TRINIDAD AND TOBAGO INSURANCE LIMITED

SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

Tatil

... where people are people

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF TRINIDAD & TOBAGO INSURANCE LIMITED

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the separate and consolidated financial statements of Trinidad & Tobago Insurance Limited ("the Parent"), and its subsidiaries ("the Group") which comprise the separate and consolidated statement of financial position as at 31 December 2021, and the separate and consolidated statement of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Parent and Group as at 31 December 2021 and their financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Separate and Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Parent's and Group's financial reporting process.

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

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

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

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

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

EY

Port of Spain,
TRINIDAD:
28 April 2022

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021 • Expressed in thousands of Trinidad and Tobago Dollars

Parent 2020	Parent 2021		Notes	Group 2021	Group 2020
		Assets			
81,823	68,568	Cash and short-term funds	4	419,239	583,238
8,409	8,015	Fixed deposits		53,468	52,609
344,979	353,381	Investment securities	5	2,708,252	2,280,871
2,508	1,534	Interest receivable		10,843	15,906
54,826	72,032	Insurance receivables	6	79,585	64,442
–	–	Loans and advances	7	214,359	207,350
5,499	14,781	Other receivables and prepayments	8	22,858	12,945
1,661	3,563	Taxation recoverable		3,747	1,823
135,852	162,435	Reinsurance assets	19	179,803	151,401
107,165	101,297	Investment properties	10	109,227	112,848
2,534	2,355	Right-of-use assets	17	8,084	11,555
66,790	66,790	Investments in subsidiaries	9	–	–
44,140	62,009	Property and equipment	11	81,228	69,588
18,079	30,490	Intangible assets	12	45,073	18,275
5,799	4,395	Deferred tax asset	13	6,144	8,282
66,075	77,055	Employee benefit asset	14	142,484	123,188
946,139	1,028,700	**Total assets**		4,084,394	3,714,321
		Liabilities			
40,235	81,414	Insurance and other payables	16	98,863	59,000
2,712	–	Taxation payable		167	2,778
2,593	2,383	Lease liabilities	17	8,416	11,984
31,541	36,291	Deferred tax liability	13	174,245	135,783
4,035	3,551	Employee benefit obligation	14	6,502	6,843
–	–	Investment contract liabilities	18	273,901	265,923
296,600	328,650	Insurance contract liabilities	19	1,705,772	1,591,148
377,716	452,289	**Total liabilities**		2,267,866	2,073,459
		Equity			
19,070	19,070	Stated capital	21	19,070	19,070
102,615	–	Statutory surplus reserve		–	102,615
15,944	15,944	Catastrophe reserve		15,944	15,944
430,794	541,397	Retained earnings		1,780,770	1,502,584
568,423	576,411	**Equity attributable to the equity holders of the Parent**		1,815,784	1,640,213
–	–	**Non-controlling interest**		744	649
–	–	**Total equity**		1,816,528	1,640,862
946,139	1,028,700	**Total liabilities and equity**		4,084,394	3,714,321

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

These separate and consolidated financial statements were approved by the Board of Directors and authorised for issue on 28 April 2022 and signed on its behalf by:

Ray A. Sumairsingh	M. Musa Ibrahim
Chairman	**Managing Director**

SEPARATE AND CONSOLIDATED STATEMENT OF INCOME

For the Year ended 31 December 2021 • Expressed in thousands of Trinidad and Tobago Dollars

Parent 2020	Parent 2021		Notes	Group 2021	Group 2020
530,606	598,993	Gross insurance contracts premium revenue	24	793,322	734,778
(309,989)	(357,651)	Reinsurers' share of insurance contracts premium revenue	24	(349,057)	(305,939)
220,617	241,342	**Net insurance contracts premium revenue**		444,265	428,839
(1,442)	(32,858)	Gross change in unearned premium provision and unexpired risk		(32,858)	(1,442)
8,749	32,405	Reinsurers' share of change in unearned premium provision and unexpired risks		32,405	8,749
7,307	(453)	**Net change in unearned premium provision and unexpired risks**		(453)	7,307
227,924	240,889	**Net insurance revenue**		443,812	436,146
5,882	29,610	Investment income	22	291,150	75,889
56,552	66,174	Other income	23	76,456	66,175
290,358	336,673	**Total revenue**		811,418	578,210
(131,970)	(165,148)	Gross claims incurred	24	(383,049)	(335,870)
13,256	14,350	Reinsurer's share of gross claims incurred	24	22,030	21,030
(118,714)	(150,798)	**Net insurance claims incurred**		(361,019)	(314,840)
–	–	Interest charged on investment contracts	18	(11,783)	(11,594)
(127,921)	(148,276)	General administrative and selling expenses	25	(199,954)	(178,251)
(246,635)	(299,074)	**Total claims incurred and other expenses**		(572,756)	(504,685)
43,723	37,599	**Net profit before taxation**		238,662	73,525
(10,806)	(11,388)	Taxation expense	26	(37,545)	(8,298)
32,917	26,211	**Net profit after taxation**		201,117	65,227
		Profit attributable to:			
32,917	26,211	**Equity holders of the Parent**		201,022	65,224
–	–	**Non-controlling interest**		95	3
32,917	26,211			201,117	65,227

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

SEPARATE AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 December 2021 • Expressed in thousands of Trinidad and Tobago Dollars

Parent 2020	Parent 2021		Notes	Group 2021	Group 2020
32,917	26,211	Net profit after taxation		201,117	65,227
		Other comprehensive gain/(loss)			
		Other comprehensive gain/(loss) not to be reclassified to separate statement of income or loss in subsequent periods:			
(2,249)	8,486	Re-measurement gains/(losses) on defined benefit plans	14	14,604	(2,842)
675	(2,311)	Income tax effect	13	(3,841)	822
31,343	32,386	**Total comprehensive income for the year, net of tax**		211,880	63,207
		Attributable to:			
31,343	32,386	**Equity holders of the Parent**		211,785	63,204
–	–	**Non-controlling interest**		95	3
31,343	32,386			211,880	63,207

Note: There are no items that may be classified to separate and consolidated statement of income in subsequent periods.

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

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 December 2021 • Expressed in thousands of Trinidad and Tobago Dollars

Parent	Stated capital	Statutory surplus reserve	Catastrophe reserve	Retained earnings	Total
Balance at 1 January 2020	19,070	102,615	15,944	399,451	537,080
Total comprehensive income	–	–	–	31,343	31,343
Dividends 2020 (Note 21)	–	–	–	–	–
Balance as at 31 December 2020	19,070	102,615	15,944	430,794	568,423
Reclassification of statutory surplus reserve (Note 2)	(102,615)	102,615	–		
Total comprehensive income	–	–	–	32,386	32,386
Dividends 2021 (Note 21)	–	–	–	(24,398)	(24,398)
Balance as at 31 December 2021	19,070	–	15,944	541,397	576,411

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 December 2021 • Expressed in thousands of Trinidad and Tobago Dollars

Consolidated	Stated capital	Statutory surplus reserve	Catastrophe reserve	Retained earnings	Total equity attributable to equityholders of the Parent	Non-controlling interest	Total
Balance at 1 January 2020	19,070	102,615	15,944	1,439,338	1,576,967	646	1,577,613
Total comprehensive income	–	–	–	63,204	63,204	3	63,207
Other life insurance reserve movements	–	–	–	42	42	–	42
Dividends 2020 (Note 21)	–	–	–	–	–	–	–
Balance as at 31 December 2020	19,070	102,615	15,944	1,502,584	1,640,213	649	1,640,862
Reclassification of statutory surplus reserve (Note 2)	–	(102,615)	–	102,615	–	–	–
Total comprehensive income	–	–	–	211,785	211,785	95	211,880
Other life insurance reserve movements	–	–	–	(11,816)	(11,816)	–	(11,816)
Dividends 2021 (Note 21)	–	–	–	(24,398)	(24,398)	–	(24,398)
Balance as at 31 December 2021	19,070	–	15,944	1,780,770	1,815,784	744	1,816,528

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

SEPARATE AND CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year ended 31 December 2021 • Expressed in thousands of Trinidad and Tobago Dollars

Parent 2020	Parent 2021		Notes	Consolidated 2021	Consolidated 2020
		Cash flows from operating activities			
43,723	37,599	**Net profit before taxation**		238,662	73,525
		Adjustments to reconcile net profit to net cash generated from operating activities:			
(1,434)	(2,239)	Gain on employee benefits	14	(3,110)	(2,484)
5,209	6,267	Depreciation and amortisation	11,12 &17	11,163	10,126
10,416	(10,840)	Net (gain)/loss on revaluation of investments		(170,499)	32,737
651	(3,555)	Realised (gain)/loss on sale of equities		(16,469)	(1,190)
–	–	Loss on revaluation of investment property		3,910	–
–	–	Loss on disposal of property and equipment		12	11
366	245	Amortisation of premiums on investment securities		245	366
(367)	46	Impairment expense/(write-back)		(5,499)	1,237
(1,414)	(1,451)	(Gain)/loss on foreign exchange		(1,319)	245
57,150	26,072	Operating profit before working capital changes		57,096	114,573
11,011	(52,097)	(Increase)/decrease in receivables		(48,386)	10,307
(3,587)	40,970	Increase/(decrease) in payables		40,345	(6,356)
(33,766)	32,049	Increase/(decrease) in insurance contracts		120,782	53,085
30,808	46,994	**Cash generated from operations**		169,837	171,609
(13,156)	(12,682)	Taxes paid		(17,661)	(19,506)

Parent 2020	Parent 2021		Consolidated 2021	Consolidated 2020
17,652	34,312	Cash generated from operating activities	152,176	152,103
		Cash flows from investing activities		
(15,482)	(30,676)	Additions to property and equipment 11 & 12	(45,788)	(16,385)
87,362	144,922	Proceeds from sale/maturity of investments and fixed deposits	1,047,287	604,619
(72,472)	(137,415)	Purchase of investments and fixed deposits	(1,286,032)	(364,915)
–	–	Net increase in loans and advances	(7,245)	(2,671)
(592)	(23,169)	**Cash (used in)/generated from investing activities**	(291,778)	220,648
		Cash flows from financing activities		
–	(24,398)	Dividends paid to shareholders	(24,398)	–
–	(24,398)	**Cash used in financing activities**	(24,398)	–
17,062	(13,255)	Net (decrease)/increase in cash and cash equivalents	(163,999)	372,752
64,761	81,823	Cash and cash equivalents at the beginning of the year	583,238	210,486
81,823	68,568	Cash and cash equivalents at the end of the year	419,239	583,238
		Represented by:		
70,378	47,089	Cash on hand and at bank	370,291	414,482
11,445	21,479	Short-term deposits	48,948	168,756
81,823	68,568		419,239	583,238
		Supplemental information:		
16,931	15,716	Interest and dividends received	108,276	117,630

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

1. Incorporation and business activities of the Group

Trinidad and Tobago Insurance Limited ("the Parent") is incorporated and domiciled in the Republic of Trinidad and Tobago and is a wholly owned subsidiary of ANSA Merchant Bank Limited, whose ultimate parent is ANSA McAL Limited. The Trinidad and Tobago Insurance Limited Group ("the Group") comprising of the Parent and two subsidiaries carries on the underwriting of all classes of long-term and short-term insurance business and the rental of properties. A full listing of the Group's subsidiaries is detailed in Note 9. The Parent was continued under the provisions of the Companies Act, 1995 on 6 October 1999. Its registered office and principal place of business is located at 11 Maraval Road, Port of Spain.

2. Significant accounting policies

i. Basis of preparation

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

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

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

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

Presentation of financial statements

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

The Group presents its statement of financial position broadly in order of liquidity. An analysis of recovery or settlement in the 12 months after the statement of financial position date (current) and greater than 12 months after the statement of financial position date (non-current) is presented in Note 29.

