INTERCOMMERCIAL TRUST & MERCHANT BANK LIMITED
A MEMBER OF THE JMMB GROUP

FINANCIAL STATEMENTS MARCH 31, 2016
INTERCOMMERCIAL TRUST AND MERCHANT BANK LIMITED

INTERCOMMERCIAL TRUST AND MERCHANT BANK LIMITED

Management Statement of Responsibilities

The Financial Institutions Act, 2008 (FIA 2008) requires that management acknowledge responsibility for the preparation of the financial statements annually which provide a true and fair view of the state of affairs of Intercommercial Trust and Merchant Bank Limited ('ITMBL') at the end of the financial period and its operating results for that period. It also requires management to establish and maintain an adequate internal control structure and procedures for financial reporting, safeguarding the assets of ITMBL as well as ensuring compliance with the FIA 2008.

Management is responsible for ensuring that the financial statements presented are a true and fair presentation of the state of affairs of ITMBL as at and for the year ended March 31, 2016 and this includes ensuring that the systems and information from which the financial statements are derived are properly designed and monitored in a manner which would allow accurate information to be provided. In addition, management is responsible for ensuring that the information presented is free from material misstatement whether due to fraud or error.

Management accepts responsibility for the annual financial statements as well as the responsibility for maintaining accounting records and internal controls which may be relied upon in the preparation of these statements. The financial statements of ITMBL for the year ended March 31, 2016 are prepared in accordance with International Financial Reporting Standards and the appropriate accounting policies supported by reasonable judgements and estimates of management have been established and applied in a manner which gives a true and fair view of ITMBL's financial affairs and operating results.

It is noteworthy to mention that nothing has come to the attention of management to indicate that ITMBL will not remain as a going concern for the next twelve months from the date of this statement.

Chief Executive Officer — Chief Financial Officer

May 13 2016 — May 13 2016

Date — Date

Independent Auditors' Report to the Shareholders of Intercommercial Trust and Merchant Bank Limited

We have audited the accompanying financial statements of Intercommercial Trust and Merchant Bank Limited ('ITMBL'), which comprise the statement of financial position as at March 31, 2016, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Independent Auditors' Report to the Shareholders of Intercommercial Trust and Merchant Bank Limited (cont'd)

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ITMBL as at March 31, 2016 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants

May 13, 2016
Port of Spain
Trinidad and Tobago

Statement of Financial Position

March 31, 2016

	Notes	2016	2015
		$'000	$'000
ASSETS			
Cash at bank – deposited with parent		18,750	1,410
Balances with Central Bank		5,174	15,174
Loans and advances	6	18,341	22,850
Investment securities	7	7,967	20,693
Other assets, prepayments and accrued income	8	155	198
Deferred tax assets	9	168	95
Corporation tax recoverable		190	263
Property, plant and equipment	10	139	167
TOTAL ASSETS		50,884	60,850

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

Statement of Financial Position (cont'd)
March 31, 2016

	Notes	2016	2015
		$'000	$'000
LIABILITIES			
Customer deposits	11	25,612	35,869
Amounts due to parent		911	873
Other liabilities and accruals	12	553	731
TOTAL LIABILITIES		27,076	37,473
EQUITY			
Stated capital	13	15,000	15,000
Retained earnings		6,507	6,113
Statutory reserve fund		1,967	1,923
Investment revaluation reserve		(200)	(193)
General loss reserve		534	534
TOTAL EQUITY		23,808	23,377
TOTAL LIABILITIES AND EQUITY		50,884	60,850

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

Director

Winston A. Millett Director

Statement of Comprehensive Income
Year ended March 31, 2016

	Notes	2016	2015
		$'000	$'000
Interest income	14	1,858	2,193
Interest expense	15	(296)	(479)
NET INTEREST INCOME		1,562	1,714
OTHER INCOME			
Loss on fair value of investments, net		(290)	(95)
Fees and commissions		59	65
Foreign exchange (loss) gain		(2)	1
Dividends		26	22
		(207)	(7)
OPERATING INCOME		1,355	1,707
Operating expenses	16	798	847
PROFIT BEFORE TAXATION		557	860
Taxation	17	(119)	(213)
Profit for the year attributable to equity holder		438	647
Items that may be reclassified to profit or loss			
Revaluation adjustment on available-for-sale investments		(7)	(28)
Total comprehensive income for year attributable to equity holder		431	619

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

Statement of Changes in Equity
Year ended March 31, 2016

	Stated Capital	Retained Earnings	Statutory Reserve Fund	General Loss Reserve	Investment Revaluation Reserve	Total Equity
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at March 31, 2014	15,000	5,530	1,859	534	(165)	22,758
Revaluation adjustment on available for sale investments	-	-	-	-	(28)	(28)
Profit for the year	-	647	-	-	-	647
Total comprehensive income for the year	-	647	-	-	(28)	619
Transactions with equity holder						
Transfer (from) to statutory reserve fund	-	(64)	64	-	-	-
Total transactions with equity holder	-	(64)	64	-	-	-
Balance as at March 31, 2015	15,000	6,113	1,923	534	(193)	23,377
Revaluation adjustment on available for sale investments	-	-	-	-	(7)	(7)
Profit for the year	-	438	-	-	-	438
Total comprehensive income for the year	-	438	-	-	(7)	431
Transactions with equity holder						
Transfer (from) to statutory reserve fund	-	(44)	44	-	-	-
Total transactions with equity holder	-	(44)	44	-	-	-
Balance as at March 31, 2016	15,000	6,507	1,967	534	(200)	23,808

