax</b>                               | <b>73,209</b>    | <b>7,606</b>   | <b>17</b>   | <b>743</b>    | <b>81,575</b>    |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***38. Risk management (continued)****Currency risk (continued)****Group**

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

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***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 tables below summarise the maturity profile of the Parent's and Group's financial liabilities as at 31 December 2017 and 2016, based on contractual repayment obligations, over the remaining life of those liabilities.

| <b>Parent</b>                 | <b>Up to one<br/>year</b> | <b>One to<br/>five years</b> | <b>Over five<br/>years</b> | <b>Total</b>     |
|-------------------------------|---------------------------|------------------------------|----------------------------|------------------|
| <b>2017</b>                   |                           |                              |                            |                  |
| Customers' deposits and other |                           |                              |                            |                  |
| funding instruments           | 811,004                   | 138,465                      | —                          | 949,469          |
| Debt securities in issue      | 101,441                   | 802,883                      | —                          | 904,324          |
| Interest payable              | 11,989                    | 5,417                        | —                          | 17,406           |
|                               | <u>924,434</u>            | <u>946,765</u>               | <u>—</u>                   | <u>1,871,199</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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| <b>Parent</b>                                        | <b>Up to one<br/>year</b> | <b>One to<br/>five years</b> | <b>Over five<br/>years</b> | <b>Total</b>     |
|------------------------------------------------------|---------------------------|------------------------------|----------------------------|------------------|
| <b>2016</b>                                          |                           |                              |                            |                  |
| Customers' deposits and other<br>funding instruments | 840,010                   | 275,546                      | 10,000                     | 1,125,556        |
| Debt securities in issue                             | 33,589                    | 370,741                      | 600,000                    | 1,004,330        |
| Interest payable                                     | 11,035                    | 6,546                        | 2,317                      | 19,898           |
|                                                      | <u>884,634</u>            | <u>652,833</u>               | <u>612,317</u>             | <u>2,149,784</u> |
| <b>Group</b>                                         |                           |                              |                            |                  |
| <b>2017</b>                                          |                           |                              |                            |                  |
| Customers' deposits and other<br>funding instruments | 1,778,204                 | 350,092                      | —                          | 2,128,296        |
| Debt securities in issue                             | 101,441                   | 802,883                      | —                          | 904,324          |
| Interest payable                                     | 14,317                    | 7,507                        | —                          | 21,824           |
| Investment contracts                                 | 234,503                   | —                            | —                          | 234,503          |
|                                                      | <u>2,128,465</u>          | <u>1,160,482</u>             | <u>—</u>                   | <u>3,288,947</u> |
| <b>2016</b>                                          |                           |                              |                            |                  |
| Customers' deposits and other<br>funding instruments | 1,795,280                 | 509,961                      | —                          | 2,305,241        |
| Debt securities in issue                             | 33,589                    | 370,741                      | 600,000                    | 1,004,330        |
| Interest payable                                     | 15,553                    | 8,498                        | 1,970                      | 26,021           |
| Investment contracts                                 | 224,936                   | —                            | —                          | 224,936          |
|                                                      | <u>2,069,358</u>          | <u>889,200</u>               | <u>601,970</u>             | <u>3,560,528</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
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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 2017 and 2016 due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

| Market indices | Change in equity price<br>% | Effect on income |             |
|----------------|-----------------------------|------------------|-------------|
|                |                             | 2017<br>+/-      | 2016<br>+/- |
| <b>Parent</b>  |                             |                  |             |
| TTSE           | +/- 3                       | 253              | 403         |
| S&P 500        | +/- 8                       | 1,685            | 3,313       |
| <b>Group</b>   |                             |                  |             |
| TTSE           | +/- 3                       | 12,711           | 12,581      |
| S&P 500        | +/- 8                       | 15,445           | 21,390      |

**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.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

[Expressed in thousands of Trinidad and Tobago dollars] *Continued*

**39. Capital management (continued)**

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

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

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

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

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

For 2017 and 2016, 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.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****[Expressed in thousands of Trinidad and Tobago dollars] Continued****40. Maturity analysis of assets and liabilities**

The tables below show an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled based on contractual undiscounted cash flows.