Basis of consolidation

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

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

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

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

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

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

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

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

ii. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020 except for the adoption of new standards and interpretations noted below.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

New and amended standards and interpretations

Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9 – 'Financial Instruments', IAS 39 – 'Financial Instruments: Recognition and Measurement' , IFRS 7 – 'Financial Instruments: Disclosures', IFRS 4 – 'Insurance Contracts' and IFRS 16 – 'Leases' – Effective 1 January 2021

The IASB issued amendments that provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that for the financial instrument, the transition from the IBOR benchmark to a RFR takes place on an economically equivalent basis.

IBOR Reform Phase 2 allows the Group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Group to amend hedge designations and hedge documentation. This includes redefining the hedge risk to reference a RFR, redefining the description of a hedge instrument and/or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the Group may elect on a hedge by hedge basis to reset the cumulative fair value change to zero. The Group may designate an interest rate as a non-contractually specified, hedge risk component of changes in the fair value or cash flows of a hedge item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives. For a new RFR that is not yet an established benchmark, relief is provided from this requirement provided the Group reasonably expects the RFR to become separately identifiable within 24 months.

For hedges of groups of items, the Group is required to transfer to subgroups those instruments that reference a RFR. Any hedging relationships that prior to application of IBOR reform phase 1, have been solely discontinued due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform phase 2 is applied, must be reinstated upon initial application.

These amendments had no impact on the Group.

IFRS 16 – 'Leases' Amendments – COVID-19 Related Rent Concessions beyond 30 June 2021 – Effective 1 April 2021

On 31 March 2021, the IASB amended the conditions of the practical expedient in IFRS 16 Leases that provides relief to lessees from applying IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment does not apply to lessors.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and
- There is no substantive change to other terms and conditions of the lease.

Lessees will apply the practical expedient retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied. In the reporting period in which the 2021 amendment is first applied, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8.

IFRS 16 – 'Leases' Amendments – COVID-19 Related Rent Concessions beyond 30 June 2021 – Effective 1 April 2021

The Lessee is required to apply the relief consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient before or after the amendment.

These amendments had no impact on the Group.

2. Significant accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

IFRS 16 – 'Leases' Amendments – COVID-19 Related Rent Concessions beyond 30 June 2021 – Effective 1 April 2021 (continued)

Standards issued but not yet effective

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

- IFRS 3 'Business Combinations' – Amendments to IFRS 3 – Reference to the Conceptual Framework – Effective 1 January 2022
- IAS 16 'Property, Plant and Equipment' – Amendments to IAS 16 – Proceeds before Intended Use – Effective 1 January 2022
- IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' – Amendments to IAS 37 – Onerous Contracts – Effective 1 January 2022
- IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements' – Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies – Effective 1 January 2023
- IAS 1 'Presentation of Financial Statements' – Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current – Effective 1 January 2023
- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – Amendments to IAS 8 – Definition of Accounting Estimates – Effective 1 January 2023
- IAS 12 'Income Taxes' – Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Effective 1 January 2023
- IFRS 17 'Insurance Contracts' – Effective 1 January 2023

Improvements to International Financial Reporting Standards

The annual improvement process of the International Accounting Standards Board deals with non-urgent, but necessary clarifications and amendments to IFRS. The following amendments are applicable to periods beginning on or after 1 January 2021, but have resulted in no material change to the Group's financial statements.

- IFRS 1 'First-time Adoption of International Financial Reporting Standards' – Subsidiary as a first-time adopter
- IFRS 9 'Financial Instruments' – Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 'Agriculture' – Taxation in fair value measurements

iii) Cash and short-term funds

Cash and short-term funds are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash on hand and at bank with original contractual maturities of three months or less and subject to insignificant risks of change in value.

Bank overdrafts, should they exist, are disclosed separately under 'liabilities' on the statement of financial position. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

iv) Financial instruments

Financial assets

a) Initial recognition and subsequent measurement

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

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

Amortised cost and effective interest method

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through the statement of income on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- tthe contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding, (the SPPI test).

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

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in the consolidated statement of income and is included in Note 22.

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

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

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

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

Financial assets at FVSI are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of income. The net gain or loss recognised in the statement of income is included in Note 20. Fair value is determined in the manner described in Note 27.

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

Dividend income on investments in equity instruments at FVSI is recognised in the statement of income when the Group's right to receive the dividends is established in accordance with IFRS 15, *'Revenue from Contracts with Customers'* and is included in the net gain or loss described above.

Foreign exchange gains and losses

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

- For financial assets that are classified as FVSI, the foreign exchange component is recognised in the statement of income and
- For foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the "investment income" line item in the statement of income.

b) Impairment of financial assets

Overview of the expected credit loss (ECL) principles

The Group uses the general probability of default approach when calculating ECLs. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk are set out below.

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility/investment to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition. An investment moving to non-investment grade is also considered a significant increase in credit risk.

Calculation of ECLs

When estimating the ECLs, the Group considers among other factors the risk rating category and aging of the financial asset. Each of these is associated with different PDs, EADs and LGDs. When relevant, it also incorporates how defaulted financial assets are expected to be recovered, including the value of collateral or the amount that might be received for selling the asset.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

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

iv) **Financial instruments** (continued)

Financial assets (continued)

b) Impairment of financial assets (continued)

Calculation of ECLs (continued)

Probability of Default (PD):

The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Exposure at Default (EAD):

The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

The EAD represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

Loss Given Default (LGD):

The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

For investments, the Group primarily relies on international external credit rating agencies to provide data for PDs and LGDs. PDs and LGDs for other financial assets such as loans and advances were derived based on historical loss trends in the portfolios, recoveries, typical collateral and other borrower characteristics.

Forward looking information

In its ECL models, the Group considers a broad range of forward looking information as economic inputs, such as:

- Currency rates
- GDP growth
- Unemployment rates
- Inflation rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The mechanics of the ECL method are summarised below:

Stage 1

The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the scenarios, as explained above.

Stage 2

When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3

For financial instruments considered credit-impaired, the Group recognises the lifetime expected credit losses for these financial instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Purchase or originated credit impaired (POCI)

POCI assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the ECLs.

In most instances, LGDs are determined on an investment basis, including discounting the expected cash flows at the original EIR. In limited circumstances within the Group, where portfolios were small and the products homogenous with minimal history of defaults, a simplified ECL approach was applied using historical loss rates. These portfolios included premium receivables, policy loans and advances and reinsurance receivables.

c) Derecognition of financial assets

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

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

Financial liabilities

a) Initial recognition and subsequent measurement

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

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. The Group's financial liabilities includes other payables. The Group has not designated any financial liabilities upon initial recognition as at fair value through statement of income.

b) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

v) **Fair value measurement**

The Group measures certain financial instruments at fair value at each year end. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 24. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

Insurance contracts

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

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

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

Short-term financial assets and liabilities

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

Investment securities

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

In pricing callable bonds, where information is available, the price of a callable bond is determined as at the call date using the yield to worst. For bonds with irregular cash flows

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

v) **Fair value measurement** (continued)

Insurance contracts (continued)

Investment securities (continued)

(sinking funds, capitalisation of interest, moratoria, amortisations or balloon payments) a process of iteration using the internal rate of return is used to arrive at bond values. Yields on all tax-free bonds are grossed-up to correspond to similar taxable bonds at the prevailing rate of corporation tax.

Loans and advances

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

Determination of fair value and fair value hierarchies

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
- POCI – Credit-impaired on initial recognition, therefore fair valued at original recognition with interest income being subsequently recognised on a credit-adjusted EIR.

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

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Company's own models whereby the majority of assumptions are market observable.

Level 3

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

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

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

POCI

Included in the POCI category are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR.

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

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

vi) **Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. Where business combinations under common control occur, the acquisition method is also used as permitted under the guidelines of IAS 8 'Accounting policies, changes in Accounting estimates and errors.' The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition-date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

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

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

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

vii) **Premium receivables**

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

viii) **Reinsurance assets**

The Group cedes reinsurance in the normal course of business. Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance liabilities. Amounts due from reinsurers are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract. Premiums ceded and claims reimbursed are presented on a gross basis.

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

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

ix) **Investment properties**

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

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

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

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

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

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

ix) Investment properties (continued)

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

x) Property and equipment

Property and equipment are stated at historical cost net of accumulated depreciation and impairment losses/write offs. Depreciation is provided on the straight line basis at various rates sufficient to write off the cost of the assets over their estimated useful lives. The rates used are as follows:

	% per annum
Motor vehicles	20
Computer equipment	33⅓
Leasehold improvements	10
Office furniture, machinery and equipment	10 - 25

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

xi) Intangible assets

Computer software

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

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

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

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

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed fifteen (15) years.

xii) Income taxes

Current income tax

Tax on the profit or loss for the year comprises current tax and the change in deferred tax.

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

Deferred income tax

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

xiii) Employee benefits

The ANSA McAL Pension Plan for Monthly Paid Employees is a hybrid plan with both defined benefit and defined contribution characteristics for its members. It is governed by trust deed and rules dated 17 September 1965 and encompass all eligible full time employees of the ANSA McAL Group of Companies. The Plan was registered to carry on business in Trinidad and Tobago on 31 October 1973. The trustees of the plan have elected to fund the benefits by means of a Segregated Asset Plan with Tatil Life Assurance Limited by way of an agreement dated 1 October 1984. Effective 1 January 2009, the name of the plan was changed to the ANSA McAL Pension Plan for Monthly Paid Employees from Alston's Pension Fund Plan and from this date all new entrants to the Plan were admitted to a defined contribution scheme.

Defined benefit plan

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

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

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "general administrative and selling expenses" in the statement of income (by function) (refer to Note 25):

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

Other post-employment benefit plan

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

Defined contribution plan

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

xiv) Life insurance contract liabilities

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

General insurance contract liabilities

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

Provision for unearned premiums

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

Provision for unexpired risk

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

Liability adequacy test

In accordance with IFRS 4, reserving for liabilities existing as at the reporting date from property and casualty lines of business has been tested for adequacy by independent actuarial consultants using the Bornhuetter-Fergusson model.

The Bornhuetter-Fergusson model can be summarised as follows:

- This valuation method makes an independent estimate of the gross ultimate claims to a corresponding premium for each underwriting year based on expectations of claims arising from the gross premiums written in that year;

2. Significant accounting policies (continued)

xiv) Life insurance contract liabilities (continued)

Liability adequacy test (continued)

- It estimates a claim run-off pattern of how claims emerge year by year until all is known about the total ultimate claim;
- From the independent estimate of gross ultimate claims, the portion that relates to past periods is removed and the resultant balance is the gross claims yet to emerge.

The independent actuaries concluded in their report dated 11 February 2022 that the carrying amounts of the insurance liabilities as at 31 December 2021, in respect of IBNR claims and claims from unexpired contracts were adequate.

xv) Product classification

Insurance contracts

IFRS 4, 'Insurance Contracts' defines insurance contracts as those containing significant insurance risk at the inception of the contract. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

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

Investment contracts

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

xvi) Salvage and subrogation reimbursements

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

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

xvii) Equity movements

Stated capital

Ordinary stated capital is classified within equity and is recognised at the fair value of the consideration received by the Group. Incremental costs directly attributable to the issue of new shares are shown as a reduction in equity, net of tax.

