5

PKF

Chartered Accountants
& Business Advisors

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2014

PKF

Chartered Accountants
& Business Advisors

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

INDEX

#30 Queen's Park West, P.O.S. Trinidad & Tobago, W.I.
Phone: (868) 628-2762 or (868) 628-1382
Fax: (868) 628-9370
eximbank@eximbanktt.com
www.eximbanktt.com

EXIMBANK
EXPORT - IMPORT BANK OF TRINIDAD & TOBAGO LTD.
Empowering exporters for the future

Export Import Bank of Trinidad and Tobago Limited

Statement of Management Responsibilities

It is the responsibility of management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Export Import Bank of Trinidad and Tobago Limited as at the end of the financial year and of the operating results of the Export Import Bank of Trinidad and Tobago Limited for the year. It is also management's responsibility to ensure that the Export Import Bank of Trinidad and Tobago Limited keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Export Import Bank of Trinidad and Tobago Limited. They are also responsible for safeguarding the assets of the Export Import Bank of Trinidad and Tobago Limited.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Export Import Bank of Trinidad and Tobago Limited and of its operating results. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that the Export Import Bank of Trinidad and Tobago will not remain a going concern for at least the next twelve months from the date of this statement.

Ruthven Boyer Jaggassar
Director/Chairman
Date: JUNE 8TH 2015

Stephen Noel Mc Carthy
Director
Date: JUNE 8TH 2015

PKF

Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Shareholders
Export Import Bank of Trinidad and Tobago Limited

We have audited the accompanying financial statements of Export Import Bank of Trinidad and Tobago Limited, which comprise the statement of financial position as at 31 December 2014, the statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and 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 these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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 Export Import Bank of Trinidad and Tobago Limited as of 31 December 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

8 June 2015
Port-of-Spain
TRINIDAD AND TOBAGO

Direct tel (868) 624-4569 | Direct fax (868) 624-4388
Email pkf-trinidad@trinidad.net
PKF | 90 Edward Street | Port-of-Spain | PO Bag 250 Belmont | Trinidad | WI

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF FINANCIAL POSITION

ASSETS

	Notes	31 December 2014	2013
Current Assets:			
Cash in hand and at bank	4	$ 17,093,479	$ 7,659,935
Financial assets - Available-for-sale	5	77,292,828	23,690,333
- Loans and receivables	6	334,843,723	364,316,269
Other assets	7	4,083,318	4,556,035
Total Current Assets		433,313,348	400,222,572
Non-Current Assets:			
Held-to-maturity investments	8	29,226,600	42,417,000
Fixed assets	9	8,185,088	7,012,076
Total Non-Current Assets		37,411,688	49,429,076
Total Assets		$ 470,725,036	$ 449,651,648

LIABILITIES AND SHAREHOLDER'S EQUITY

	Notes	2014	2013
Current Liabilities:			
Accounts payable and accruals		$ 2,222,094	$ 1,805,099
Lines of credit	10	275,047,339	255,711,339
Taxation payable	11	708,555	745,596
Total Current Liabilities		277,977,988	258,262,034
Non-Current Liabilities:			
Provision for unexpired risk		47,904	116,040
Deferred taxation	12	188,066	373,106
Total Non-Current Liabilities		235,970	489,146
Total Liabilities		278,213,958	258,751,180
Shareholder's Equity:			
Stated capital	13	174,934,000	174,934,000
Special reserve	14	441,375	441,375
Statutory surplus reserve		615,612	615,612
Retained earnings		16,520,091	14,909,481
Total Shareholder's Equity		192,511,078	190,900,468
Total Liabilities and Shareholder's Equity		$ 470,725,036	$ 449,651,648

These financial statements were approved by the Board of Directors and authorised for issue on 8 June 2015 and signed on their behalf by:

Chairman **Director**

S.N. McCARTHY

(The accompanying notes form part of these financial statements)