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

Statement of Cash Flows
Year ended March 31, 2016

	2016	2015
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	557	860
Adjusted for:		
Depreciation	28	33
Unrealised loss on fair value of investments	290	95
	875	988
Change in reserves with Central Bank	10,000	(11,100)
Change in loans and advances	4,509	1,787
Change in other assets, prepayments and accrued income	44	322
Change in customer deposits and repurchase agreements	(10,258)	(3,729)
Change in amounts due to parent company	38	(18,590)
Change in amounts due from parent company	-	3,583
Change in other liabilities and accruals	(178)	400
Taxes paid	(117)	(234)
Net cash from (used in) operating activities	4,913	(26,573)

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

Statement of Cash Flows (cont'd)
Year ended March 31, 2016

	2016	2015
	$'000	$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/maturity of investments	12,711	3,063
Purchase of investments	(284)	(347)
Net cash from investing activities	12,427	2,716
Net movement in cash and cash equivalents	17,340	(23,857)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,410	25,267
CASH AND CASH EQUIVALENTS AT END OF YEAR	18,750	1,410
CASH AND CASH EQUIVALENTS REPRESENTED BY:		
Cash deposited with parent	18,750	1,410
Supplemental information:		
Interest received during the year	1,897	1,770
Interest paid during the year	507	294

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

Notes to Financial Statements
March 31, 2016

1. Incorporation and Principal Activity

Intercommercial Trust and Merchant Bank Limited (ITMBL) was incorporated in the Republic of Trinidad and Tobago in January 2001 and commenced operations in October 2001. ITMBL is a wholly owned subsidiary of Intercommercial Bank Limited (the Bank). Intercommercial Bank Limited is a wholly owned subsidiary of Jamaica Money Market Brokers (Trinidad and Tobago) Limited which is itself a wholly owned subsidiary of Jamaica Money Market Brokers Limited, a company domiciled in Jamaica.

As a licensed trust company, merchant bank and finance house/finance company, it operates under a licence from the Financial Institutions Act, 2008. Its principal activities include providing medium and long term finance, mortgages, accepting medium and long term fixed deposits from the public, invoice financing, trade and inventory financing, investment services, leasing, project financing and arranging and underwriting issues of marketable securities. Its registered office is situated at 77 Independence Square South, Port of Spain. The ultimate parent of ITMBL is Jamaica Money Market Brokers Limited.

These financial statements were authorised for issue by the Board of Directors on May 13, 2016.

2. Basis of Preparation

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss and available-for-sale financial assets which are measured at fair value.

(c) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Trinidad and Tobago dollars, which is ITMBL's functional and presentation currency, unless otherwise stated. All amounts are rounded to the nearest thousand, unless otherwise indicated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and

Notes to Financial Statements (cont'd)
March 31, 2016

2. Basis of Preparation (cont'd)

(d) Use of estimates and judgements *(cont'd)*

associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 4.

3. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Foreign currency

Transactions in foreign currencies are initially recorded at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at the rate of exchange ruling on the reporting date. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(b) Financial assets and liabilities

ITMBL's financial assets and financial liabilities are recognised in the statement of financial position when it becomes party to contractual obligations of the instrument.

ITMBL derecognises its financial assets when it loses control of the contractual rights that comprise the financial assets. ITMBL loses such control if it realises rights to benefits specified in the contract, the rights expire, or the Bank surrenders those rights. Financial liabilities are derecognised only when the obligation is discharged, cancelled or expired.

(c) Cash and cash equivalents

Cash and equivalents include notes and coins on hand, balances held with Central Bank and other financial institutions, which are highly liquid financial assets with less than 90 days to maturity from the date of acquisition, are subject to insignificant risk of changes in their fair value, and are used by ITMBL in the management of its short-term commitments.

(d) Impairment

The carrying amounts of ITMBL's assets, other than deferred tax assets (see accounting policy (p)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy (d)(i)) and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that had been recognised in reserves is recognised in the statement of comprehensive income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income.

(i) Calculation of recoverable amount

The recoverable amount of ITMBL's loans and advances is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets).

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows,

3. Significant Accounting Policies (cont'd)

(d) Impairment *(cont'd)*

(i) Calculation of recoverable amount (cont'd)

the recoverable amount is determined for the cash-generating unit to which the asset belongs. Receivables with a short duration are not discounted.

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the statement of comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss shall be reversed, with the amount of the reversal recognised in the statement of comprehensive income.

(e) Loans and advances

Loans and advances are financial assets with fixed or determinable payments and are not quoted in an active market. Such assets are classified as loans and are stated at amortised cost, net of any provisions for credit losses using the effective interest method.

A loan is classified as impaired when there is objective evidence that ITMBL will not be able to collect all amounts due according to the original contractual terms of the loan.

Objective evidence of impairment includes observable data that comes to the attention of ITMBL such as:

- Delinquency in contractual payments of principal or interest
- Cashflow difficulties experienced by the borrower
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Deterioration of the value of collateral
- Downgrading below investment grade.

If there is objective evidence that an impairment loss on loans has been incurred, the amount of the allowance for impairment is measured as the difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans. Interest on loans over 90 days past due is no longer accrued and taken into income on an ongoing basis because there is doubt as to the recoverability of the balances.

The allowance which is made during the year, less amounts released and recoveries of bad debts previously written off, is charged against the statement of comprehensive income. When a loan is deemed uncollectible, it is written off against the related allowance for losses.

Where possible the Bank seeks to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and the arrangement of new loan conditions. Once the terms have been restructured, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all conditions are met and future payments are likely to occur.

(f) Investment securities

All purchases and sales of investment securities that require delivery within the time frame established by regulation or market convention are recognised at trade date.