Dividends on ordinary share capital

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's Board of Directors. Dividends for the year that are approved after the reporting date are dealt with as an event after the statement of financial position date.

xviii) Statutory surplus reserve

As previously required by Section 171 of the Insurance Act 1980 of Trinidad and Tobago at least 25% of an insurance company's profit from general insurance business, for the preceding year was to be appropriated towards a statutory surplus reserve until such surplus equals or exceeds the reserves in respect of its outstanding unexpired policies. This statutory surplus reserve is no longer required under the new Insurance Act, 2018 of Trinidad and Tobago and therefore is to be reappropriated to retained earnings.

xix) Catastrophe reserve

As required by Section 44 of the Insurance Act 2018 of Trinidad and Tobago, on an annual basis, the Group determines an amount that is transferred to a catastrophe reserve. This is treated as an appropriation of retained earnings and is included as a separate component of equity.

xx) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or service is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods or services.

Premium income

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

Reinsurance commissions

Reinsurance commissions are recognised when the right to receive the gross commission is recognised in accordance with the terms of the relevant reinsurance contract.

The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and financial instruments designated at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

Investment income

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

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

For purchased or originated credit-impaired (POCI) financial assets (as set out in Note 2 iv), the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Dividend income

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

Rental income

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

Fees and commissions

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

Other income and expenditure

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

xxi) Benefits and claims

Life insurance

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

General Insurance

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

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

Reinsurance claims

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

xii) Lapses - Life insurance

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

i. At the end of the grace period (30 days) for any unpaid premium unless the premium or part of it is advanced under the automatic premium loan provision or the policy is changed to paid up; or

ii. At the end of the pro-rated period for which insurance is provided if part of an unpaid premium was advanced under the automatic loan provision; or

iii. At the end of the 30-day period following the mailing of a lapse notice indicating that the indebtedness equals or exceeds the gross cash value.

xxiii) Foreign currency translation

Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

xxiii) Foreign currency translation (continued)

Foreign currency transactions

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

Foreign entities

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

xxiv) Provisions

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

When the Group can reliably measure the outflow of economic benefits in relation to a specific matter and considers such outflows to be probable, the Group records a provision against the matter. Given the subjectivity and uncertainty of determining the probability of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

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

xxv) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Property, plant and equipment	3-6 years
Motor vehicles	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

xxvi) Impairment of non-financial assets

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognised.

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

3. Significant accounting judgements, estimates and assumptions

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

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

- Financial instruments risk management (Note 28)
- Capital management (Note 32)

i) Judgements

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

Property and equipment (Note 11)

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

Impairment of financial instruments

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and if so allowances for financial instruments should be measured on a LTECL basis and the qualitative assessment;
- The segmentation of financial instruments when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

3. Significant accounting judgements, estimates and assumptions (continued)

i) Judgements (continued)

Impairment of financial instruments (continued)

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Leases (Note 17)

- *Determining the lease term of contracts with renewal and termination options – Group as lessee*

  The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

  The Group included the renewal period as part of the lease term for leases of properties with shorter non-cancellable period (i.e., 3 to 6 years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

- *Estimating the incremental borrowing rate*

  If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

  The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Going concern

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

ii) Estimates and assumptions

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

Valuation of investments (Note 27)

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

Pension and other post employment benefits (Note 14)

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

Deferred taxes (Note 13)

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 judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and the level of future taxable profits together with future tax planning strategies.

Insurance contract liabilities (Note 19)

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

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

Impact of COVID-19

Background

COVID-19, a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation on 11 March 2020. The pandemic continued to affect economies in 2021 and the Company has considered this impact and other market volatility in preparing its financial statements.

While the specific areas of judgement as noted on the previous pages did not change, the impact of COVID-19 resulted in the application of further judgement within those identified areas. Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, and the short duration between the declaration of the pandemic and the preparation of these financial statements, changes to the estimates and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

Impact of COVID-19 on the macro-economic outlook

Forward-looking information, including a detailed explanation of the scenarios and related probabilities considered in determining the Company's forward-looking assumptions for the purposes of its expected credit loss (ECL), has been provided in Note 25 to the consolidated financial statements. Noting the wide range of possible scenarios and macroeconomic outcomes, and the relative uncertainty of how COVID-19 and its social and economic consequences will flow, these scenarios represent reasonable and supportable forward-looking views as at the reporting date.

Process applied

As a consequence of COVID-19 and in preparing these consolidated financial statements, management:

– re-evaluated whether there were any additional areas of judgement or estimation uncertainty beyond what has been disclosed above

– updated its economic outlook – principally for the purposes of inputs into its ECL through the application of forward-looking information, but also for input into the impairment analysis of financial and non-financial asset classes and disclosures such as fair value disclosures of financial assets and liabilities

– reviewed external market communications to identify other COVID-19 related impacts

– reviewed public forecasts and experience from previous downturns

– conducted several internal processes to ensure consistency in the application of the expected impact of COVID-19 across all asset classes

– assessed the carrying values of its assets and liabilities and determined the impact thereon as a result of market inputs and variables impacted by COVID-19

– ran multiple stress testing scenarios, which are an integral component of Group's risk management framework and a key input to the capital adequacy assessment process, to assess the potential impacts of the COVID-19 pandemic on its portfolio to assist in the organisation's prudent risk management, and

– considered the impact of COVID-19 on the Group's financial statement disclosures.

Consideration of the statements of financial position and further disclosures

Fair value measurement

The Group used the most up-to-date market information and credit ratings in the fair value calculations to evaluate the ECL provisions.

There were no substantial changes to the methodology or approach in light of the pandemic.

Insurance contract liabilities

The Group ensuring that the assumptions used in the calculation of the actuarial reserve considered the impact of COVID-19. These include the inputs used in the relevant assumptions reflect the market condition in light of the pandemic.

There were no substantial changes to the methodology or approach in light of the pandemic.

4. Cash and short-term funds

Parent			Group	
2020	2021		2021	2020
70,378	47,089	Cash on hand and at bank	370,291	414,482
11,445	21,479	Short-term deposits	48,948	168,756
81,823	68,568		419,239	583,238

Cash held at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates based on the quoted estimated yields.

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

5. Investment securities

Parent 2020	Parent 2021		Group 2021	Group 2020
		Financial assets designated at fair value through the statement of income		
53,366	119,909	Equity securities	1,205,432	459,258
53,366	119,909		1,205,432	459,258
		Financial assets at amortised cost		
78,807	65,537	Government bonds	410,568	442,710
145,607	109,225	State-owned company securities	456,095	573,688
67,199	58,710	Corporate bonds and debentures	636,157	805,215
291,613	233,472		1,502,820	1,821,613
344,979	353,381	Total investment securities	2,708,252	2,280,871

Impairment allowance for investments

The table below shows the staging of investments and the related ECLs based on the Group's criteria as explained in Note 2 iv b).

	Stage 1	Stage 2	Stage 3	Purchase or originated credit Impaired	Total
Parent - 2021					
Gross carrying amount as at 31 December 2021	219,258	215	396	14,704	234,573
ECL allowance as at 31 December 2021	(705)	–	(396)	–	(1,101)
Net exposure as at 31 December 2021	218,553	215	–	14,704	233,472
ECL allowance as at 1 January 2021	739	302	396	–	1,437
New assets originated or purchased	289	–	–	–	289
Other credit loss movements or repayments	(366)	(302)	–	–	(668)
Credit loss expense	43	–	–	–	43
At 31 December 2021	705	–	396	–	1,101
Parent - 2020					
Gross carrying amount as at 31 December 2020	265,432	12,521	396	14,701	293,050
ECL allowance as at 31 December 2020	(739)	(302)	(396)	–	(1,437)
Net exposure as at 31 December 2020	264,693	12,219	–	14,701	291,613
ECL allowance as at 1 January 2020	786	246	396	–	1,428
New assets originated or purchased	197	–	–	–	197
Other credit loss movements or repayments	(417)	56	–	–	(361)
Credit loss expense	173	–	–	–	173
At 31 December 2020	739	302	396	–	1,437
Group - 2021					
Gross carrying amount as at 31 December 2021	1,491,661	1,357	396	14,704	1,508,118
ECL allowance as at 31 December 2021	(4,902)	–	(396)	–	(5,298)
Net exposure as at 31 December 2021	1,486,759	1,357	–	14,704	1,502,820
ECL allowance as at 1 January 2021	4,025	4,936	1,502	–	10,463
New assets originated or purchased	1,377	–	–	–	1,377
Other credit loss movements or repayments	(558)	(1,196)	(1,106)	–	(2,860)
Credit loss expense	57	(3,740)	–	–	(3,683)
At 31 December 2021	4,901	–	396	–	5,297

	Stage 1	Stage 2	Stage 3	Purchase or originated credit Impaired	Total
Group - 2020					
Gross carrying amount as at 31 December 2020	1,649,605	166,268	1,502	14,701	1,832,076
ECL allowance as at 31 December 2020	(4,025)	(4,936)	(1,502)	–	(10,463)
Net exposure as at 31 December 2020	1,645,580	161,332	–	14,701	1,821,613
ECL allowance as at 1 January 2020	3,228	4,611	1,475	–	9,314
Translation adjustments	–	–	–	–	–
New assets originated or purchased	735	–	–	–	735
Other credit loss movements or repayments	(1,037)	(627)	–	–	(1,665)
Credit loss expense	1,098	952	27	–	2,077
At 31 December 2020	4,024	4,936	1,502	–	10,462

6. Insurance receivables

Parent 2020	Parent 2021		Group 2021	Group 2020
57,015	77,176	Gross premium receivables	77,985	57,562
(3,000)	(6,000)	Expected credit loss premium receivables	(6,000)	(3,000)
3,119	3,164	Gross reinsurance receivables	9,908	12,188
(2,308)	(2,308)	Expected credit loss reinsurance receivables	(2,308)	(2,308)
54,826	72,032		79,585	64,442

7. Loans and advances

Parent 2020	Parent 2021		Group 2021	Group 2020
–	–	Policy loans	12,736	12,725
–	–	Mortgage loans	201,623	194,625
–	–		214,359	207,350
		Sectoral analysis of advances		
–	–	Personal	178,309	169,197
–	–	Real estate	36,050	38,153
–	–		214,359	207,350
		Maturity profile of loans and advances		
–	–	Within 1 year	10	–
–	–	1 to 5 years	4,811	3,452
–	–	Over 5 years	209,538	203,898
–	–		214,359	207,350

The table below shows the staging of net loans and advances and the related ECLs based on the Group's criteria as explained in Note 2 (iv) (b).

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 December 2021	214,635	–	–	214,635
ECL allowance as at 31 December 2021	(276)	–	–	(276)
Net exposure as at 31 December 2021	214,359	–	–	214,359
Gross carrying amount as at 31 December 2020	207,686	–	–	207,686
ECL allowance as at 31 December 2020	(336)	–	–	(336)
Net exposure as at 31 December 2020	207,350	–	–	207,350
ECL allowance as at 1 January 2021	336	–	–	336
Amounts written off or credit loss expense	(60)	–	–	(60)
At 31 December 2021	276	–	–	276
ECL allowance as at 1 January 2020	100	–	–	100
New assets originated or purchased	75	–	–	75
Amounts written off or credit loss expense	161	–	–	161
At 31 December 2020	336	–	–	336

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

8. Other receivables and prepayments

Parent 2020	Parent 2021		Group 2021	Group 2020
1,032	2,050	Rent receivable	2,050	1,032
88	(21)	Investment receivable	(21)	88
3,576	3,038	Prepayments	5,367	6,102
28	210	Due from subsidiaries	–	–
775	9,504	Other receivable	15,462	5,723
5,499	14,781		22,858	12,945

9. Investments in subsidiaries

Investee:	Country of operation		Proportion		Proportion
TATIL Life Assurance Limited	Trinidad and Tobago	66,476	99.93%	66,476	99.93%
TATIL Re Limited	St. Lucia	314	100.00%	314	100.00%
		66,790		66,790	

The transfer of assets from the subsidiaries to the parent is subject to approval by the relevant governance committees including the Board of Directors of the individual subsidiaries. Further, TATIL Life Assurance Limited requires approval by the Central Bank of Trinidad and Tobago for instances of a distribution of capital approved by the Board of Directors.