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 December 2014	31 December 2013
Interest income	15	$ 21,246,819	$ 23,164,879
Interest expense		(5,925,357)	(7,364,805)
Net interest		15,321,462	15,800,074
Fees and commissions		1,715,061	1,404,368
Results on insurance operations	16	1,364,920	1,669,155
Unexpired Risk Adjustment	17	68,135	(15,635)
Investment income		591,555	1,119,585
Other income	18	698,561	820,509
		19,759,694	20,798,056
Loan loss provision expense		(3,177,570)	(5,522,850)
General and administrative expenses	19	(14,413,811)	(12,735,721)
Total expenses		(17,591,381)	(18,258,571)
Net income before taxation		2,168,313	2,539,485
Taxation	20	(557,703)	(620,697)
Net income for the year		$ 1,610,610	$ 1,918,788

(The accompanying notes form part of these financial statements)

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Stated Capital	Special Reserve	Statutory Surplus Reserve	Retained Earnings	Total
Balance as at 1 January 2013	$174,934,000	$ 441,375	$ 615,612	$ 12,990,693	$188,981,680
Net income for the year	-	-	-	1,918,788	1,918,788
Balance as at 31 December 2013	**$174,934,000**	**$ 441,375**	**$ 615,612**	**$ 14,909,481**	**$190,900,468**
Balance as at 1 January 2014	$174,934,000	$ 441,375	$ 615,612	$ 14,909,481	$190,900,468
Net income for the year	-	-	-	1,610,610	1,610,610
Balance as at 31 December 2014	**$174,934,000**	**$ 441,375**	**$ 615,612**	**$ 16,520,091**	**$192,511,078**

(The accompanying notes form part of these financial statements)

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

STATEMENT OF CASH FLOWS

	31 December 2014	31 December 2013
OPERATING ACTIVITIES:		
Net income before taxation	$ 2,168,313	$ 2,539,485
Non-cash items		
Depreciation	1,793,119	1,676,295
(Loss)/gain on disposal of fixed assets	(6,357)	(83,944)
Unexpired risk	(68,135)	15,635
Loan loss provision expense	3,177,570	5,522,850
	7,064,510	9,670,321
Changes in non-cash working capital amounts:		
Net change in accounts receivable and prepayments	26,767,693	(67,087,623)
Net change in accounts payable and accruals	416,995	(107,197)
	34,249,198	(57,524,499)
Taxation paid	(779,786)	(640,262)
Cash provided by/(used in) operating activities	33,469,412	(58,164,761)
INVESTING ACTIVITIES:		
Purchase of fixed assets	(2,975,970)	(3,302,563)
Proceeds from disposal of fixed asset (net)	16,197	230,724
Cash used in investing activities	(2,959,773)	(3,071,839)
FINANCING ACTIVITIES:		
Net change in lines of credit	19,336,000	12,532,719
Net change in held-to-maturity investments	13,190,400	1,631,000
Cash provided by financing activities	32,526,400	14,163,719
Net change in cash resources	63,036,039	(47,072,881)
Cash resources, beginning of year	31,350,268	78,423,149
Cash resources, end of year	$ 94,386,307	$ 31,350,268
Represented by:		
Cash in hand and at bank	$ 17,093,479	$ 7,659,935
Available-for-sale financial assets	77,292,828	23,690,333
	$ 94,386,307	$ 31,350,268

(The accompanying notes form part of these financial statements)

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

1. **Incorporation and Principal Activities:**

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

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

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

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

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

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

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

The financial statements balances for the year ended 31 December 2013 include the accounts of the EXIMBANK and its formerly wholly-owned subsidiary, TTHFCL.