| <b>Parent</b>                                                 | <b>2017</b>                    |                           |                  | <b>2016</b>                    |                           |                  |
|---------------------------------------------------------------|--------------------------------|---------------------------|------------------|--------------------------------|---------------------------|------------------|
|                                                               | <b>Less than<br/>12 months</b> | <b>Over<br/>12 months</b> | <b>Total</b>     | <b>Less than<br/>12 months</b> | <b>Over<br/>12 months</b> | <b>Total</b>     |
| <b>Assets</b>                                                 |                                |                           |                  |                                |                           |                  |
| Cash and short-term funds                                     | 267,887                        | –                         | 267,887          | 286,015                        | –                         | 286,015          |
| Net investment in leased assets and other<br>instalment loans | 61,555                         | 1,016,548                 | 1,078,103        | 85,155                         | 971,340                   | 1,056,495        |
| Loans and advances                                            | 110,219                        | 95,010                    | 205,229          | 570,147                        | 127,281                   | 697,428          |
| Investment securities                                         | 215,138                        | 645,119                   | 860,257          | 105,965                        | 494,250                   | 600,215          |
| Interest receivable                                           | 8,138                          | –                         | 8,138            | 6,666                          | –                         | 6,666            |
| Other debtors and prepayments                                 | 20,027                         | –                         | 20,027           | 51,871                         | –                         | 51,871           |
| Taxation recoverable                                          | 1,219                          | –                         | 1,219            | 1,219                          | –                         | 1,219            |
| Investment in subsidiaries                                    | –                              | 810,320                   | 810,320          | –                              | 810,320                   | 810,320          |
| Property and equipment                                        | –                              | 1,242                     | 1,242            | –                              | 1,351                     | 1,351            |
| Deferred tax asset                                            | –                              | 17,675                    | 17,675           | –                              | 20,179                    | 20,179           |
| Intangible assets                                             | –                              | 12,288                    | 12,288           | –                              | –                         | –                |
| Employee benefit asset                                        | –                              | 8,354                     | 8,354            | –                              | 9,374                     | 9,374            |
| <b>Total assets</b>                                           | <b>684,183</b>                 | <b>2,606,556</b>          | <b>3,290,739</b> | <b>1,107,038</b>               | <b>2,434,095</b>          | <b>3,541,133</b> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****(Expressed in thousands of Trinidad and Tobago dollars)** *Continued***40. Maturity analysis of assets and liabilities (continued)**

| <b>Parent</b>                                     | <b>2017</b>                    |                           |                  | <b>2016</b>                    |                           |                  |
|---------------------------------------------------|--------------------------------|---------------------------|------------------|--------------------------------|---------------------------|------------------|
|                                                   | <b>Less than<br/>12 months</b> | <b>Over<br/>12 months</b> | <b>Total</b>     | <b>Less than<br/>12 months</b> | <b>Over<br/>12 months</b> | <b>Total</b>     |
| <b>Liabilities</b>                                |                                |                           |                  |                                |                           |                  |
| Customers' deposits and other funding instruments | 817,004                        | 132,465                   | 949,469          | 840,010                        | 285,546                   | 1,125,556        |
| Bank overdraft                                    | —                              | —                         | —                | —                              | —                         | —                |
| Accrued interest and other payables               | 55,498                         | —                         | 55,498           | 71,323                         | —                         | 71,323           |
| Debt securities in issue                          | 101,441                        | 802,883                   | 904,324          | 33,589                         | 970,741                   | 1,004,330        |
| Taxation payable                                  | 9,235                          | —                         | 9,235            | 8,884                          | —                         | 8,884            |
| Deferred tax liability                            | —                              | 5,312                     | 5,312            | —                              | 4,339                     | 4,339            |
| Employee benefit obligation                       | —                              | 483                       | 483              | —                              | 385                       | 385              |
| <b>Total liabilities</b>                          | <b>983,178</b>                 | <b>941,143</b>            | <b>1,924,321</b> | <b>953,806</b>                 | <b>1,261,011</b>          | <b>2,214,817</b> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***40. Maturity analysis of assets and liabilities (continued)**