10. Investment properties

Parent 2020	Parent 2021		Group 2021	Group 2020
107,165	107,165	Valuation at beginning of year	112,848	112,843
–	–	Loss on revaluation (Note 25)	(3,910)	–
–	–	Additions	350	5
–	(5,868)	Transfers to property and equipment	(61)	–
107,165	101,297	Valuation at close of year	109,227	112,848
18,434	18,267	Rental income from investment properties (Note 23)	14,836	15,176
8,133	9,536	Direct operating expenses	9,952	8,381

The Parent's investment properties consist of two commercial properties located at 11 Maraval Road, Port-of-Spain (TATIL building) and 3 & 3A Sweet Briar Road, Port-of-Spain (Maple House).

The fair values were based on an independent valuations. The valuation model applied was in accordance with that recommended by the International Valuation Standards Committee. There was no gain/loss recognised during the year in the consolidated statement of income.

Additional disclosures on fair value are provided in Note 27 to these separate and consolidated financial statements.

Operating leases

The Group's policy is to rent investment properties to tenants through operating leases. Minimum future rentals to be received on non-cancellable operating leases of the Group's investment properties are receivable in the following periods:

Parent 2020	Parent 2021		Group 2021	Group 2020
18,434	18,267	No later than 1 year	20,231	20,331
73,918	183,328	Later than 1 year but not later than 5 years	185,539	74,584
50,416	44,683	Later than 5 years	44,683	50,416
142,768	246,278		250,453	145,331

The Company has no restrictions on the realisability of its investment properties and no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. In 2021, the Group entered into an agreement for the purchase of an additional property and a down payment was made.

11. Property and equipment

Parent	Capital work in progress	Freehold property	Machinery and equipment	2021 Total	Capital work in progress	Freehold property	Machinery and equipment	2020 Total
Cost								
Cost at beginning of year	9,923	23,307	31,896	65,126	2,947	22,318	46,094	71,359
Additions	14,654	–	1,971	16,625	10,322	31	3,832	14,185
Transfers from WIP	(3,146)	2,837	309	–	(2,963)	958	2,005	–
Reclass to intangible assets	(263)	–	(1,746)	(2,009)	–	–	(20,035)	(20,035)
Disposals/write-offs	(135)	–	(41)	(176)	(383)	(383)		
Transfer from investment property	–	5,868	–	5,868	–	–	–	–
Reclassification	(8,304)	8,304	–	–	–	–	–	–
Cost at end of year	12,729	40,316	32,389	85,434	9,923	23,307	31,896	65,126
Depreciation								
Depreciation at beginning of year	–	4,371	16,615	20,986	–	4,121	14,906	19,027
Current year charge	–	304	2,723	3,027	–	250	2,296	2,546
Reclass to intangible assets	–	–	(588)	(588)	–	–	(587)	(587)
Depreciation at end of year	–	4,675	18,750	23,425	–	4,371	16,615	20,986
Net written down value	12,729	35,641	13,639	62,009	9,923	18,936	15,281	44,140
Group								
Cost								
Cost at beginning of year	9,923	50,247	49,205	109,375	2,947	49,651	62,505	115,103
Additions	14,654	37	2,287	16,978	10,322	31	4,730	15,083
Transfers from WIP	(3,146)	2,837	309	–	(2,963)	958	2,005	–
Reclass to intangible assets	(263)	–	(1,746)	(2,009)	–	–	(20,035)	(20,035)
Disposals/write-offs	(135)	(144)	(172)	(451)	(383)	(393)	–	(776)
Transfer from investment property	–	61	–	61	–	–	–	–
Reclassification	(8,304)	8,304	–	–	–	–	–	–
Cost at end of year	12,729	61,342	49,883	123,954	9,923	50,247	49,205	109,375
Depreciation								
Depreciation at beginning of year	–	6,252	33,535	39,787	–	6,297	31,123	37,420
Current year charge	–	386	3,398	3,784	–	337	2,999	3,336
Disposal	–	(130)	(127)	(257)	–	(382)	–	(382)
Reclass to intangible assets	–	–	(588)	(588)	–	–	(587)	(587)
Depreciation at end of year	–	6,508	36,218	42,726	–	6,252	33,535	39,787
Net written down value	12,729	54,834	13,665	81,228	9,923	43,995	15,670	69,588

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

12. Intangible assets

Parent Computer Software	Parent Total		Group Computer Software	Group Total
		2021		
		Gross carrying amounts		
20,035	20,035	At beginning of the period	20,277	20,277
12,888	12,888	Additions	27,298	27,298
2,009	2,009	Transfer from property and equipment	2,009	2,009
34,932	34,932	At end of the period	49,584	49,584
		Accumulated impairment and amortization		
1,956	1,956	At beginning of the period	2,002	2,002
588	588	Transfer from property and equipment	588	588
1,898	1,898	Amortization for the year	1,921	1,921
4,442	4,442	At end of period	4,511	4,511
30,490	30,490	**Net carrying amounts**	45,073	45,073
		2020		
		Gross carrying amounts		
–	–	At beginning of the period	242	242
20,035	20,035	Transfer from property and equipment	20,035	20,035
20,035	20,035	At end of the period	20,277	20,277
		Accumulated impairment and amortization		
–	–	At beginning of the period	20	20
587	587	Transfer from property and equipment	587	587
1,369	1,369	Amortization for the year	1,395	1,395
1,956	1,956	At end of period	2,002	2,002
18,079	18,079	**Net carrying amounts**	18,275	18,275

Intangible assets include the internal development cost arising from the development of computer software for the Group which was recognised at fair value at the capitalisation date. Subsequent to initial recognition, computer software was carried at cost, less amortisation and impairment losses where necessary.

13. Deferred tax asset and liability

Parent	2020	Credit/(charge) to Statement of Income	OCI	2021
Deferred taxation asset arising from:				
Property and equipment	1,092	(1,092)	–	–
Employee benefit obligations	1,212	(458)	30	783
Leases	8	–	–	8
ECL Provisions (Stages 1 & 2)	3,487	117	–	3,604
Total deferred tax asset	5,799	(1,433)	30	4,395
Deferred taxation liability arising from:				
Property and equipment	–	(3,061)	–	(3,061)
Employee benefits asset	(19,820)	(1,081)	(2,341)	(23,242)
Unrealised gains on investment properties	(5,042)	5,042	–	–
Unrealised investment gains	(6,679)	(3,309)	–	(9,989)
Total deferred tax liability	(31,541)	(2,409)	(2,341)	(36,291)

Parent	2019	Credit/(charge) to Statement of Income	OCI	2020
Deferred taxation asset arising from:				
Property and equipment	–	1,092	–	1,092
Employee benefits obligation	1,111	(566)	667	1,212
Leases	8	–	–	8
ECL provisions (Stages 1 & 2)	3,484	3	–	3,487
Total deferred tax asset	4,603	529	667	5,799
Deferred taxation liability arising from:				
Property and equipment	(338)	338	–	–
Employee benefit asset	(19,745)	(83)	8	(19,820)
Unrealised gains on investment properties	(5,042)	–	–	(5,042)
Unrealised investment gains	(9,796)	3,117	–	(6,679)
Total deferred tax liability	(34,921)	3,372	8	(31,541)

Group	2020	Credit/(charge) to Statement of Income	Credit/(charge) to OCI	Credit/(charge) to Life reserve	2021
Deferred taxation asset arising from:					
Property and equipment	1,092	(1,092)	–	–	–
Employee benefit obligations	1,914	(408)	16	1,522	
Leases	97	(16)	–	–	81
ECL Provisions (Stages 1 & 2)	5,179	(638)	–	–	4,541
Total deferred tax asset	8,282	(2,154)	16	–	6,144
Deferred taxation liability arising from:					
Property and equipment	–	(3,061)	–	–	(3,061)
Life insurance reserves	(65,487)	–	–	2,168	(63,319)
Employee benefits asset	(34,100)	(1,644)	(3,857)	–	(39,601)
Unrealised gains on investment properties	(5,042)	5,042	–	–	–
Unrealised investment gains	(31,153)	(23,126)	–	(13,985)	(68,264)
Total deferred tax liability	(135,782)	(22,789)	(3,857)	(11,817)	(174,245)

Group	2019	Credit/(charge) to Statement of Income	Credit/(charge) to OCI	Credit/(charge) to Life reserve	2020
Deferred tax asset and liability from:					
Property and equipment	–	1,092	–	–	1,092
Employee benefit obligations	1,778	(506)	642	–	1,914
Leases	73	24	–	–	97
ECL Provisions (Stages 1 & 2)	5,001	178	–	–	5,179
Total deferred tax asset	6,852	788	642	–	8,282
Deferred tax asset and liability from:					
Property and equipment	(338)	338	–	–	–
Life insurance reserves	(59,513)	–	–	(5,974)	(65,487)
Employee benefit asset	(33,586)	(695)	180	–	(34,101)
Unrealised gains on investment properties	(5,042)	–	–	–	(5,042)
Unrealised investment gains	(49,306)	12,137	–	6,016	(31,153)
Total deferred tax liability	(147,785)	11,780	180	42	(135,783)

14. Employee benefits

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

The Board of Trustees periodically reviews the level of funding in the pension plan. Such a review includes the asset-liability matching strategy and investment risk management policy which considers the term of the pension obligation while simultaneously remaining compliant with the requirements of the Insurance Act 2018. The pension plans are exposed to inflation, interest rate risks and changes in the life expectancy for pensioners in the relevant jurisdictions. As the plan assets include significant investments in quoted equity shares, the Group is also exposed to equity market risk.

a) Amounts recognised in the statement of financial position

	Defined benefit pension plan 2021	Defined benefit pension plan 2020	Post–retirement health benefits 2021	Post–retirement health benefits 2020
Parent				
Present value of defined benefit obligation	65,292	64,691	3,551	4,035
Fair value of plan assets	(142,347)	(130,766)	–	–
(Asset)/liability recognised in the statement of financial position	(77,055)	(66,075)	3,551	4,035
Group				
Present value of defined benefit obligation	102,202	100,699	6,502	6,843
Fair value of plan assets	(244,686)	(223,887)	–	–
(Asset)/liability recognised in the statement of financial position	(142,484)	(123,188)	6,502	6,843

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

14. Employee benefits (continued)

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

The changes in the benefit obligations and fair value of plan assets are analysed below.