2. **Summary of Significant Accounting Policies:**

(a) **Basis of preparation -**

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

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

(b) **New Accounting Standards and Interpretations -**

i) The Bank has not applied the amendments to the following standards and interpretations which became effective during the current financial year as either they do not apply to the activities of the Bank or have no material impact on the financial statements:

Effective for annual periods beginning on or after 1 January 2014

IFRS 10, 12 & IAS 27	Investment Entities
IAS 32	Offsetting Financial Assets and Financial Liabilities
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

Annual Improvements to IFRSs 2010–2012 Cycle - Various Standards

2. **Summary of Significant Accounting Policies (continued):**

(b) **New Accounting Standards and Interpretations (continued) -**

Effective for annual periods beginning on or after 1 July 2014

IAS 19	Defined Benefit Plans: Employee Contributions

Annual Improvements to IFRSs 2011–2013 Cycle - Various Standards

ii) The Bank has not early applied the following amendments/standards which are in issue but not yet effective:

Effective for annual periods beginning on or after 1 January 2015

IFRS 7	Financial Instruments: Disclosures - Disclosures about the initial application of IFRS
IFRS 9 (2013)	Financial Instruments - Classification and measurement of financial assets
IFRS 9 (2013)	Financial Instruments - Accounting for financial liabilities and derecognition

Effective for annual periods beginning on or after 1 January 2016

IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 10, 12 & IAS 28	Investment Entities - Applying the Consolidation Exception
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
IFRS 14	Regulatory Deferral Accounts
IAS 1	Disclosure Initiative
IAS 16 & 38	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 & 41	Agriculture: Bearer Plants
IAS 27	Equity Method in Separate Financial Statements

Annual Improvements to IFRSs 2012–2014 Cycle - Various Standards

2. Summary of Significant Accounting Policies (continued):

(b) New Accounting Standards and Interpretations (continued) -

Effective for annual periods beginning on or after 1 January 2017

IFRS 15 Revenues from contracts with customers

Effective for annual periods beginning on or after 1 January 2018

IFRS 9 (2014) Financial Instruments

As noted above, the Bank has not early adopted IFRS 9 Financial Instruments - Classification and Measurement - Issued July 2014 but effective for annual periods beginning on or after 1 January 2018. This standard requires all financial assets to be:

- Classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

- Initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs.

- Subsequently measured at amortised cost or fair value.

The Bank is currently assessing the impact of this standard.

(c) Comparative figures -

Certain comparative figures were restated to facilitate changes in presentation. These changes had no effect on the previously reported net income.

(d) Cash resources -

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

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

2. **Summary of Significant Accounting Policies (continued):**

(e) **Fixed assets -**

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided using the straight line method.

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

Leasehold Improvements	-	5%
Computer Software	-	20%
Office Furniture	-	20%
Office Equipment	-	20%
Computer Hardware	-	25%
Motor Vehicles	-	25%

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

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

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

(f) **Financial instruments -**

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

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

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. **Summary of Significant Accounting Policies (continued):**

(g) **Financial assets -**

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

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

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

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

i) **Investments**

The Bank's investments are classified as available-for-sale financial assets and held-to-maturity investments.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as "available-for-sale" in accordance with IAS 39.

These investments are carried at their fair values. Realised and unrealised gains and losses arising from changes in the fair values of available-for-sale investments are included in the Investment Revaluation Reserve and would be transferred to the Statement of Comprehensive Income on disposal.

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

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. Summary of Significant Accounting Policies (continued):

(g) Financial assets (continued) -

ii) Loans and receivables

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

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

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

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

(h) Impairment of financial assets -

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

i) Significant financial difficulty of the issuer or obligor.

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

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

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

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

2. **Summary of Significant Accounting Policies (continued):**

(h) **Impairment of financial assets (continued) -**

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

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

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

i) **Financial assets measured at amortised cost**

The difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate is recognised in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the Statement of Comprehensive Income.

ii) **Financial assets measured at cost**

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

2. **Summary of Significant Accounting Policies (continued):**

(h) Impairment of financial assets (continued) -

iii) Available-for-sale financial assets

The cumulative loss recognised directly in equity, (representing 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), is recognised in the Statement of Comprehensive Income even though the financial asset has not been derecognised. These losses are not reversed.

(i) Financial liabilities -

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

Financial liabilities are re-measured at amortised cost.