(i) At fair value through profit or loss

Securities at fair value through profit or loss are trading securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. Trading securities are initially recognised at cost and subsequently re-measured at fair value based on quoted bid prices at reporting date. Where the instrument is not actively traded or quoted on recognized exchanges, fair value is determined using discounted cash flow analysis. Where discounted cashflow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and conditions.

Notes to Financial Statements (cont'd)
March 31, 2016

3. Significant Accounting Policies (cont'd)

(f) Investment securities *(cont'd)*

(i) At fair value through profit or loss (cont'd)

All related realised and unrealised gains and losses are included in other income. Interest earned whilst holding trading securities is reported as interest income.

(ii) Available-for-sale

Available-for-sale assets are financial assets that are not financial assets at fair value through profit or loss, loans by ITMBL or held to maturity. These are initially measured at cost.

After initial recognition, investments which are classified as "available-for-sale" are measured at fair value in the same manner described above, with unrealised gains or losses on revaluation recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative loss or gain previously reported in the unrealised investment reserve is included in the statement of comprehensive income.

Any available-for-sale asset that does not have a quoted market price in an active market and where fair value cannot be reliably measured is stated at cost less impairment losses.

(iii) Held-to-maturity

Held-to-maturity assets are other investments which ITMBL's management has the positive intentions and ability to hold to maturity. These investments are carried at amortised cost less impairment losses. Amortised cost is calculated on the effective interest method.

(g) Related parties

(a) Definition of related parties

A party is related to ITMBL, if:

(i) directly, or indirectly through one or more intermediaries, the party:

a) is controlled by, or is under common control with, ITMBL (this includes parents, subsidiaries and fellow subsidiaries);

b) has a direct or indirect interest in ITMBL that gives it significant influence; or

c) has joint control over ITMBL;

(ii) the party is an associate of ITMBL;

(iii) the party is a joint venture in which the company is a venturer;

(iv) the party is a member of the key management personnel of ITMBL or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of ITMBL, or of any entity that is a related party of the company.

(b) Identity of, and transactions and balances with, related parties

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

ITMBL has a related party relationship with its directors and key management personnel, representing certain senior officers of the company, its parent company and all their affiliates.

A number of banking transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and conditions at market rates, except loans to officers (see Note 5).

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to ITMBL and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

3. Significant Accounting Policies (cont'd)

(h) Property, plant and equipment *(cont'd)*

Depreciation on furniture and equipment, which consist of computer hardware, machinery and office equipment, is provided on the reducing balance method at various rates sufficient to write off the assets over their estimated useful lives. Depreciation on leasehold improvements is computed using the straight-line method over the life of the lease, or if shorter, the useful life of the asset.

The rates used are as follows:

Furniture and equipment 10% – 33⅓%

The assets residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with their carrying amount and are taken into account in determining operating profit.

(i) Customer deposits and repurchase agreements

Deposits and repurchase agreements are ITMBL's sources of debt funding. They are classified in accordance with their contractual terms, typically financial liabilities. A repurchase agreement is entered into when ITMBL sells a financial asset and simultaneously enters into a "repo" agreement to repurchase the asset at a fixed price on a future date and the underlying asset continues to be recognised in ITMBL financial statements. These debt funding instruments are initially measured at fair value and subsequently re-measured at their amortised cost using the effective interest method.

(j) Provisions

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

(k) Reserve requirements

In accordance with the provisions of the Financial Institutions Act, 2008, ITMBL is required to hold and maintain with the Central Bank of Trinidad and Tobago a cash reserve balance equivalent to 9% of total prescribed liabilities.

(l) Statutory reserve fund

In accordance with the Financial Institutions Act, 2008, ITMBL is required to transfer at the end of each financial year no less than 10% of its net income after tax to a statutory reserve fund, until the amount standing to the credit of the statutory reserve fund is not less than its paid-up capital.

(m) Revenue recognition

i. Interest income and expense

Interest income and expense are recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investment and trading securities as well as accrued discount and premium on treasury bills and other instruments. Interest income is suspended when loans are overdue and considered non-performing.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, ITMBL estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

ii. Fee and commission income

Unless included in the effective interest calculation, fees and commissions are recognised on an accrual basis as the service is provided. Commissions and fees not integral to the effective interest arising from negotiating or participating in negotiation of a transaction for a third party are recognised on the completion of the underlying transaction.

Notes to Financial Statements (cont'd)
March 31, 2016

3. Significant Accounting Policies (cont'd)

(m) Revenue recognition *(cont'd)*

iii. Dividends

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are reflected as a component of net trading income, net income on other financial instruments at fair value or other operating income based on the underlying classification of the equity instrument.

(n) Accounting for leases – where ITMBL is the lessee

Leases entered into by ITMBL are all operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

When the operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

(o) Employee benefits

(i) Short term

Employee benefits are all forms of consideration given by ITMBL in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, National Insurance Scheme contributions, annual leave, and non-monetary benefits such as medical care and loans; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. Post-employment benefits are accounted for as described below.

(ii) Post employment

The parent company operates a two tiered defined contribution plan with Guardian Life of the Caribbean Limited that is in compliance with the provisions of the Income Tax Act of Trinidad & Tobago Section 134(6). Under the terms of employment the Group is obligated to contribute on behalf of all eligible employees an amount of 10% of the employees' pensionable salary directly to the Company's plan.

In addition, all eligible employees contribute an amount of 5% of their pensionable salary to individual annuities.

ITMBL's contributions to the respective annuities are charged to the statement of comprehensive income in the year to which they relate. For the current financial period to March 31, 2016, ITMBL's contribution expense in relation to this plan for the year amounts to $NIL (2015: $NIL).