	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post–employment medical benefits
Parent				
Balance at 1 January 2021	64,691	(130,766)	(66,075)	4,035
Pension cost charged to statement of income				
Current service cost	1,454	–	1,454	220
Net interest cost/(credit)	3,452	(6,725)	(3,273)	221
Past service cost	(569)	–	(569)	(432)
Administrative expenses	–	140	140	–
Total charge/(credit) to statement of income	4,337	(6,585)	(2,248)	9
Experience (gains)/losses in OCI				
Experience (gains)/losses - demographic	(856)	–	(856)	(344)
Experience gains - financial	–	(7,286)	(7,286)	–
Total (credit)/charge to OCI	(856)	(7,286)	(8,142)	(344)
Other movements				
Contributions by employee	607	(590)	17	–
Contributions by employer	–	(607)	(607)	–
Transfers	(14)	14	–	–
Benefits paid	(3,473)	3,473	–	(149)
Total other movements	(2,880)	2,290	(590)	(149)
Balance at 31 December 2021	65,292	(142,347)	(77,055)	3,551
Group				
Balance at 1 January 2021	100,699	(223,887)	(123,188)	6,843
Pension cost charged to statement of income				
Current service cost	2,407	–	2,407	402
Net interest cost/(credit)	5,245	(11,361)	(6,116)	363
Past service cost	(569)	–	(569)	(432)
Administrative expenses	–	243	243	–
Total charge/(credit) to statement of income	7,083	(11,118)	(4,035)	333
Experience (gains)/losses in OCI				
Experience (gains)/losses - demographic	(1,456)	(5,463)	(6,919)	(399)
Experience gains - financial	–	(7,286)	(7,286)	–
Total (credit)/charge to OCI	(1,456)	(12,749)	(14,205)	(399)
Other movements				
Contributions by employee	1,073	(1,056)	17	–
Contributions by employer	–	(1,073)	(1,073)	–
Transfers	(20)	20	–	–
Benefits paid	(5,177)	5,177	–	(275)
Total other movements	(4,124)	3,068	(1,056)	(275)
Balance at 31 December 2021	102,202	(244,686)	(142,484)	6,502
Parent				
Balance at 1 January 2020	61,640	(127,459)	(65,819)	3,704
Pension cost charged to statement of income				
Current service cost	1,670	–	1,670	217
Net interest cost/(credit)	3,334	(6,954)	(3,620)	232
Administrative expenses	–	67	67	–
Total charge/(credit) to statement of income	5,004	(6,887)	(1,883)	449
Experience losses/(gains) in OCI				
Experience losses/(gains) - demographic	735	–	735	25
Experience losses - financial	–	1,487	1,487	–
Total charge/(credit) to OCI	735	1,487	2,222	25
Other movements				
Contributions by employee	623	(623)	–	–
Contributions by employer	–	(595)	(595)	–
Benefits paid	(3,311)	3,311	–	(143)
Total other movements	(2,688)	2,093	(595)	(143)
Balance at 31 December 2020	64,691	(130,766)	(66,075)	4,035

	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post–employment medical benefits
Group				
Balance at 1 January 2020	96,121	(217,298)	(121,177)	6,372
Pension cost charged to statement of income				
Current service cost	2,662	–	2,662	440
Net interest cost/(credit)	5,052	(11,703)	(6,651)	368
Administrative expenses	–	118	118	–
Total charge/(credit) to statement of income	7,714	(11,585)	(3,871)	808
Experience losses/(gains) in OCI				
Experience losses/(gains) - demographic	749	677	1,426	(71)
Experience losses - financial	–	1,487	1,487	–
Total charge/(credit) to OCI	749	2,164	2,913	(71)
Other movements				
Contributions by employee	1,081	(1,081)	–	–
Contributions by employer	–	(1,053)	(1,053)	–
Benefits paid	(4,966)	4,966	–	(264)
Total other movements	(3,885)	2,832	(1,053)	(264)
Balance at 31 December 2020	100,699	(223,887)	(123,188)	6,843

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

	Defined benefit pension plan 2021	Defined benefit pension plan 2020	Post–retirement health benefits 2021	Post–retirement health benefits 2020
Parent				
Net (asset)/liability at the start of the year	(66,075)	(65,819)	4035	3704
Net expense recognised in the statement of income	(2,243)	(1,883)	9	449
Net (income)/expense recognised in the statement of other comprehensive income	(8,142)	2,222	(344)	26
Contributions paid	(590)	(595)	(149)	(144)
Net (asset)/liability recognised at the end of the year	(77,050)	(66,075)	3,551	4,035
Group				
Net (asset)/liability at the start of the year	(123,188)	(121,177)	6,843	6,372
Net (income)/expense recognised in the statement of income	(4,035)	(3,871)	333	808
Net (income)/expense recognised in the statement of other comprehensive income	(14,205)	2,913	(399)	(72)
Contributions paid	(1,056)	(1,053)	(275)	(265)
Net (asset)/liability recognised at the end of the year	(142,484)	(123,188)	6,502	6,843

d) Actual return/(loss) on plan assets

	2021	2020
Parent	14,009	(2,060)
Group	24,108	(3,513)

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

	Defined benefit pension plan 2021	Defined benefit pension plan 2020
Parent and Group		
Local equities	32%	29%
Local bonds	31%	36%
Foreign investments	23%	23%
Real estate/mortgages	2%	2%
Short–term securities	12%	10%
	100%	100%

f) Principal actuarial assumptions

	Defined benefit pension plan 2021	Defined benefit pension plan 2020
Parent and Group		
Discount rate	5%	5%
Future salary increases	3%	3%
Future medical claims inflation	3%	3%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

14. Employee benefits (continued)

f) Principal actuarial assumptions (continued)

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

Assumptions	Discount rate		Future salary increases		Future medical claims inflation	
Sensitivity level	+1%	–1%	+1%	–1%	+1%	–1%
Parent						
At 31 December 2021	(6,839)	8,385	1,829	(1,636)	490	(391)
At 31 December 2020	(6,372)	7,849	1,837	(1,658)	287	(231)
Group						
At 31 December 2021	(10,504)	12,884	2,695	(2,408)	848	(680)
At 31 December 2020	(10,136)	12,483	2,773	(2,495)	635	(510)

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

As advised by the consulting actuary, the Group is expected to contribute $1,223 (Parent: $757) to its defined benefit plan in 2022. The weighted average duration of the defined benefit plan is 13 years (2020: 13 years) and for post-employment medical benefits is 12 years (2020: 12 years).

Defined contribution plan

Certain employees of the Group are enrolled in a defined contribution pension scheme which is operated by the ultimate parent – Ansa McAL Limited. The cost of the Group's contributions recognised in the statement of income in 2021 was $814 (Parent: $415) (2020: $830 (Parent: $435)).

15. Assets pledged

Parent 2020	Parent 2021		Group 2021	Group 2020
3,915	3,697	Cash and short-term funds	3,697	124,144
–	–	Loans and advances	–	194,148
150,194	36,607	Bonds and debentures	36,607	1,215,608
31,950	–	Equities	–	417,120
–	–	Real estate	–	7,800
186,059	40,304		40,304	1,958,820

Previously under the provisions of the Insurance Act 1980, the Group had established and maintained a statutory fund and a statutory deposit to which the assets were pledged and held to the order of the Inspector of Financial Institutions. Based on the new Insurance Act, 2018 which came into effect on 1 January 2021, this will no longer be a requirement for the Group for the Trinidad territory of business. This also applied to the statutory surplus reserve which was reappropriated to retained earnings. A statutory fund and deposit is still a requirement under the provisions of the Barbados Insurance Act, Cap 310 for the Barbados territory of business held to the order of the Financial Services Commission.

16. Insurance and other payables

Parent 2020	Parent 2021		Group 2021	Group 2020
18,033	53,085	Due to reinsurers	54,493	19,676
–	–	Unapplied premiums	7,812	7,209
1,129	1,597	Due to subsidiaries	–	–
3,141	3,529	Accrued expenses	8,670	9,295
8,618	11,378	Premium taxes	11,378	8,618
759	1,358	Stale dated cheques	3,441	2,243
4,291	4,048	Profit commissions payable	4,048	4,291
250	207	Value Added Tax payable	207	250
1,409	1,261	Commissions payable	1,881	1,909
2,605	4,951	Other payables	6,933	5,509
40,235	81,414		98,863	59,000

17. Leases

Company as a lessee

The Group has lease contracts for various items of property and motor vehicles used in its operations. Leases of property generally have lease terms between 2 and 6 years, while motor vehicles generally have lease terms of 5 years. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of property with lease terms of 12 months or less and lease of photocopying machines with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. The Group recognised rent expense from short-term leases of property and from low-value assets of copiers for the years ended 31 December 2020 and 2021.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Parent 2021 Land and building	Parent 2021 Motor vehicles	Parent 2021 Total		Group 2021 Land and building	Group 2021 Motor vehicles	Group 2021 Total
1,431	1,103	2,534	**As at 1 January 2021**	10,314	1,241	11,555
–	1,164	1,164	Additions	–	1,988	1,988
(1,050)	(293)	(1,343)	Depreciation	(5,092)	(367)	(5,459)
381	1,974	2,355	**As at 31 December 2021**	5,222	2,862	8,084

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Parent 2021 Land and building	Parent 2021 Motor vehicles	Parent 2021 Total		Group 2021 Land and building	Group 2021 Motor vehicles	Group 2021 Total
1,453	1,140	2,593	**As at 1 January 2021**	10,694	1,290	11,984
–	1,522	1,522	Additions	–	2,346	2,346
–	–	–	Disposals	(27)	–	(27)
(1,047)	(685)	(1,732)	Principal payments	(5,123)	(764)	(5,887)
406	1,977	2,383	**As at 31 December 2021**	5,544	2,872	8,416

Parent 2020 Land and building	Parent 2020 Motor vehicles	Parent 2020 Total		Group 2020 Land and building	Group 2020 Motor vehicles	Group 2020 Total
1,591	936	2,527	**As at 1 January 2020**	14,389	1,208	15,597
914	386	1,300	Additions	1,009	386	1,395
–	–	–	Disposals	–	(43)	(43)
(1,074)	(219)	(1,293)	Depreciation	(5,084)	(310)	(5,394)
1,431	1,103	2,534	**As at 31 December 2020**	10,314	1,241	11,555

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Parent 2020 Land and building	Parent 2020 Motor vehicles	Parent 2020 Total		Group 2020 Land and building	Group 2020 Motor vehicles	Group 2020 Total
1,581	799	2,380	**As at 1 January 2020**	14,638	1,095	15,733
914	569	1,483	Additions	1,009	569	1,578
–	–	–	Disposals	(38)	–	(38)
(1,042)	(228)	(1,270)	Principal payments	(4,915)	(374)	(5,289)
1,453	1,140	2,593	**As at 31 December 2020**	10,694	1,290	11,984

18. Investment contract liabilities

	2021	2020
At beginning of year	265,923	269,060
Premiums received	19,937	25,211
Interest credited	11,783	11,594
Liabilities realised for payment on death, surrender and other terminations in the year	(21,922)	(27,675)
Other movements	(1,820)	(12,267)
At end of year	273,901	265,923

19. Insurance contract liabilities

	Group 2021 Insurance contract liabilities	Group 2021 Reinsurers' share of liabilities	Group 2021 Net	Group 2020 Insurance contract liabilities	Group 2020 Reinsurers' share of liabilities	Group 2020 Net
Life insurance contracts	1,377,122	(17,368)	1,359,754	1,294,548	(15,549)	1,278,999
General insurance contracts (Parent)	328,650	(162,435)	166,215	296,600	(135,852)	160,748
Total insurance contract liabilities	1,705,772	(179,803)	1,525,969	1,591,148	(151,401)	1,439,747

(a) Reinsurance assets

Parent 2020	Parent 2021		Group 2021	Group 2020
–	–	Life insurance contract	17,368	15,549
		General Insurance contracts:		
89,041	121,446	Premiums	121,446	89,041
46,811	40,989	Claims	40,989	46,811
135,852	162,435		179,803	151,401

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

19. Insurance contract liabilities (continued)

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

	Group 2021			**Group 2020**		
	Insurance contract liabilities	**Reinsurers' share of liabilities**	**Net**	**Insurance contract liabilities**	**Reinsurers' share of liabilities**	**Net**
With Discretionary Participation Features	194,282	–	194,282	194,432	–	194,432
Without Discretionary Participation Features	1,138,254	(17,368)	1,120,886	1,043,095	(15,549)	1,027,546
	1,332,536	(17,368)	1,315,168	1,237,527	(15,549)	1,221,978
Outstanding claims	44,586	–	44,586	57,021	–	57,021
Total at the end of year	1,377,122	(17,368)	1,359,754	1,294,548	(15,549)	1,278,999

The movement during the year in the life insurance contracts liabilities is as follows:

	Group 2021			**Group 2020**		
	Insurance contract liabilities	**Reinsurers' share of liabilities**	**Net**	**Insurance contract liabilities**	**Reinsurers' share of liabilities**	**Net**
As at beginning of the year	1,294,548	(15,549)	1,278,999	1,202,787	(13,776)	1,189,011
Premiums received	194,726	(15,448)	179,278	204,567	(14,481)	190,086
Liabilities realised for payment on death, surrender and other terminations in the year	(112,152)	13,629	(98,523)	(112,806)	12,708	(100,098)
At end of year	1,377,122	(17,368)	1,359,754	1,294,548	(15,549)	1,278,999

(c) General insurance contracts may be analysed as follows

	Parent 2021			**Parent 2020**		
	Insurance contract liabilities	**Reinsurers' share of liabilities**	**Net**	**Insurance contract liabilities**	**Reinsurers' share of liabilities**	**Net**
Claims reported and IBNR	117,765	(40,989)	76,776	118,574	(46,811)	71,763
Provisions for unearned premiums and unexpired risk	210,885	(121,446)	89,439	178,026	(89,041)	88,985
At end of year	328,650	(162,435)	166,215	296,600	(135,852)	160,748
(i) Claims reported and IBNR						
As at beginning of the year						
Provisions for claims reported by policyholders	94,860	(37,449)	57,411	123,027	(62,799)	60,228
Provisions for claims incurred but not reported (IBNR)	23,714	(9,362)	14,352	30,756	(15,700)	15,056
	118,574	(46,811)	71,763	153,783	(78,499)	75,284
Cash paid for claims settled in the year	(165,957)	20,172	(145,785)	(167,179)	44,944	(122,235)
Claims incurred (Parent)	165,148	(14,350)	150,798	131,970	(13,256)	118,714
Total at the end of year	117,765	(40,989)	76,776	118,574	(46,811)	71,763
Provisions for claims reported by policyholders	94,212	(32,791)	61,421	94,860	(37,449)	57,411
Provisions for claims incurred but not reported (IBNR)	23,553	(8,198)	15,355	23,714	(9,362)	14,352
Total claims reported and IBNR	117,765	(40,989)	76,776	118,574	(46,811)	71,763

(ii) Provisions for unearned premiums and unexpired risk

	Parent 2021			**Parent 2020**		
	Insurance contract liabilities	**Reinsurers' share of liabilities**	**Net**	**Insurance contract liabilities**	**Reinsurers' share of liabilities**	**Net**
As at beginning of the year						
Provision for unearned premiums	158,245	(79,147)	79,098	156,963	(71,369)	85,594
Provision for unexpired risk	19,781	(9,894)	9,887	19,620	(8,921)	10,699
	178,026	(89,041)	88,985	176,583	(80,290)	96,293
Increase in the year	598,993	(357,651)	241,342	530,606	(309,989)	220,617
Release in the year	(566,134)	325,246	(240,888)	(529,163)	301,238	(227,925)
Total at end of year	210,885	(121,446)	89,439	178,026	(89,041)	88,985
Provision for unearned premiums	187,453	(107,952)	79,500	158,245	(79,147)	79,098
Provision for unexpired risk	23,432	(13,494)	9,938	19,781	(9,894)	9,887
Total provisions for unearned premiums and unexpired risks	210,885	(121,446)	89,439	178,026	(89,041)	88,985

General Insurance - Claims development table

The risks associated with these insurance contracts and in particular, casualty insurance contracts, are complex and subject to a number of variables that complicate a quantitative sensitivity analysis. The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The tables below illustrate how the Group's estimate of total gross and net claims outstanding for each accident year has changed at successive year–ends.

Insurance claims	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Total**
Accident year – Gross							
Estimate of ultimate claims costs:							
– at end of accident year	120,579	118,617	157,855	161,023	120,929	171,771	–
– one year later	126,999	122,555	159,952	167,520	122,640	–	–
– two years later	123,191	119,058	160,117	165,815	–	–	–
– three years later	121,705	119,705	161,643	–	–	–	–
– four years later	124,600	122,700	–	–	–	–	–
– five years later	125,039	–	–	–	–	–	–
Current estimate of cumulative claims incurred	125,039	122,700	161,643	165,815	122,640	171,771	869,608
Cumulative payments to date	(120,079)	(115,227)	(149,192)	(152,698)	(112,604)	(140,187)	(789,987)
Liability recognised in the separate statement of financial position	4,960	7,473	12,451	13,117	10,037	31,584	79,621
Liability in respect of prior years							38,144
Total liability included in the separate statement of financial position							117,765
Accident year – Net							
Estimate of ultimate claims costs:							
- at end of accident year	89,913	89,765	132,882	146,501	108,783	149,372	–
- one year later	97,417	97,956	133,788	151,364	109,807	–	–
- two years later	94,918	95,985	133,292	147,976	–	–	–
- three years later	94,060	96,459	134,522	–	–	–	–
- four years later	96,601	98,560	–	–	–	–	–
- five years later	96,861	–	–	–	–	–	–
Current estimate of cumulative claims incurred	96,861	98,560	134,522	147,976	109,807	149,372	737,098
Cumulative payments to date	(93,405)	(93,010)	(127,034)	(138,752)	(102,585)	(127,710)	(682,496)
Liability recognised in the separate statement of financial position	3,456	5,550	7,488	9,224	7,222	21,662	54,602
Liability in respect of prior years							22,174
Total liability included in the separate statement of financial position							76,776

It is impractical to prepare information about claims development that occurred prior to the 2015 accident year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

20. Insurance contracts, investment contracts and reinsurance assets – terms, assumptions and sensitivities

a) Life insurance contracts and investment contracts

Terms and conditions

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

Key assumptions

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

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

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

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

Mortality and morbidity rates

Assumptions are based on underlying experience as well as standard industry mortality tables, according to the type of contract written. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected future mortality improvements. Assumptions are differentiated by sex, underwriting class and contract type.

Mortality rates higher than expected will lead to a larger number of insurance claims and claims will occur sooner than anticipated, which will increase the expenditure and reduce profits for the shareholders.

Investment return

The weighted average rate of return is derived from a model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. An increase in investment return would lead to an increase in profits for the shareholders.

Expenses

Operating expense assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

Lapse and surrender rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and changes in policyholders' circumstances.

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

Sensitivities

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

Assumption change	**Required increase in insurance contract liabilities**	
	2021	**2020**
2% increase in mortality	11,400	9,800
5% increase in expenses	10,200	10,000
10% change in lapse rates	9,400	8,900
1% decrease in investment earnings	148,300	140,900

b) General insurance contracts

Terms and conditions

The major classes of general insurance written by the Group include motor, property, casualty, marine, general accident and other miscellaneous types of general insurance. Risks under these policies usually cover a 12 month duration.

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

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

Assumptions

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

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

Sensitivities

Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent financial statements.

21. Stated capital

Parent			**Group**	
2020	**2021**		**2021**	**2020**
		Authorised: An unlimited number of shares of no par value		
19,070	19,070	Issued and fully paid: 19,069,596 shares of no par value	19,070	19,070
–	24,398	Final dividend for 2021: $1.27 (2020:$0.00)	24,398	–

22. Investment income

Parent			**Group**	
2020	**2021**		**2021**	**2020**
1,815	2,382	Interest and dividend income from investments at fair value through the statement of income	16,720	12,685
320	355	Interest income from impaired financial assets	355	320
14,609	13,230	Interest and dividend income from other financial assets	102,654	111,582
(651)	3,555	Realised gains/(losses) from investment securities	21,884	1,615
(10,416)	10,840	Unrealised gains/(losses) on investments held at year end designated at fair value through statement of income	149,777	(50,577)
205	(752)	Other investment (loss)/income	(240)	264
5,882	29,610		291,150	75,889

23. Other income

Parent			**Group**	
2020	**2021**		**2021**	**2020**
18,434	18,267	Property rental	14,836	15,176
38,118	47,907	Reinsurance commissions	47,907	38,118
–	–	Trustee and other fiduciary fees	9,482	9,090
–	–	Fees and commissions	3,621	3,396
–	–	Other	610	395
56,552	66,174		76,456	66,175

Tatil
... where people are people

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

24. Net insurance

Parent 2020	Parent 2021		Group 2021	Group 2020
		a. Net insurance contracts premiums		
		Gross insurance contracts premium revenue		
–	–	- Life insurance	194,726	204,567
530,606	598,993	- General insurance	598,596	530,211
530,606	598,993		793,322	734,778
		Reinsurers' share of insurance contracts		
–	–	- Life insurance	(15,448)	(14,481)
(309,989)	(357,651)	- General insurance	(333,609)	(291,458)
(309,989)	(357,651)		(349,057)	(305,939)
220,617	241,342	Net insurance contracts premiums	444,265	428,839
		b. Net insurance claims incurred		
		Gross claims incurred		
–	–	- Life insurance	(217,901)	(203,900)
(131,970)	(165,148)	- General insurance	(165,148)	(131,970)
(131,970)	(165,148)		(383,049)	(335,870)
		Reinsurers' share of insurance contracts		
–	–	- Life insurance	7,680	7,774
13,256	14,350	- General insurance	14,350	13,256
13,256	14,350		22,030	21,030
(118,714)	(150,798)	**Net insurance claims incurred**	(361,019)	(314,840)

25. General administrative and selling expenses

Parent 2020	Parent 2021		Notes	Group 2021	Group 2020
37,532	45,562	Staff costs		68,507	60,291
(1,434)	(2,238)	Employee benefits pension and medical contribution	14 (b)	(3,109)	(2,484)
–	–	Marketing and policy issue expenses		15,712	15,921
4,621	4,584	Management fees		4,584	4,621
5,208	6,267	Depreciation and amortisation expense	11 & 12	11,156	10,115
41,538	47,198	Agents and brokers commissions		47,198	41,538
1,038	993	Directors fees		993	1,038
9,558	11,075	Property related expenses		6,058	4,619
30,227	34,789	General administrative expenses		49,565	41,494
–	–	Loss on revaluation of investment properties		3,910	–
(367)	46	Investment impairment/(write-back)		(4,620)	1,098
127,921	148,276			199,954	178,251

26. Taxation expense

Parent 2020	Parent 2021		Notes	Group 2021	Group 2020
13,368	6,113	Corporation tax		10,287	18,597
1,340	1,433	Green fund levy		2,316	2,271
(3,902)	3,842	Deferred taxation	13	24,942	(12,570)
10,806	11,388			37,545	8,298
		Reconciliation between tax expenses and net profit before taxation			
		Income taxes in the Statement of Income vary from amounts that would be computed by applying the statutory tax rate for the following reasons:			
43,723	37,599	Net profit before taxation		238,662	73,525
13,117	11,280	Tax at applicable statutory tax rates		35,361	13,672
		Tax effect of items that are adjustable in determining taxable profit:			
(2,399)	(4,337)	Tax exempt income		(5,498)	(3,310)
4,134	2,176	Non-deductible expense		1,897	3,895
(6,206)	(3,520)	Allowable deductions		(11,142)	(14,559)
(5)	(1,474)	Adjustment for prior year tax charges		(1,501)	71
826	5,831	Other differences		16,112	6,258
1,340	1,433	Provision for green fund levy		2,316	2,271
10,806	11,388			37,545	8,298

27. Fair value

i) Carrying amounts and fair values

The following tables summarise the carrying amounts and the fair values of the Group's financial assets and liabilities.