| Group                                                         | 2017                   |                   |                  | 2016                   |                   |                  |
|---------------------------------------------------------------|------------------------|-------------------|------------------|------------------------|-------------------|------------------|
|                                                               | Less than<br>12 months | Over<br>12 months | Total            | Less than<br>12 months | Over<br>12 months | Total            |
| <b>Assets</b>                                                 |                        |                   |                  |                        |                   |                  |
| Cash and short-term funds                                     | 643,185                | –                 | 643,185          | 766,104                | –                 | 766,104          |
| Fixed deposits                                                | 110,897                | –                 | 110,897          | 124,947                | –                 | 124,947          |
| Net investment in leased assets and other<br>instalment loans | 73,200                 | 1,372,658         | 1,445,858        | 98,207                 | 1,329,721         | 1,427,928        |
| Loans and advances                                            | 135,138                | 299,782           | 434,920          | 581,730                | 294,521           | 876,251          |
| Investment securities                                         | 861,636                | 2,932,274         | 3,793,910        | 870,122                | 2,412,620         | 3,282,742        |
| Interest receivable                                           | 33,976                 | –                 | 33,976           | 29,103                 | –                 | 29,103           |
| Insurance receivables                                         | 35,619                 | –                 | 35,619           | 47,648                 | –                 | 47,648           |
| Other debtors and prepayments                                 | 32,400                 | –                 | 32,400           | 57,586                 | –                 | 57,586           |
| Reinsurance assets                                            | 155,283                | 19,842            | 175,125          | 165,150                | 17,356            | 182,506          |
| Taxation recoverable                                          | 2,435                  | –                 | 2,435            | 2,417                  | –                 | 2,417            |
| Investment properties                                         | –                      | 139,268           | 139,268          | –                      | 139,268           | 139,268          |
| Property and equipment                                        | –                      | 184,054           | 184,054          | –                      | 182,798           | 182,798          |
| Intangible assets                                             | –                      | 153,417           | 153,417          | –                      | 136,361           | 136,361          |
| Deferred tax asset                                            | –                      | 21,782            | 21,782           | –                      | 24,374            | 24,374           |
| Employee benefit asset                                        | –                      | 128,775           | 128,775          | –                      | 129,089           | 129,089          |
| <b>Total assets</b>                                           | <u>2,083,769</u>       | <u>5,251,852</u>  | <u>7,335,621</u> | <u>2,743,014</u>       | <u>4,666,108</u>  | <u>7,409,122</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****(Expressed in thousands of Trinidad and Tobago dollars) Continued****40. Maturity analysis of assets and liabilities (continued)**

| Group                                             | 2017                   |                   |                  | 2016                   |                   |                  |
|---------------------------------------------------|------------------------|-------------------|------------------|------------------------|-------------------|------------------|
|                                                   | Less than<br>12 months | Over<br>12 months | Total            | Less than<br>12 months | Over<br>12 months | Total            |
| <b>Liabilities</b>                                |                        |                   |                  |                        |                   |                  |
| Customers' deposits and other funding instruments | 1,778,204              | 350,092           | 2,128,296        | 1,795,279              | 509,962           | 2,305,241        |
| Debt securities in issue                          | 101,441                | 802,883           | 904,324          | 33,589                 | 970,741           | 1,004,330        |
| Bank overdraft                                    | —                      | —                 | —                | —                      | —                 | —                |
| Accrued interest and other payables               | 128,886                | —                 | 128,886          | 139,719                | —                 | 139,719          |
| Taxation payable                                  | 14,412                 | —                 | 14,412           | 14,597                 | —                 | 14,597           |
| Deferred tax liability                            | —                      | 155,688           | 155,688          | —                      | 149,118           | 149,118          |
| Employee benefit obligation                       | —                      | 5,582             | 5,582            | —                      | 4,525             | 4,525            |
| Investment contract liabilities                   | 234,503                | —                 | 234,503          | 224,936                | —                 | 224,936          |
| Insurance contract liabilities                    | 366,878                | 1,074,882         | 1,441,760        | 384,421                | 980,071           | 1,364,492        |
| <b>Total liabilities</b>                          | <u>2,624,324</u>       | <u>2,389,127</u>  | <u>5,013,451</u> | <u>2,592,541</u>       | <u>2,614,417</u>  | <u>5,206,958</u> |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***41. Business combination**

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

During 2017, AMBL carried out an update to the fair valuing exercise performed at acquisition in which revised fair values were computed as at 3 October 2016.

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

|                                 | <b>Fair value of assets acquired<br/>and liabilities assumed on 3<br/>October 2016 (revised)</b> | <b>Provisional Fair value of<br/>assets acquired and<br/>liabilities assumed on 3<br/>October 2016</b> |
|---------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Net leases and loans receivable | 435,624                                                                                          | 432,893                                                                                                |
| Operating lease vehicles        | 144,777                                                                                          | 145,280                                                                                                |
| Investments                     | 110,765                                                                                          | 110,951                                                                                                |
| Other non-current assets        | 14,607                                                                                           | 14,010                                                                                                 |
| Current assets including cash   | 91,698                                                                                           | 101,313                                                                                                |
| Total assets                    | <u>797,471</u>                                                                                   | <u>804,447</u>                                                                                         |
| Customers' deposits             | 563,696                                                                                          | 570,951                                                                                                |
| Non-current liabilities         | 25,406                                                                                           | 25,905                                                                                                 |
| Current liabilities             | 28,497                                                                                           | 32,370                                                                                                 |
| Total liabilities               | <u>617,599</u>                                                                                   | <u>629,226</u>                                                                                         |
| Net assets                      | <u>179,872</u>                                                                                   | <u>175,221</u>                                                                                         |