(p) Taxation

Tax on income comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rate enacted by the reporting date, green fund levy and any adjustment of tax payable for the previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable income (loss). Net deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is calculated on the basis of the tax rate that is expected to apply to the period when the asset is realised or the liability is settled. The effect on the deferred tax of any changes in the tax rate is charged to the statement of comprehensive income, except to the extent that it relates to items previously charged or credited directly to equity.

3. Significant Accounting Policies (cont'd)

(q) Earnings per share

Earnings per share is calculated by dividing the profit after tax by the weighted average number of shares in issue during the year.

	2016	2015
Profit after tax ($'000)	438	647
Number of shares in issue ('000)	15,000	15,000
Earnings per share	0.03¢	0.04¢

(r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended March 31, 2016, and have not been applied in preparing these financial statements. It is not expected that these will have a material effect on the financial statements of ITMBL, except:

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

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

  ITMBL is assessing the impact that this amendment will have on its 2017 financial statements.

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

  ITMBL is assessing the impact that this amendment will have on its 2019 financial statements.

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

  ITMBL will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to

Notes to Financial Statements (cont'd)
March 31, 2016

3. Significant Accounting Policies (cont'd)

***(r) New standards and interpretations not yet adopted** (cont'd)*

which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

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

ITMBL is assessing the impact that this amendment will have on its 2019 financial statements.

(s) General loss reserve

The general loss reserve is a non-distributable reserve and has been established by the Bank based on the Guidelines on Measurement, Monitoring and Control of Impaired Assets issued by the Central Bank of Trinidad and Tobago. The reserve is created through an appropriation of retained earnings and is calculated as a percentage of the loan portfolio that is not individually assessed for provisions or impairment as at the end of the financial year.

4. Significant Accounting Judgements and Estimates

In the process of applying ITMBL's accounting policies, management has used its judgements and made estimates in determining the amounts recognised as assets, liabilities, income and expenses in the financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The most significant use of judgements and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Note 23 provides the Bank's policy on fair value measurement which reflects the significance of inputs used in making the measurements.

Impairment losses on loans and advances

ITMBL reviews its loans and advances portfolio at each reporting date to assess whether an allowance for impairment should be recorded in the statement of comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Impairment of equity investments

ITMBL treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its costs or where other objective evidence of impairment exist. The determination of what is "significant" or "prolonged" requires judgment.

Held-to-maturity investments

ITMBL follows the guidance from IAS 39 on classifying non derivative financial assets with fixed or determinable payments and maturities as held to maturity securities. This classification requires significant judgement regarding the Group's ability and intention to hold such investments to maturity.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Property, plant and equipment

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

Notes to Financial Statements (cont'd)
March 31, 2016

5. Related Party Balances and Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Certain banking transactions are entered into with related parties in the normal course of business. These transactions were carried out on normal terms and conditions at market rates. For the year ended March 31, 2016, ITMBL has not made any provision for doubtful debts relating to amounts owed by related parties (2015: $NIL).

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year.

	2016 $'000	2015 $'000
Interest paid	67	64
Interest received	33	65
Other liabilities and accruals	124	144
Cash balances held with parent	18,750	1,410
Deposits from parent	911	873

6. Loans and Advances

	2016	2015
Performing loans	18,341	22,850
Concentration of gross loans		
Corporate	13,733	17,899
Mortgages	2,141	2,345
Retail	2,467	2,606
	18,341	22,850

7. Investment Securities

	2016	2015
(a) *At fair value through profit or loss*		
Corporate securities	6,856	19,544
(b) *Available for sale*		
Government Bonds	421	460
Equities	690	689
	1,111	1,149
Total investment securities	7,967	20,693

8. Other Assets, Prepayments and Accrued Income

	2016	2015
Accounts receivable and prepayments	65	70
Accrued income	90	128
	155	198

9. Deferred Tax (Asset) Liability

(i) The deferred tax asset is attributable to the following item:

	2016	2015
Deferred fees	(30)	(35)
Unrealised losses on investment - Available-for-sale	(67)	(64)
Unrealised gains on investment- Fair value through profit or loss	(87)	-
	(184)	(99)
The deferred tax liability is attributable to the following items:		
Unrealised gains on investment- Fair value through profit or loss	-	(15)
Accelerated tax depreciation	16	19
Deferred tax liability	16	4
Net deferred tax (asset)/ liability	(168)	(95)

(ii) The movement in the deferred tax account comprised:

	2016	2015
Balance at beginning of year	(95)	(24)
Available-for-sale investments fair value re-measurement	(3)	(9)
Current deferred tax credit	(70)	(62)
Balance at end of year	(168)	(95)

Notes to Financial Statements (cont'd)
March 31, 2016

10. Property, Plant and Equipment

	Furniture and Equipment $'000	2016 $'000	2015 $'000
Opening net book value	167	167	200
Depreciation charge	(28)	(28)	(33)
Closing net book value	139	139	167
Cost	1,021	1,021	1,021
Accumulated depreciation	(882)	(882)	(854)
Closing net book value	139	139	167

11. Customer Deposits

	2016 $'000	2015 $'000
Time deposits	25,612	35,869
Sector analysis		
State enterprises	-	8,255
Corporate and commercial	911	20,834
Personal	24,701	6,780
	25,612	35,869

12. Other Liabilities and Accruals

	2016	2015
Interest accrued on deposits	149	360
Other	404	371
	553	731

13. Stated Capital

	2016	2015
Authorised		
An unlimited number of shares of no par value		
Issued and fully paid		
15,000,000 ordinary shares of no par value	15,000	15,000

14. Interest Income

	2016	2015
Interest on loans and advances	1,518	1,787
Interest from investments	298	373
Other	42	33
	1,858	2,193