Parent Carrying values	Parent Fair values	Parent Un-recognised gain		Group Carrying values	Group Fair values	Group Un-recognised gain
			2021			
			Financial assets			
119,909	119,909	–	Financial assets at fair value through statement of income	1,205,432	1,205,432	–
233,472	240,363	6,891	Financial assets at amortised cost	1,502,820	1,546,152	43,332
–	–	–	Loans and advances	214,359	214,359	–
101,297	101,297	–	Investment properties	109,227	109,227	–
454,678	461,569	6,891		3,031,838	3,075,170	43,332
			2020			
			Financial assets			
53,366	53,366	–	Financial assets at fair value through statement of income	459,258	459,258	–
291,613	305,212	13,599	Financial assets at amortised cost	1,821,613	1,901,464	79,851
–	–	–	Loans and advances	207,350	207,350	–
107,165	107,165	–	Investment properties	112,848	112,848	–
452,144	465,743	13,599		2,601,069	2,680,920	79,851

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

ii) Determination of fair value and fair values hierarchy

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

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable. Where management's internal valuations are used to value investment properties, assumptions are applied to discounted cashflows based on market activity.

Level 3

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

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

Parent - 31 December 2021	Level 1	Level 2	Level 3	Total fair value
Financial assets designated at fair value through the statement of income				
Equity securities	104,885	15,006	18	119,909
	104,885	15,006	18	119,909
Financial assets designated at fair value through the statement of income				
Investment properties	–	–	101,297	101,297
Assets at amortised cost for which fair values are disclosed				
Government bonds	–	61,722	14,704	76,426
State-owned company securities	–	105,357	–	105,357
Corporate bonds and debentures	7,372	51,208	–	58,580
Loans and advances	–	–	–	–
	7,372	218,287	14,704	240,363

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

27. Fair value (continued)

ii) Determination of fair value and fair values hierarchy (continued)

Parent - 31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Financial assets designated at fair value through the statement of income				
Equity securities	53,348	–	18	53,366
	53,348	–	18	53,366
Assets measured at fair value				
Investment properties	–	–	107,165	107,165
Assets at amortised cost for which fair values are disclosed				
Government bonds	13,929	51,686	14,701	80,316
State-owned company securities	26,914	130,624	–	157,538
Corporate bonds and debentures	22,758	44,600	–	67,358
Loans and advances	–	–	–	–
	63,601	226,910	14,701	305,212
Group - 31 December 2021				
Financial assets designated at fair value through the statement of income				
Equity securities	1,112,815	91,559	1,058	1,205,432
	1,112,815	91,559	1,058	1,205,432
Assets measured at fair value				
Investment properties	–	–	109,227	109,227
Assets at amortised cost for which fair values are disclosed				
Government bonds	–	412,918	14,704	427,622
State-owned company securities	–	479,213	–	479,213
Corporate bonds and debentures	128,914	510,403	–	639,317
Loans and advances	–	–	214,359	214,359
	128,914	1,402,535	229,063	1,760,511

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

Group - 31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Financial assets designated at fair value through the statement of income				
Equity securities	458,200	–	1,058	459,258
	458,200	–	1,058	459,258
Assets measured at fair value				
Investment properties	–	–	112,848	112,848
Assets at amortised cost for which fair values are disclosed				
Government bonds	32,668	404,742	14,701	452,111
State-owned company securities	99,626	528,733	–	628,359
Corporate bonds and debentures	381,178	439,816	–	820,994
Loans and advances	–	–	207,350	207,350
	513,472	1,373,291	222,051	2,108,814

Description of significant unobservable inputs to valuation

The Group uses the discounted cash flows method to determine the fair value of the Level 3 investment which comprises unquoted securities. The significant unobservable input is the rate of return. The impact to these separate financial statements of any changes in the rate of return assumption is not considered to be material.

Transfers between Level 1 and 2

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

There were no transfers of government and corporate bonds from level 2 to level 1 during the year (2020: there were no transfers from level 2 to level 1).

Reconciliation of movements in Level 3 financial instruments measured at fair value

For the year ended 31 December 2021, there was no movement in level 3 financial instruments.

28. Risk management

Introduction

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

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

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks however, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors

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

Concentrations of risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's results to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group's procedures include specific monitoring controls to focus on the maintenance of a diversified portfolio.

Insurance risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Group faces under such contracts is that the actual claims payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency and severity of claims, whether actual amounts paid are greater than originally estimated, and the subsequent development of long-term claims.

The variability of risks is improved by careful selection and implementation of underwriting strategy and guidelines as well as the use of reinsurance arrangements. The majority of reinsurance business ceded is placed on a quota share basis with retention limits varying by product line.

Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

Reinsurance risk

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as the primary issuer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. Reinsurance is placed with highly rated counterparties and the concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and subject to regular reviews. At each year-end, management performs an assessment of the creditworthiness of reinsurers to update the reinsurance purchase strategy and ascertains a suitable allowance for impairment of reinsurance assets.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise credit risk, interest rate risk, currency risk and equity price risk each of which are considered in this note and include, where relevant, the sensitivity of the Group's financial results on movements in certain market risk variable

Credit risk

The Group takes on exposure to credit risk, which is the potential for loss due to a counter-party or borrower's failure to pay amounts when due. Credit risk arises from traditional underwriting and investing activity, and from settling payments between financial institutions. Impairment provisions are established for losses that have been incurred at the reporting date.

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided at the reporting date. Management therefore carefully manages its exposure to credit risk.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on an ongoing basis, and limits on the levels of credit risk that the Group can engage in are approved by the Board of Directors.

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

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

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

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

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

28. Risk management (continued)

Credit Risk (continued)

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

Parent Maximum exposure 2020	Parent Maximum exposure 2021		Group Maximum exposure 2021	Group Maximum exposure 2020
81,823	68,568	Cash and short-term funds	419,239	583,238
8,409	8,015	Fixed deposits	53,468	52,609
2,508	1,534	Interest receivable	10,843	15,906
291,613	233,472	Financial assets at amortised cost	1,502,820	1,821,613
54,826	72,032	Insurance receivables	79,585	64,442
–	–	Loans and advances	214,359	207,350
5,499	14,781	Other receivables and prepayments	22,858	12,945
135,852	162,435	Reinsurance assets	179,803	151,401
580,530	560,837	**Total**	2,482,975	2,909,504

Cash and short–term funds and fixed deposits

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

Other financial assets

For premium receivables and reinsurance receivables and other assets, a simplified ECL approach was applied. Historical losses on these respective portfolios were calculated and applied to the current positions, with management applying judgmental overlays based on expectations as required.

Investment securities

PDs and LGDs for traded instruments were based on the global credit ratings assigned to the instruments or the country for sovereign exposures. PDs and LGDs for non-traded instruments as well as local debt instruments were based on three notches below the credit rating of the sovereign in which the instrument is issued or on company ratings where they existed. EAD equals the amortised security balance plus accrued interest.

High grade: These include regional sovereign debt securities issued directly or through intermediary bodies where there have been no history of default.

Standard: These securities are current and have been serviced in accordance with the terms and conditions of the underlying agreements. In addition, included in this category are securities issued by related parties and fellow subsidiaries within the ANSA McAL Group of companies.

Sub–standard: These securities are either greater than 90 days in arrears, display indicators of impairment, or have been restructured in the past financial year.

Impaired: These securities are non-performing.

Purchased or originated credit-impaired: These financial assets are those securities that are credit-impaired on initial recognition.

	High grade	Sub– Standard	standard	Impaired	POCI	Total
Parent						
2021	76,324	200,588	–	–	14,701	291,613
2020	63,053	155,715	–	–	14,704	233,472
Group						
2021	419,300	1,068,816	–	–	14,704	1,502,820
2020	450,579	1,356,333	–	–	14,701	1,821,613

Analysis of gross carrying amount and the corresponding ECLs are as follows:

	Insurance receivables	Reinsurance receivable	Investments	Total
Parent - Stage 1				
2021				
Gross balance	71,176	856	219,258	291,290
ECL	–	–	(705)	(705)
	71,176	856	218,553	290,585
ECL as a % of Gross balance	0.00%	0.00%	0.32%	0.24%
2020				
Gross balance	54,015	811	265,432	320,258
ECL	–	–	(739)	(739)
	54,015	811	264,693	319,519
ECL as a % of Gross balance	0.00%	0.00%	0.28%	0.23%
Parent - Stage 2				
2021				
Gross balance	–	–	215	215
ECL	–	–	–	–
	–	–	215	215
ECL as a % of Gross balance	–	–	0.00%	0.00%
2020				
Gross balance	–	–	12,521	12,521
ECL	–	–	(302)	(302)
	–	–	12,219	12,219
ECL as a % of Gross balance	–	–	2.41%	2.41%
Parent - Stage 3				
2021				
Gross balance	6,000	2,308	396	8,704
ECL	(6,000)	(2,308)	(396)	(8,704)
	–	–	–	–
ECL as a % of Gross balance	100%	100%	100%	100%
2020				
Gross balance	3,000	2,308	396	5,704
ECL	(3,000)	(2,308)	(396)	(5,704)
	–	–	–	–
ECL as a % of Gross balance	100%	100%	100%	100%

Stage 1 - Group **2021**	Loans and advances	Insurance receivables	Reinsurance receivable	Investments	Total
Gross balance	214,635	78,729	856	1,491,661	1,785,881
ECL	(276)	–	–	(4,902)	(5,178)
	214,359	78,729	856	1,486,759	1,780,703
ECL as a % of Gross balance	0.13%	0.00%	0.00%	0.33%	0.29%
Stage 1					
2020					
Gross balance	207,686	63,631	811	1,649,605	1,921,733
ECL	(336)	–	–	(4,025)	(4,361)
	207,350	63,631	811	1,645,580	1,917,372
ECL as a % of Gross balance	0.16%	0.00%	0.00%	0.24%	0.23%
Stage 2 - Group					
2021					
Gross balance	–	–	–	1,357	1,357
ECL	–	–	–	–	–
	–	–	–	1,357	1,357
ECL as a % of Gross balance	–	–	–	0.00%	0.00%
Stage 2					
2020					
Gross balance	–	–	–	166,268	166,268
ECL	–	–	–	(4,936)	(4,936)
	–	–	–	161,332	161,332
ECL as a % of Gross balance	–	–	–	2.97%	2.97%
Stage 3 - Group					
2021					
Gross balance	–	6,000	2,308	396	8,704
ECL	–	(6,000)	(2,308)	(396)	(8,704)
	–	–	–	–	–
ECL as a % of Gross balance		100%	100%	100%	100%
Stage 3					
2020					
Gross balance	–	3,000	2,308	1,502	6,810
ECL	–	(3,000)	(2,308)	(1,502)	(6,810)
	–	–	–	–	–
ECL as a % of Gross balance		100%	100%	100%	100%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

28. Risk management (continued)

Currency Risk (continued)

Reinsurance assets

The credit quality of reinsurance assets can be assessed by reference to external credit ratings agencies, Standard & Poor and A.M Best. Based on the high ratings, management therefore considers the risk of default of these counterparties to be very low.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group manages its interest rate exposure by investing in fixed and variable rate instruments.