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***41. Business combination (continued)**

|                                          | <b>Fair value of assets acquired<br/>and liabilities assumed on 3<br/>October 2016 (revised)</b> | <b>Provisional Fair value of<br/>assets acquired and<br/>liabilities assumed on 3<br/>October 2016</b> |
|------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Fair value of net assets acquired        | 179,872                                                                                          | 175,221                                                                                                |
| Fair value of consideration              | <u>177,221</u>                                                                                   | <u>177,820</u>                                                                                         |
| (Bargain purchase)/Purchased<br>goodwill | <u>(2,651)</u>                                                                                   | <u>2,599</u>                                                                                           |

The fair value exercise conducted gave rise to a bargain purchase on acquisition and an adjustment of goodwill previously recognised on acquisition

**Analysis of cash flow on acquisition**

Consideration paid for business combination

Represented by:

|                                        |                |
|----------------------------------------|----------------|
| Cash transferred                       | 77,053         |
| Short and medium-term promissory notes | <u>100,767</u> |
|                                        | <u>177,820</u> |

|                                      |               |
|--------------------------------------|---------------|
| Cash transferred in the transaction  | 77,053        |
| Cash included in net assets acquired | <u>32,587</u> |

**Net cash outflow on business transfer** (44,467)

Debt securities as described above consists of promissory notes payable in three tranches of TT\$33.6 million each which were repaid on 23 June 2017.

From the date of acquisition, the acquiree contributed \$99.3 million to revenue and \$9.7 million to the net profit of the Group for the year ended 31 December 2017.

**ANSA MERCHANT BANK LIMITED****NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**[Expressed in thousands of Trinidad and Tobago dollars] *Continued***42. Capital commitments**

| <b>Parent</b> |             |                     | <b>Group</b> |             |
|---------------|-------------|---------------------|--------------|-------------|
| <b>2016</b>   | <b>2017</b> |                     | <b>2017</b>  | <b>2016</b> |
| 30,356        | 13,354      | Capital expenditure | 47,217       | 54,186      |

**43. Contingent liabilities**

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

| <b>Parent</b> |             |  | <b>Group</b> |             |
|---------------|-------------|--|--------------|-------------|
| <b>2016</b>   | <b>2017</b> |  | <b>2017</b>  | <b>2016</b> |
| 6,442         | 1,541       |  | 1,541        | 6,442       |

**44. Dividends**

|                                                                          |                |               |
|--------------------------------------------------------------------------|----------------|---------------|
| Dividends paid are analysed as follows:                                  | <b>2017</b>    | <b>2016</b>   |
| Final dividend for 2016 – \$1.00 per share (2015: \$0.85 per share)      | 85,604         | 72,764        |
| Interim dividend for 2017 – \$0.20 per share<br>(2016: \$0.20 per share) | <u>17,122</u>  | <u>17,122</u> |
|                                                                          | <u>102,726</u> | <u>89,886</u> |

On 19 March 2018, the Board of Directors declared a final dividend of \$1.00 (2016: \$1.00) per share for the year ended 31 December 2017. This dividend amounting to \$85,605,000 (2016: \$85,605,000) is not recorded as a liability in the statement of financial position as at 31 December 2017.

**45. Events after the reporting period**

There were no material events after the statement of financial position date of 31 December 2017 which required recording or disclosure in the financial statements of the Bank or its subsidiaries as at 19 March 2018.

# 2011

"Many public companies have cast their results on a backdrop of sluggish and difficult economic conditions. However, our results show that we have been able to find opportunities for growth and we are satisfied with our results which continue to grow"

*2011 Chairman's Report*  
**Dr. Anthony N. Sabga**







# 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 Mr. A. Norman 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 23, 2018 and at any adjournment thereof.

Dated this ..... day of ..... 2018.

Signed .....

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

1. To receive the Directors' Report and Financial Statements.

2. To elect the following Directors in place of those retiring:

FOR AGAINST

Mr. A. Norman Sabga  
Mr. Ray A. Sumairsingh  
Mr. Larry Howai  
Mr. Anton Gopaulsingh  
Mr. Timothy Hamel-Smith  
Mr. Jeremy Matouk  
Mr. Nicholas W.S. Owen

|  |  |
|--|--|
|  |  |
|  |  |
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|  |  |
|  |  |
|  |  |
|  |  |

3. To elect Mr. M. Musa Ibrahim to the Board.

4. To appoint Auditors and to authorize the Directors to fix their remuneration.

### NOTES:

- 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.
- Any alteration made to this Form of Proxy should be initialed.
- 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 authorized in writing.
- 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.

# 2013

"In 2013 a very strong consolidated performance was delivered across all business lines in ANSA Merchant Bank and its insurance subsidiaries with substantial improvements in profitability and robust balance sheet growth evident over the prior year"

*2013 Chairman's Report*  
**Dr. Anthony N. Sabga**