15. Interest Expense

	2016	2015
Interest on customer deposits	289	414
Other	7	65
	296	479

16. Operating Expenses

	2016	2015
Depreciation	28	33
Operating lease rentals	220	221
Advertising and marketing	61	56
Administrative and other expenses	489	537
	798	847

Notes to Financial Statements (cont'd)
March 31, 2016

17. Taxation

	2016 $'000	2015 $'000
(i) Provision for taxation		
Current year - Green Fund levy	(3)	(4)
- Corporation tax	(186)	(271)
Deferred tax expense relating to the origination and reversal of temporary difference	70	62
	(119)	(213)

(ii) Tax reconciliation

The following is a reconciliation between the tax expense and the product of income before taxation multiplied by the applicable tax rate:

	2016	2015
Profit before taxation	557	860
Expected tax calculated at statutory tax rate – 25%	(139)	(215)
Net income (expenses) not assessable for tax	14	(4)
Other	6	6
	(119)	(213)

18. Contingent Liabilities

As at March 31, 2016, there were no legal proceedings outstanding against ITMBL, as such no provisions were required (2015: $NIL).

19. Credit Commitments

As at March 31, 2016, the Bank has no commitments of a credit nature (2015: $NIL).

20. Capital Commitments

As at March 31, 2016 there were no capital commitments (2015: $NIL).

21. Financial Risk Management

Introduction and overview

ITMBL has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Settlement Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This note presents information about ITMBL's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital.

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of ITMBL's Risk Management Framework. The Board has established the Group Credit and Investment, Audit and Risk committees. These Board committees currently employ an Integrated Risk Management Framework supported by three Management Committees in order to maximize shareholders value within the ITMBL's risk appetite; Management Credit Committee, Asset and Liability Committee (ALCO), and Operational Risk Committee, which are responsible for the development and monitoring of the ITMBL risk management policies in their specified areas. All Board committees have non-executive members and report regularly to the Board on their activities.

ITMBL's risk management policies, as approved by the Board establish a framework for identification, analysis and measurement of the risks faced by ITMBL, setting of appropriate risk limits and controls, as well as ensuring the monitoring of risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. ITMBL, through its training and management standards and procedures, aims to continuously develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Notes to Financial Statements (cont'd)
March 31, 2016

21. Financial Risk Management (cont'd)

Introduction and overview *(cont'd)*

The ITMBL Audit and Risk Committees are responsible for monitoring compliance with the risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by ITMBL. The Group Audit and Risk Committees are assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit committee.

(a) Credit risk

Credit risk is the risk of financial loss to ITMBL if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from ITMBL's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, ITMBL considers and consolidates all elements of credit risk exposure (such as the individual obligor and the obligor risk group, the obligor risk rating, country and sector risk), as well as manages credit risk arising from trading activities.

Management of credit risk

The Board has delegated responsibility for the management of credit risk to its Board Credit and Investment Committee and the Management Credit Committee. A separate credit risk department is responsible for oversight of ITMBL's credit risk, including:

- *Formulating credit policies* in consultation with business units, covering credit assessment, risk grading and reporting, collateral requirements, documentary and legal procedures, and compliance to regulatory and statutory requirements.

- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits, as approved by the Board, are allocated on an individual basis and/or committee basis – which includes the Management Credit Committee, and the Board Credit and Investment Committee. Approval under each committee is based on delegated authority level as approved by the Board.

- *Reviewing and assessing credit risk*. The Credit Risk department assesses credit exposures prior to facilities being approved and committed to customers by the business unit concerned. Renewals and requests for new facilities are subject to the same assessment.

- *Limiting concentrations of exposure* to counterparties, geographies and industries (for loans and advances), and by obligor/issuer, credit rating band, market liquidity and exposure by country (for investment securities).

- *Developing and maintaining ITMBL's risk* rating system and guidelines is an integral part of the credit appraisal process. Each borrower under the business banking credit categories has to be risk rated in accordance with the model recommended by the Risk Unit and approved by the Board. The risk rating assigned is reviewed annually or earlier as appropriate. The accountability for the setting of the risk rating of the obligor lies with the Chief Risk Officer and in the exceptional case where the Board Credit and Investment Committee suggests a change, the final approving authority is the JMMB Group Risk Manager. The risk rating model takes into account risk relating to management, the business, collateral security, financial performance and transactional data. In the case of credit facilities to consumers, a scoring model is used in the appraisal process. The risk rating or the credit score of the obligor reflects the level of risk associated with the exposure and is the main driver in pricing.

- *Reviewing compliance* with agreed exposure limits, including those for selected industries, country and cross border risk and product types. Regular reports are provided by the Credit Risk department to the Management Credit Committee, the Board Credit and Investment Committee and the Board Risk Committee on the credit quality of ITMBL's portfolios and where necessary, the appropriate corrective action is taken.

- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout ITMBL in the management of credit risk.

ITMBL is required to implement credit policies and procedures, with credit approval authorities delegated to the Board Credit and Investment Committee, Management Credit Committee and Credit Risk officers. ITMBL is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios. Regular audits of ITMBL's credit processes are undertaken by Internal Audit.

21. Financial Risk Management (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

	Loans and Advances to Customers		Investment Securities	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Carrying amount	18,341	22,850	7,967	20,693
Collectively impaired	-	-	-	-
Individually impaired	-	-	-	-
Past due but not impaired				
Carrying amount	1,180	-	-	-
Past due comprises:				
1-30 days	1,180	-	-	-
Carrying amount	1,180	-	-	-
Neither past due nor impaired				
Gross amount	17,161	22,850	7,967	20,693
Total carrying amount	18,341	22,850	7,967	20,693

Impaired loans and Investments

Impaired loans and securities are loans and securities for which ITMBL determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s).