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

(j) Provisions -

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

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

2. Summary of Significant Accounting Policies (continued):

(k) **Policyholders' reserves -**

Unexpired Risks

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

Outstanding Claims

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

(l) **Foreign currency -**

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

(m) **Income recognition -**

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

(n) **Statutory reserve -**

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

(o) **Taxation -**

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

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

2. **Summary of Significant Accounting Policies (continued):**

(o) **Taxation (continued) -**

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

3. **Critical Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty:**

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

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

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

(b) **Critical judgements -**

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

i) Whether investments are classified as financial assets at fair value through profit or loss, available for sale financial assets, held to maturity investments or loans and receivables.

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

iii) Which depreciation method for fixed assets is used.

(c) **Key assumptions -**

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

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

3. **Critical Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty (continued):**

(c) **Key assumptions (continued) -**

i) **Fair values**

The fair values of financial assets are based on quoted market prices for specific or similar instruments.

ii) **Impairment of assets**

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

iii) **Fixed assets**

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

4. **Cash in Hand and at Bank:**

	31 December 2014	31 December 2013
Cash	$ 3,000	$ 3,000
Citibank Trinidad and Tobago Limited	1,469,880	266,994
Republic Bank Limited	4,332,321	1,192,858
RBC Royal Bank (Trinidad and Tobago) Limited	4,649,849	3,118,905
Scotiabank (Trinidad and Tobago) Limited	6,638,429	3,078,178
	$ 17,093,479	$ 7,659,935

5. **Available-for-Sale Financial Assets:**

	31 December 2014	31 December 2013
Guardian Asset Management Limited	$ 36,001	$ 214,170
Trinidad and Tobago Unit Trust Corporation	77,256,827	22,476,163
Central Bank of Trinidad and Tobago	-	1,000,000
	$ 77,292,828	$ 23,690,333

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

6. **Loans and Receivables:**

	31 December 2014	31 December 2013
Raw Materials and Asset Financing (See note (i) below)	$314,187,786	$338,293,655
Trade Discounting (See note (ii) below)	20,307,583	23,056,764
Interest receivable	17,063,754	17,700,850
	351,559,123	379,051,269
Less provisions for impairment:		
Raw Materials and Asset Financing	(16,715,400)	(14,735,000)
	$334,843,723	$364,316,269

Provisions for Impairment:

	2014	2013
Balance at beginning of year	$ 14,735,000	$ 9,212,150
Provisions for bad debts	3,177,570	5,522,850
Bad debts written off	(1,197,170)	-
Balance at end of year	$ 16,715,400	$ 14,735,000

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

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

7. **Other Assets:**

	31 December 2014	31 December 2013
Insurance premium receivable	$ 230,135	$ 210,418
Due from GORTT (TTHFCL Expenses)	-	557,995
Interest receivable – investments	12,663	66,805
Other receivables	3,490,813	2,208,281
Prepaid expenses	349,707	1,512,536
	$ 4,083,318	$ 4,556,035

8. **Held-to-Maturity Investments:**

		31 December 2014	31 December 2013
a)	Colonial Life Insurance Company Limited	$ 27,676,000	$ 29,307,000
	Government of the Republic of Trinidad and Tobago 7.75% bonds (2024)	1,550,600	110,000
	WASA 6.30% bonds (2014)	-	13,000,000
	Total	**$ 29,226,600**	**$ 42,417,000**

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

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

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

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

Initial Principal Amount	Principal and Interest Due as at 1.1.12 TT$	Initial and Annual Bond Repayments for 2012 TT$	Balance as at 31.12.12 TT$	Annual Bond Repayments for 2013 & 2014 TT$	Balance as at 31.12.14 TT$
US$ 3M	$ 19,141,200	$ (1,029,200)	$ 18,112,000	$ (1,908,000)	$ 16,204,000
TT$ 1M	864,000	(115,000)	749,000	(80,000)	669,000
TT$ 1M	864,000	(115,000)	749,000	(80,000)	669,000
TT$ 12M	12,000,000	(672,000)	11,328,000	(1,194,000)	10,134,000
	$ 32,869,200	**$ (1,931,200)**	**$ 30,938,000**	**$ (3,262,000)**	**$ 27,676,000**

The balance of **$27,676,000** would be repaid by the GORTT on the 30th day of November over the next seventeen (17) years from the year 2014 to the year 2031.

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

9. **Fixed Assets:**

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

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

9. **Fixed Assets (continued):**

	Leasehold Property	Office Furniture and Equipment	Computer Equipment and Software	Motor Vehicles	Work-In Progress	Total
Cost						
At 1 January 2013	$1,772,267	$1,724,785	$ 7,615,061	$1,562,834	$ 368,339	$13,043,286
Additions	78,844	155,903	49,950	647,178	2,370,688	3,302,563
Transfers	1,145,710	-	-	-	(1,145,710)	-
Disposals	-	(460,388)	(66,223)	(356,893)	-	(883,504)
At 31 December 2013	2,996,821	1,420,300	7,598,788	1,853,119	1,593,317	15,462,345
Accumulated Depreciation						
At 1 January 2013	995,079	1,410,868	4,723,478	381,273	-	7,510,698
Charge for the year	124,313	126,914	985,616	439,452	-	1,676,295
Disposals	-	(453,108)	(62,462)	(221,154)	-	(736,724)
At 31 December 2013	1,119,392	1,084,674	5,646,632	599,571	-	8,450,269
Net Book Value						
At 31 December 2013	$1,877,429	$ 335,626	$ 1,952,156	$1,253,548	$ 1,593,317	$ 7,012,076
At 31 December 2012	$ 777,188	$ 313,917	$ 2,891,583	$ 1,181,561	$ 368,339	$ 5,532,588

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

10. Accounts Payable and Accruals:

	31 December 2014	31 December 2013
Accrued income	$ 228,825	$ 92,992
Audit fee	140,530	140,616
Amounts due to exporters	158,296	24,533
Interest payable	1,024,880	908,143
Marine insurance	22,987	19,506
Other payables	646,576	619,309
	$ 2,222,094	$ 1,805,099

11. Lines of Credit:

	31 December 2014	31 December 2013
Trinidad and Tobago Unit Trust Corporation	$ 28,032,000	$ 28,032,000
Scotiabank (Trinidad and Tobago) Limited	105,679,339	116,279,339
Banco Latinamericano de Exportaciones (Bladex)	128,000,000	96,000,000
RBC Royal Bank (Trinidad and Tobago) Limited	13,336,000	15,400,000
	$275,047,339	$255,711,339

12. Deferred Taxation:

The movement in the deferred taxation account is as follows:

	31 December 2014	31 December 2013
Balance at beginning of year – (liability)/asset	$ (373,106)	$ (537,383)
Effect on Statement of Comprehensive Income	185,040	164,277
Balance at end of year – liability	$ (188,066)	$ (373,106)
Deferred taxation is attributable to:		
Excess of net book value over written down tax value	$ (188,066)	$ (373,106)

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

13. **Stated Capital:**

	31 December 2014	31 December 2013
Authorised		
Unlimited ordinary shares of no par value		
12,600,000 cumulative convertible preference shares of no par value		
Issued and fully paid		
1,749,340 cumulative convertible preference shares of no par value	$174,934,000	$174,934,000

14. **Special Reserve:**

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

15. **Interest Income:**

	31 December 2014	31 December 2013
Income from raw material and asset financing	$ 20,200,487	$ 21,651,006
Income from trade discounting	1,046,332	1,513,873
	$ 21,246,819	$ 23,164,879

16. **Results on Insurance Operations:**

	31 December 2014	31 December 2013
Insurance premium written	$ 1,620,920	$ 1,669,155
Insurance claims paid (net of recoveries)	(256,000)	-
	$ 1,364,920	$ 1,669,155

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

17. Unexpired Risk Adjustment:

In 2004, based on the claims experience of EXIMBANK, its management changed the basis for estimation of the unexpired insurance risk from 80% of premium income on insurance contracts to 2% of the invoiced values on Insurance Contracts. As at 31 December 2014, the revised provision for unexpired risk has been reassessed to $47,904.