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but ITMBL believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to ITMBL.

Rescheduled/refinanced and restructured loans

Rescheduled/refinanced loans are extensions of credit which have been modified at favourable terms and conditions for the borrower due to factors such as variation in interest rates or increased lending. That is, there is no inherent weakness in the credit being rescheduled/refinanced.

Restructured loans are facilities which have been refinanced, rolled over or otherwise modified as a result of an assessment of the borrower's inability to service the facility in line with the original repayment terms and conditions. As conditions precedent to a restructuring, the obligor must demonstrate the capacity to service the debt under the new conditions imposed by the restructured facility and the facility must be fully secured with standard loan to value margins restored which may require additional or up-stamped collateral.

Allowances for impairment

ITMBL establishes allowances for impairment or provisions in respect of individual financial assets which are not performing satisfactorily. These provisions are based on an assessment of the recoverability of collateral held as security on the facilities which is discounted using the original interest rate over the expected recovery period. Any shortfall of these expected recoverable amounts when compared to principal outstanding is provided for through the statement of comprehensive income. No allowances for impairment were considered necessary at March 31, 2016 (2015: $NIL).

Write-off policy

ITMBL writes off a loan/investment balance (and any related allowances for impairment losses) when the Chief Risk Officer, the Management Credit Committee or the Group Credit and Investment Committee (as per the designated limits approved by the Board) determines that the loans/investment are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from the liquidation of the collateral will not be sufficient to fully liquidate the exposure. For the year ended March 31, 2016 the amount written off was $NIL (2015: $NIL).

Notes to Financial Statements (cont'd)
March 31, 2016

21. Financial Risk Management (cont'd)

(a) Credit risk (cont'd)

Collateral held

ITMBL holds collateral against loans and advances to customers in the form of mortgage interest over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing. Annual property inspections are performed by management while independent third party valuations are required every three years or when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral is not usually held against investment securities, and no such collateral was held at March 31, 2016 or 2015.

An estimate of the fair value of collateral and other security enhancements held against loans and advances to other customers is shown below:

Loans and advances to customers

	2016	2015
	$'000	$'000
Against past due but not impaired		
Property	3,500	-
Against neither past due not impaired		
Property	22,551	18,551
Debt securities	-	-
Equities	-	-
Other	8,683	8,683
Total	34,734	27,234

Concentration of credit risk

ITMBL monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk of loans and advances and investment securities at the reporting date is shown below:

	Loans and Advances to Customers		Investment Securities	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Gross amount	18,341	22,850	7,967	20,693
Concentration by sector				
Corporate/commercial	14,429	17,899	4,055	12,858
Sovereign	-	-	421	460
Bank	-	-	2,801	6,686
Retail	3,912	4,951	-	-
Equity	-	-	690	689
	18,341	22,850	7,967	20,693
Concentration by location				
Trinidad	18,341	22,850	7,546	20,233
Regional	-	-	421	460
International	-	-	-	-
	18,341	22,850	7,967	20,693

Concentration by location for loans and advances is measured based on the location of the obligor. Concentration by location for investment securities is measured based on the location of the issuer of the security.

(b) Settlement risk

ITMBL's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

21. Financial Risk Management (cont'd)

(b) Settlement risk (cont'd)

Settlement limits form part of the credit approval/limit monitoring process. Acceptance of settlement risk on trades requires transaction specific or counterparty specific approvals from the Risk Unit.

(c) Liquidity risk

Liquidity risk is the risk that ITMBL is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

Management of liquidity risk

ITMBL's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to ITMBL's reputation.

The Treasury Unit receives information regarding the liquidity profile of ITMBL's financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, which can be used for liquidity support, if needed. The liquidity requirements of business units and the subsidiary are met through funding sourced by Treasury to cover any short-term fluctuations and longer term funding sourced by the business units.

The daily liquidity position is monitored by the Treasury Unit. Daily reports cover the liquidity position of ITMBL. A summary report, including any exceptions and remedial action taken, is submitted regularly to the Board Risk Committee and ALCO for review and monitoring.

Exposure to liquidity risk

Apart from monitoring of daily cash forecasts and concentration risks, a key measure used by the Treasury Unit for managing liquidity risk is the ratio of liquid assets to total assets. For this purpose liquid assets are defined as comprising cash, and cash equivalents and Treasury Bills maturing within one year. Reported hereunder is the ratio of liquid assets to total assets on all currencies at the reporting date and during the year:

	2016	2015
At March 31		
Average for the year	29.45	31.41
Maximum for the year	47.02	44.23
Minimum for the year	20.63	25.84

Maturity analysis for financial liabilities

The table below shows the residual contractual maturities of financial liabilities:

	Carrying Amount	Gross Nominal Outflow	Up to One Year	One to Five Years
	$'000	$'000	$'000	$'000
2016				
Customer deposits and other funding instruments	25,612	(25,844)	(25,844)	-
Amount due to parent	911	(918)	(918)	-
Other liabilities	553	(553)	(553)	-
	27,076	(27,315)	(27,315)	-
2015				
Customer deposits and other funding instruments	35,869	(36,369)	(12,604)	(23,765)
Amount due to parent	873	(880)	(880)	-
Other liabilities	731	(731)	(731)	-
	37,473	(37,980)	(14,215)	(23,765)

The table above shows the undiscounted cash flows on ITMBL's financial liabilities on the basis of their earliest possible contractual maturity. ITMBL's expected cash flows on these instruments could vary from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance.