18. Other Income:

	31 December 2014	31 December 2013
Bad debts recovery	$ 3,928	$ 37,000
Gain on foreign exchange	582,366	594,736
Staff loan interest	910	445
Gain on disposal of fixed assets	6,357	83,944
Agency fees - TTTBDL (net) **(See Below)**	105,000	105,000
Other income	-	(616)
	$ 698,561	$ 820,509

Agency fees (net) -

	2014	2013
Agency fee income	$ 420,000	$ 406,875
Agency fee expenditure	(315,000)	(301,875)
	$ 105,000	$ 105,000

19. General and Administrative Expenses:

General and administrative expenses include the following:

	31 December 2014	31 December 2013
Building occupancy and equipment	$ 2,898,618	$ 3,114,437
Communications	273,313	330,550
General administrative expenses	9,302,316	7,503,791
Other business expenses	1,939,564	1,786,943
	$ 14,413,811	$ 12,735,721

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

20. Taxation:

	31 December 2014	31 December 2013
Corporation Tax	$ (716,454)	$ (757,178)
Green Fund Levy	(26,289)	(27,796)
Deferred Taxation	185,040	164,277
	$ (557,703)	$ (620,697)

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

	2014	2013
Net income before taxation	$ 2,168,313	$ 2,539,485
Tax calculated at 25%	$ (542,078)	$ (634,871)
Exempt income	53,641	71,581
Expenses not deductible for tax purposes	(42,977)	(34,571)
Green Fund Levy	(26,289)	(27,796)
Other	-	4,960
	$ (557,703)	$ (620,697)

21. Related Party Transactions:

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

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

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

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

	31 December 2014	31 December 2013
a) Assets		
Loans and receivables	$ -	$ 111
Due from GORTT (TTHFCL Expenses)	-	557,995
Due from TTTBDL	-	157,434
b) Income		
Agency Fees - TTTBDL (net)	105,000	105,000
c) Expenses		
Directors fees and travelling	496,518	447,300
d) Key management compensation		
Short term benefits	3,436,017	2,562,173
Post-employment benefits	298,083	259,576
	$ 3,734,100	$ 2,821,749

22. Risk Management:

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

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

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

(a) Credit risk -

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

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

i) Credit risk management

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

ii) Credit risk measurement

1. Single and Group Borrower Limits

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

2. Collateral

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

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

22. Risk Management (continued):

(a) Credit risk (continued) -

iii) Provisioning policies

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

iv) Credit risk exposure

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

	31 December 2014 Gross maximum exposure	31 December 2013 Gross maximum exposure
Cash and bank balances	$ 17,093,479	$ 7,659,935
Available-for-sale financial assets	77,292,828	23,690,333
Loans and receivables	334,843,723	364,316,269
Other Assets	4,083,318	4,556,035
Held-to-maturity investments	29,226,600	42,417,000
	$ 462,539,948	$ 442,639,572

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

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

22. Risk Management (continued):

(a) **Credit risk (continued) -**

iv) Credit risk exposure (cont'd)

Loans to customers:

	2014		2013	
	Loans to customers	**Available -for-sale financial assets**	**Loans to customers**	**Available -for-sale financial assets**
1. Neither past due nor impaired	$ 219,388,947	$ 77,292,828	$ 264,441,183	$ 23,690,333
2. Past due but not impaired	132,170,176	-	114,610,086	-
Gross	351,559,123	77,292,828	379,051,269	23,690,333
Less: Provision for impairment	(16,715,400)	-	(14,735,000)	-
Net	$ 334,843,723	$ 77,292,828	$ 364,316,269	$ 23,690,333

The total impairment provision for loans to customers is **$16,715,400** (2013: $14,735,000).

1. ***Neither past due nor impaired:***

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

	31 December 2014	2013
Raw Material and Asset Financing	$ 200,138,608	$ 248,709,824
Trade Discounting	19,250,339	15,731,359
Total loans to customers	**$ 219,388,947**	**$ 264,441,183**

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

22. Risk Management (continued):

(a) Credit risk (continued) -

iv) Credit risk exposure (cont'd)

2. Past due but not impaired:

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

31 December 2014	**Up to 30 days**	**30-60 Days**	**60-90 days**	**90 Days**	**Total**
Raw Material and Asset Financing	$46,600,731	$ 2,411,196	$ 1,450,139	$80,542,082	$131,004,148
Trade Discounting	221,953	702	-	943,373	1,166,028
Total loans to customers	$46,822,684	$ 2,411,898	$ 1,450,139	$81,485,455	$132,170,176

31 December 2013	**Up to 30 days**	**30-60 Days**	**60-90 days**	**90 Days**	**Total**
Raw Material and Asset Financing	$16,069,313	$18,752,010	$ 2,648,734	$69,434,276	$106,904,333
Trade Discounting	3,194,294	2,093,213	663,879	1,754,367	7,705,753
Total loans to customers	$19,263,607	$20,845,223	$ 3,312,613	$71,188,643	$114,610,086

(b) Market risk -

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

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

22. **Risk Management (continued):**

(c) **Currency risk -**

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

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

Balances as at 31 December 2014 and 31 December 2013, in their original currencies, were as follows:

31 December 2014	**TTD**	**USD**	**Total**
Assets			
Cash in hand and at bank	$ 2,786,992	$ 14,306,487	$ 17,093,479
Available-for-sale financial assets	1,163,284	76,129,544	77,292,828
Loans and receivables	123,544,451	211,299,272	334,843,723
Held-to-maturity investments	29,226,600	-	29,226,600
Total Assets	$ 156,721,327	$ 301,735,303	$ 458,456,630
Liabilities			
Accounts payable and accruals	$ 2,222,094	$ -	$ 2,222,094
Lines of credit	8,000,000	267,047,339	275,047,339
Total Liabilities	$ 10,222,094	$ 267,047,339	$ 277,269,433

31 December 2013	**TTD**	**USD**	**Total**
Assets			
Cash in hand and at bank	$ 4,744,730	$ 2,915,205	$ 7,659,935
Available-for-sale financial assets	1,538,349	22,151,984	23,690,333
Loans and receivables	112,561,571	251,754,698	364,316,269
Held-to-maturity investments	42,417,000	-	42,417,000
Total Assets	$ 161,261,650	$ 276,821,887	$ 438,083,537
Liabilities			
Accounts payable and accruals	$ 1,712,107	$ 92,992	$ 1,805,099
Lines of credit	17,400,000	238,311,339	255,711,339
Total Liabilities	$ 19,112,107	$ 238,404,331	$ 257,516,438

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

22. **Risk Management (continued):**

(d) **Interest rate risk -**

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

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

31 December 2014	Up to 30 days	1 – 3 Months	3 – 12 Months	1 – 5 Years	Over 5 Years	Total
Assets						
Cash in hand and at bank	$ 17,093,383	$ -	$ -	$ -	$ -	$ 17,093,383
Available-for-sale financial assets	77,292,828	-	-	-	-	77,292,828
Loans to customers	139,203,602	43,428,691	57,702,216	75,967,441	18,541,773	334,843,723
Held-to-maturity investments	-	-	1,631,000	6,519,000	21,076,600	29,226,600
Total Assets	$ 233,589,813	$ 43,428,691	$ 59,333,216	$ 82,486,441	$ 39,618,373	$ 458,456,534
Liabilities						
Lines of credit	-	56,152,000	154,895,339	64,000,000	-	275,047,339
Total Liabilities	$ -	$ 56,152,000	$ 154,895,339	$ 64,000,000	$ -	$ 275,047,339
Net Gap	**$ 233,589,813**	**$ (12,723,309)**	**$ (95,562,123)**	**$ 18,486,441**	**$ 39,618,373**	**$ 183,409,195**
Cumulative Gap	**$ 233,589,813**	**$220,866,504**	**$125,304,381**	**$ 143,790,822**	**$183,409,195**	