Notes to Financial Statements (cont'd)
March 31, 2016

21. Financial Risk Management (cont'd)

(d) Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect ITMBL's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

ITMBL holds no exposure to actively traded portfolios. With the exception of translation risk arising on ITMBL's net balance sheet position, all foreign exchange risk within ITMBL is managed by the Treasury Unit.

Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing gaps. The ALCO is the monitoring body for compliance with these limits and is assisted by the Risk Unit in its day-to-day monitoring activities. The table below summarises ITMBL's exposure to interest rate risks. Included in the table are ITMBL's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Interest rate sensitivity of assets and liabilities

	Average Effective Rate	Up to One Year	One to Five Years	Over Five Years	Non-Interest Bearing	Total
	%	$'000	$'000	$'000	$'000	$'000
As at March 31, 2016						
Assets						
Cash and cash equivalents		-	-	-	18,750	18,750
Balances with Central Bank		-	-	-	5,174	5,174
Loans and advances	7.54	18,341	-	-	-	18,341
Investment securities	1.80	6,857	-	421	689	7,967
Other assets		-	-	-	652	652
Total assets		25,198	-	421	25,265	50,884
Liabilities						
Customers' deposits	0.94	25,612	-	-	-	25,612
Amount due to parent	0.80	911	-	-	-	911
Other liabilities and equity		-	-	-	24,361	24,361
Total liabilities		26,523	-	-	24,361	50,884
Net gap		(1,325)	-	421	904	-
Cumulative gap		(1,325)	(1,325)	(904)	-	-
As at March 31, 2015						
Assets						
Cash and cash equivalents		-	-	-	1,410	1,410
Balances with Central Bank		-	-	-	15,174	15,174
Loans and advances	7.13	22,850	-	-	-	22,850
Investment securities	1.86	19,544	-	460	689	20,693
Other assets		-	-	-	723	723
Total assets		42,394	-	460	17,996	60,850
Liabilities						
Customers' deposits	0.84	35,869	-	-	-	35,869
Amount due to parent	0.80	873	-	-	-	873
Other liabilities and equity		-	-	-	24,108	24,108
Total liabilities		36,742	-	-	24,108	60,850
Net gap		5,652	-	460	(6,112)	-
Cumulative gap		5,652	5,652	6,112	-	-

21. Financial Risk Management (cont'd)

(d) Market risks (cont'd)

Interest rate sensitivity of assets and liabilities *(cont'd)*

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of ITMBL's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in interest rates.

An analysis of ITMBL's sensitivity to an increase or decrease in market interest rates is as follows:

In thousands of dollars	100 bp Parallel Increase	100 bp Parallel Decrease	50bp Increase After 1 year	50bp Decrease After 1 year
2016				
At March 31				
Average for the year	6	(6)	0	0
Maximum for the year	10	1	0	0
Minimum for the year	(1)	(10)	0	0
2015				
At March 31				
Average for the year	-	-	(1)	1
Maximum for the year	(11)	(6)	(7)	(3)
Minimum for the year	6	11	3	7

Overall non-trading interest rate risk positions are managed by the Group's Treasury Unit, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Group's non-trading activities.

Exposure to currency risk

The techniques used by ITMBL to manage currency risk vary subject to market conditions. Assets are primarily funded from liabilities of the same currency, thus eliminating currency risk. Foreign currency transactions have not required the use of interest rate swaps, foreign currency options or other derivative instruments. ITMBL does not trade in foreign exchange and therefore has no trading position subject to currency risk.

	TT $'000	US $'000	Total $'000
As at March 31, 2016			
Assets			
Cash resources	23,762	162	23,924
Investment securities	7,157	810	7,967
Loans and advances	18,341	-	18,341
Other assets	651	1	652
Total assets	49,911	973	50,884
Liabilities			
Customers' deposits	25,612	-	25,612
Amounts due to parent	-	911	911
Other liabilities	548	5	553
Shareholders' equity	23,721	87	23,808
Total liabilities and shareholders' equity	49,881	1,003	50,884
Net balance sheet position	30	(30)	-
As at March 31, 2015			
Assets			
Cash resources	16,508	76	16,584
Investment securities	19,839	854	20,693
Loans and advances	22,850	-	22,850
Other assets	721	2	723
Total assets	59,918	932	60,850
Liabilities			
Customers' deposits	35,869	-	35,869
Amounts due to parent	-	873	873
Other liabilities	726	5	731
Shareholders' equity	23,274	103	23,377
Total liabilities and shareholders' equity	59,869	981	60,850
Net balance sheet position	49	(49)	-

As at March 31, 2016 there were no credit commitments (2015: $NIL).

Notes to Financial Statements (cont'd)
March 31, 2016

21. Financial Risk Management (cont'd)

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with ITMBL's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of ITMBL's operations and are faced by all business entities.

ITMBL's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to ITMBL's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Operational Risk Committee. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective.

Compliance with ITMBL standards is supported by a programme of periodic reviews undertaken by Internal Audit.

(f) Business continuity

ITMBL's Business Continuity Plan (BCP) encompasses a defined set of planning, preparatory and related activities which are intended to ensure critical business functions will either continue to operate despite serious incidents or disasters that might otherwise have interrupted its operations, or will be recovered to an operational state within a reasonably short period. The management of Business Continuity falls largely within the sphere of Risk Management.

The Objectives of the BCP are to:

1. Protect human life.
2. Identify processes critical to the operations of ITMBL and safe guard the Bank's assets.
3. Provide tested plans which, when executed, will permit timely and efficient recovery and resumption of the Bank's critical business functions.
4. Minimize the inconvenience and potential disruption of service to internal and external customers.
5. Describe the organizational structure necessary for executing the plan.
6. Identify the equipment, procedures and activities for recovery.
7. Ensure that the reputation and financial viability of the Bank is maintained at all times.
8. Ensure compliance with regulatory requirements.