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

22. **Risk Management (continued):**

(d) **Interest rate risk (continued) -**

31 December 2013	Up to 30 days	1 – 3 Months	3 – 12 Months	1 – 5 Years	Over 5 Years	Total
Assets						
Cash in hand and at bank	$ 7,659,935	$ -	$ -	$ -	$ -	$ 7,659,935
Available-for-sale financial assets	23,690,333	-	-	-	-	23,690,333
Loans to customers	114,831,491	138,098,679	75,264,572	29,187,361	6,934,166	364,316,269
Held-to-maturity investments	-	-	14,631,000	6,521,000	21,265,000	42,417,000
Total Assets	$ 146,181,759	$138,098,679	$ 89,895,572	$ 35,708,361	$ 28,199,166	$ 438,083,537
Liabilities						
Lines of credit	33,920,000	123,991,339	97,800,000	-	-	255,711,339
Total Liabilities	$ 33,920,000	$123,991,339	$ 97,800,000	$ -	$ -	$ 255,711,339
Net Gap	**$ 112,261,759**	**$ 14,107,340**	**$ (7,904,428)**	**$ 35,708,361**	**$ 28,199,166**	**$ 182,372,198**
Cumulative Gap	**$ 112,261,759**	**$126,369,099**	**$ 118,464,671**	**$ 154,173,032**	**$182,372,198**	

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

22. **Risk Management (continued):**

(e) **Liquidity risk -**

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

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

31 December 2014	**Up to 30 days**	**1 – 3 Months**	**3 – 12 Months**	**1 – 5 Years**	**Over 5 Years**	**Total**
Total Assets	$ 233,589,813	$ 43,428,691	$ 59,333,216	$ 82,486,441	$ 39,618,373	$ 458,456,534
Liabilities						
Lines of credit	-	56,152,000	154,895,339	64,000,000	-	275,047,339
Total Liabilities	$ -	$ 56,152,000	$154,895,339	$ 64,000,000	$ -	$ 275,047,339
Net Gap	**$ 233,589,813**	**$(12,723,309)**	**$ (95,562,123)**	**$ 18,486,441**	**$ 39,618,373**	**$ 183,409,195**
Cumulative Gap	**$ 233,589,813**	**$220,866,504**	**$125,304,380**	**$143,790,821**	**$ 183,409,195**	

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

22. **Risk Management (continued):**

(e) **Liquidity risk (continued) -**

31 December 2013	Up to 30 days	1 – 3 Months	3 – 12 Months	1 – 5 Years	Over 5 Years	Total
Total Assets	$ 146,181,759	$138,098,679	$ 89,895,572	$ 35,708,361	$ 28,199,166	$ 438,083,537
Liabilities						
Lines of credit	33,920,000	123,991,339	97,800,000	-	-	255,711,339
Total Liabilities	$ 33,920,000	$123,991,339	$ 97,800,000	$ -	$ -	$ 255,711,339
Net Gap	$ 112,261,759	$ 14,107,340	$ (7,904,428)	$ 35,708,361	$ 28,199,166	$ 182,372,198
Cumulative Gap	$ 112,261,759	$126,369,099	$118,464,671	$154,173,032	$ 182,372,198	

22. **Risk Management (continued):**

(f) Operational risk -

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

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

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

(g) Compliance risk -

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

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

(h) Reputation risk -

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

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

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

EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

23. Fair Values:

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

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

24. Capital Risk Management:

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

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

25. Capital Commitments:

The Bank has capital commitments of **TT$676,648** as at 31 December 2014 for the acquisition of new software and **$2,699,200** (VAT Inclusive) for the development of the "Made in TNT" website. The Bank is also committed to an annual expenditure of **TT$2,490,038** (VAT Inclusive) for the management, marketing and promotion and general maintenance of the "Made in TNT" website over a minimum period of five (5) years.