The BCP is focused on minimizing the down time and data loss within the thresholds identified by the bank. The plan is meant to minimize the loss to the Bank and or negative impact to customer service as a result of serious incidents or disasters that may occur for some time.

ITMBL standards are supported by periodic reviews undertaken by the Internal Audit department.

22. Capital Management

Regulatory capital

ITMBL's lead regulator, The Central Bank of Trinidad and Tobago (the Central Bank), sets and monitors capital requirements for ITMBL. In implementing current capital requirements, the Central Bank requires that ITMBL maintains a prescribed ratio of total capital to total risk-weighted assets.

22. Capital Management (cont'd)

Regulatory capital (cont'd)

Regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, retained earnings, statutory reserve after deductions for intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes. These capital elements are considered core because they are either: (i) permanent in nature, or (ii) available to absorb losses while the institution remains a going concern.

- Tier 2 capital, which includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on instruments classified as available-for-sale.

The capital framework identifies various elements of the capital base: Qualifying Tier 2 capital cannot exceed Tier 1 capital, the minimum ratio of Tier 1 capital to risk weighted assets is 4% and the minimum total capital to risk weighted assets is 8%. There also are restrictions on the amount of collective impairment allowances that may be included as part of Tier 2 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items.

ITMBL's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return, the need to maintain a balance between the higher returns that might be possible with greater gearing, and the advantages and security afforded by a sound capital position are also recognised.

ITMBL has complied with all externally imposed capital requirements throughout the year.

ITMBL's approach to capital management has been consistent with prior years.

ITMBL's regulatory capital position at March 31 was as follows:

	2016	2015
	$'000	$'000
Tier 1 capital		
Ordinary share capital	15,000	15,000
Statutory reserve	1,967	1,923
Retained earnings	6,507	6,113
	23,474	23,036
Tier 2 capital		
General loss reserve	534	534
Disallowed general loss reserve	(204)	(37)
Fair value reserve for available-for-sale equity securities	(200)	(193)
Total regulatory capital	23,604	23,340
Risk-weighted assets		
Loans and advances, assets, investment securities and other assets	26,142	39,698
Capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets	90.29%	58.80%
Total Tier 1 capital expressed as a percentage of risk-weighted assets	89.79%	58.03%

23. Fair Value of Financial Assets and Liabilities

(a) Valuation models

The fair value of financial instruments that are recognised on the statement of financial position and the fair value of financial instruments that are not recognised on the statement of financial position are based on the valuation methods and assumptions set out in the significant accounting policies note 3(f).

Fair value represents the amount at which a financial instrument could be exchanged in an arm's length transaction between willing parties under no compulsion to act and is best evidenced by a quoted market price. If no quoted market prices are available, the fair values presented are estimates derived using present value or other valuation techniques and may not be indicative of net realisable value.

23. Fair Value of Financial Assets and Liabilities (cont'd)

(a) Valuation models (cont'd)

The ITMBL measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

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

  Due to the judgement used in applying a wide range of acceptable valuation techniques and estimations in the calculation of fair value amounts, fair values are not necessarily comparable among financial institutions. The calculation of estimated fair values is based upon market conditions at a specific point in time and may not be reflective of future fair values.

(b) Financial instruments measured at fair value – fair value hierarchy

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
2016				
Equity	690	-	-	690
Government bonds	-	-	421	421
Corporate securities	63	6,793	-	6,856
	753	6,793	421	7,967
2015				
Equity	689	-	-	689
Government bonds	-	-	460	460
Corporate securities	7,917	11,627	-	19,544
	8,606	11,627	460	20,693

(c) Level 3 fair value measurements

(i) Reconciliation

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	Government Bonds	Other	Total
	$'000	$'000	$'000
2016			
Balance at April 1	460	-	460
Settlements	(39)	-	(39)
Balance at March 31	421	-	421
2015			
Balance at April 1	518	-	518
Settlements	(58)	-	(58)
Balance at March 31	460	-	460

23. Fair Value of Financial Assets and Liabilities (cont'd)

(c) Level 3 fair value measurements *(cont'd)*

(ii) Unobservable inputs used in measuring fair value

The following table sets out information about unobservable inputs used at year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type of Financial Instrument	Fair Value at March 31, 2016	Valuation Technique	Significant Unobservable Input	Range of Estimates (weighted-average) for Unobservale Inputs	Fair Value Measurement Sensitivity to Unobservable Inputs
Bond	421	Valued at par	There is no active market for these bonds.	N.A.	N.A.

(d) Financial not measured at fair value

The following table set out the estimated fair value of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

	Level 1	**Level 2**	**Level 3**	**Total Fair Value**	**Total Carrying Amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
2016					
Assets					
Loans and advances	-	-	18,341	18,341	18,341
Other assets, prepayments and accrued income	-	-	155	155	155
	-	-	18,496	18,496	18,496
Liabilities					
Customer deposits	-	-	25,612	25,612	25,612
Amounts due to parent	-	-	911	911	911
Other liabilities and accruals	-	-	553	553	553
	-	-	27,076	27,076	27,076
2015					
Assets					
Loans and advances	-	-	22,850	22,850	22,850
Other assets, prepayments and accrued income	-	-	198	198	198
	-	-	23,048	23,048	23,048
Liabilities					
Customer deposits	-	-	35,869	35,869	35,869
Amounts due to parent	-	-	873	873	873
Other liabilities and accruals	-	-	731	731	731
	-	-	37,473	37,473	37,473