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

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

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

Increase in basis points		**Sensitivity of income 2021**	**2020**
Parent	±100	±49	±49
Group	±100	±503	±491

Currency risk

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

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

Parent - 2021				
Financial assets	**USD**	**BDS**	**Other**	**Total**
Cash and short-term funds	10,748	20,132	618	31,498
Fixed deposits	–	3,697	4,318	8,015
Interest receivable	5	173	84	262
Financial assets at fair value through statement of income	51,245	–	–	51,245
Financial assets at amortised cost	42,376	36,607	–	78,983
Insurance receivables	820	45,597	–	46,417
Other financial assets	162,435	–	–	162,435
Total financial assets	267,629	106,206	5,020	378,855
Financial liabilities				
Other financial liabilities	50,092	124,240	–	174,332
Total financial liabilities	50,092	124,240	–	174,332
Net currency exposure	217,537	(18,034)	5,020	204,523
Reasonably possible change in currency rate	±5%	±5%	±5%	±5%
Effect on profit before tax	±10,877	±(902)	±251	±10,226

Parent - 2020				
Financial assets				
Cash and short-term funds	13,347	12,402	620	26,369
Fixed deposits	–	3,696	4,712	8,408
Interest receivable	936	235	54	1,225
Financial assets at fair value	–	–	–	–
through statement of income	–	–	–	–
Financial assets at amortised cost	93,946	47,255	–	141,201
Insurance receivables	811	30,078	–	30,889
Other financial assets	135,852	–	–	135,852
Total financial assets	244,892	93,666	5,386	343,943
Financial liabilities				
Other financial liabilities	18,010	75,657	–	93,667
Total financial liabilities	18,010	75,657	–	93,667
Net currency exposure	226,882	18,009	5,386	250,277
Reasonably possible change in currency rate	±5%	±5%	±5%	±5%
Effect on profit before tax	±11,363	±889	±267	±12,519

Group - 2021				
Financial assets	**USD**	**BDS**	**Other**	**Total**
Cash and short-term funds	38,254	20,132	618	59,004
Fixed deposits	–	3,697	4,318	8,015
Interest receivable	800	173	84	1,057
Financial assets at fair value	–			
through statement of income	533,116	–	–	533,116
Financial assets at amortised cost	587,986	36,607	–	624,593
Insurance receivables	820	45,597	–	46,417
Other financial assets	162,435	–	–	162,435
Total financial assets	1,323,411	106,206	5,020	1,434,637
Financial liabilities				
Other financial liabilities	50,092	124,240	–	174,332
Total financial liabilities	50,0932	124,240	–	174,332
Net currency exposure	1,273,319	(18,034)	5,020	1,260,305
Reasonably possible change in currency rate	±5%	±5%	±5%	±5%
Effect on profit before tax	63,666	(902)	251	63,015

Group - 2020				
Financial assets				
Cash and short-term funds	170,694	12,402	620	183,716
Fixed deposits	–	3,696	4,712	8,408
Interest receivable	2,581	235	54	2,870
Financial assets at fair value	–			
through statement of income	62,209	–	–	62,209
Financial assets at amortised cost	804,099	47,255	–	851,354
Insurance receivables	811	30,078	–	30,889
Other financial assets	135,852	–	–	135,852
Total financial assets	1,176,246	93,666	5,386	1,275,298
Financial liabilities				
Other financial liabilities	18,010	75,657	–	93,667
Total financial liabilities	18,010	75,657	–	93,667
Net currency exposure	1,158,236	18,009	5,386	1,181,631
Reasonably possible change in currency 3ate	±5%	±5%	±5%	±5%
Effect on profit before tax	57,912	900 3	269	59,082

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, Management arranges diversified funding sources, manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Group. The Group employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Group's assets. The Group's insurance contracts have been shown under the "up to one year" category. There is uncertainty regarding the timing of when these liabilities will be settled, and experience has shown that these are not normally all settled within a one year period. The Group maintains a diverse portfolio of marketable assets that can be easily liquidated in the event of an unforeseen interruption of cash flows.

The table below summarises the maturity profile of the Parent's and Group's financial liabilities as at 31 December 2021 and 2020 based on contractual undiscounted repayment obligations over the remaining life of those liabilities:

	Up to one year	**One to five years**	**Total**
Parent - 2021			
Insurance and other payables	81,414	–	81,414
Lease liabilities	2,383	–	2,383
Insurance contracts	328,650	–	328,650
	412,447	–	412,447
Parent - 2020			
Insurance and other payables	40,235	–	40,235
Lease liabilities	2,593	–	2,593
Insurance contracts	296,600	–	296,600
	339,428	–	339,428
Group - 2021			
Insurance and other payables	95,960	2,903	98,863
Lease liabilities	6,003	2,413	8,416
Investment contracts	273,901	–	273,901
Insurance contracts	373,236	1,332,536	1,705,772
	749,100	1,337,852	2,086,952

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

28. Risk management (continued)

Liquidity risk (continued)

	Up to one year	One to five years	Total
Group - 2020			
Insurance and other payables	55,938	3,062	59,000
Lease liabilities	6,735	5,249	11,984
Investment contracts	265,923	–	265,923
Insurance contracts	353,621	1,237,527	1,591,148
	682,217	1,245,838	1,928,055

Equity price risk

Equity price risk is the risk that the fair values of equities will decrease as the result of a decrease in equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect on equity will arise as a result of changes in the fair value of equity instruments categorised as available-for-sale whereas the effect on income will arise as a result of the change in fair value of equity instruments categorised as fair value through the separate and consolidated statement of comprehensive income.

The effect on equity and income at 31 December 2021 and 2020 due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

Parent	**%**	**2021**	**2020**
Trinidad and Tobago Stock Exchange	± 3	2,060	1,600
S&P 500	± 8	4,100	–
Group			
Trinidad and Tobago Stock Exchange	± 3	15,926	11,739
S&P 500	± 8	44,163	5,351

29. Maturity analysis of assets and liabilities

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

Parent		**2021**			**2020**	
Assets	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Cash and short-term funds	68,568	–	68,568	81,823	–	81,823
Fixed deposits	8,015	–	8,015	8,409	–	8,409
Interest receivable	1,534	–	1,534	2,508	–	2,508
Financial assets at fair value through statement of income	– 119,909	–	119,909	53,366	–	53,366
Financial assets at amortised cost	18,122	215,350	233,472	45,424	246,189	291,613
Insurance receivables	72,032	–	72,032	54,826	–	54,826
Other receivables and prepayments	14,781	–	14,781	5,499	–	5,499
Taxation recoverable	1,902	1,661	3,563	–	1,661	1,661
Reinsurance assets	162,435	162,435	135,852	–	135,852	
Investment properties	–	101,297	101,297	–	107,165	107,165
Right-of-use assets	–	2,355	2,355	–	2,534	2,534
Investments in subsidiaries	–	66,790	66,790	–	66,790	66,790
Property and equipment	–	62,009	62,009	–	44,140	44,140
Intangible assets	–	30,490	30,490	–	18,079	18,079
Deferred tax asset	–	4,395	4,395	–	5,799	5,799
Employee benefits asset	–	77,055	77,055	–	66,075	66,075
	467,298	561,402	1,028,700	387,707	558,432	946,139
Liabilities						
Insurance and other payables	81,414	–	81,414	40,235	–	40,235
Taxation payable	–	–	–	2,712	–	2,712
Lease liabilities	2,383	–	2,383	2,593	–	2,593
Deferred tax liability	–	36,291	36,291	–	31,541	31,541
Employee benefit obligation	–	3,551	3,551	–	4,035	4,035
Insurance contract liabilities	328,650	–	328,650	296,600	–	296,600
	412,447	39,842	452,289	342,140	35,576	377,716

Group		**2021**			**2020**	
Assets	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Cash and short-term funds	419,239	–	419,239	583,238	–	583,238
Fixed deposits	53,468	–	53,468	52,609	–	52,609
Interest receivable	10,843	–	10,843	15,906	–	15,906
Financial assets at fair value through statement of income	1,205,432	–	1,205,432	459,258	–	459,258
Financial assets at amortised cost	264,498	1,238,322	1,502,820	345,420	1,476,193	1,821,613
Insurance receivables	75,498	4,087	79,585	61,267	3,175	64,442
Loans and advances	10	214,349	214,359	–	207,350	207,350
Other receivables and prepayments	22,858	–	22,858	11,610	1,335	12,945
Taxation recoverable	2,017	1,730	3,747	61	1,762	1,823
Reinsurance assets	162,435	17,368	179,803	135,852	15,549	151,401
Investment properties	–	109,227	109,227	–	112,848	112,848
Right-of-use assets	–	8,084	8,084	–	11,555	11,555
Investments in subsidiaries	–	–	–	–	–	–
Property and equipment	–	81,228	81,228	–	69,588	69,588
Intangible assets	–	45,073	45,073	–	18,275	18,275
Deferred tax asset	–	6,144	6,144	–	8,282	8,282
Employee benefits asset	–	142,484	142,484	–	123,188	123,188
	2,216,298	1,868,096	4,084,394	1,665,221	2,049,100	3,714,321
Liabilities						
Insurance and other payables	95,960	2,903	98,863	55,938	3,062	59,000
Lease liabilities	6,003	2,413	8,416	6,735	5,249	11,984
Taxation payable	167	–	167	2,778	–	2,778
Deferred tax liability	–	174,245	174,245	–	135,783	135,783
Employee benefit obligation	–	6,502	6,502	–	6,843	6,843
Investment contracts	273,901	–	273,901	265,923	–	265,923
Insurance contracts	373,236	1,332,536	1,705,772	353,621	1,237,527	1,591,148
	749,267	1,518,599	2,267,866	684,995	1,388,464	2,073,459

30. Contingent liabilities

In the ordinary course of business the Group is involved in various legal claims and proceedings. Provisions have been established, where necessary, based on the professional advice received. While it is not practical to forecast the precise outcome of pending or threatened legal proceedings, management is of the view that final determination of such proceedings will not have a material impact on the financial results and financial position of the Group.

31. Related party transactions and balances

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The Parent is owned by ANSA Merchant Bank Limited, whose ultimate parent is ANSA McAL Limited. A number of transactions are entered into with related parties in the normal course of business. These include insurance coverage and property rental and were carried out at commercial terms and at market rates.

The related assets, liabilities, income and expenses from these transactions are as follows:

Parent			**Group**	
2020	**2021**		**2021**	**2020**
		Assets		
1,934	2,240	ANSA Merchant Bank Limited	2,240	1,934
28	210	Trinidad and Tobago Insurance Limited - subsidiaries	–	–
622	12,974	ANSA McAL Limited Group	58,416	44,788
2,584	15,424		60,656	46,722
		Liabilities		
1,396	2,464	ANSA Merchant Bank Limited	2,464	1,396
1,686	2,060	Trinidad and Tobago Insurance Limited - subsidiaries	–	–
666	968	ANSA McAL Limited Group	2,308	1,644
3,748	5,492		4,772	3,040
		Income		
18,394	16,837	ANSA Merchant Bank Limited	16,837	18,394
5,333	3,331	Trinidad and Tobago Insurance Limited - subsidiaries	–	–
33,874	31,903	ANSA McAL Limited Group	32,876	34,610
767	1,928	Other related parties	1,928	767
58,368	53,999		51,641	53,771
		Expenses		
–	2,229	ANSA Merchant Bank Limited	2,229	–
18,532	24,042	Trinidad and Tobago Insurance Limited - subsidiaries	–	–
4,621	1,833	ANSA McAL Limited Group	2,283	5,071
1,038	993	Directors fees	2,141	2,236
24,191	29,097		6,653	7,307

Key management compensation

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. The table below shows certain components of key management compensation.

Parent			**Group**	
2020	**2021**		**2021**	**2020**
5,122	3,004	Short-term employment benefits	3,959	8,113

32. Capital management

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

- To comply with the capital requirements set by regulators of the market where the parent and its subsidiaries operate;
- To safeguard the Parent and its subsidiaries' ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders; and

For the Year Ended 31 December 2021 (Expressed in thousands of Trinidad and Tobago dollars)

32. Capital management (continued)

- To maintain a strong capital base to support the development of its business.

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

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

In 2021 and 2020 the Parent and its subsidiaries complied with the externally imposed capital requirements and no changes were made to its capital base, objectives, policies and processes from the previous year.

33. Capital commitments

Parent 2020	Parent 2021		Group 2021	Group 2020
23,000	45,000	Capital commitments	117,300	84,200

34. Subsequent events

Acquisition of Colonial Fire & General Insurance Company Limited

On 25 November 2021, Trinidad and Tobago Insurance Limited (TATIL) entered into a lock-up agreement with CL Financial Limited to acquire 94.24 per cent of the total issued and outstanding shares held in Colonial Fire & General Insurance Company Limited (Colfire) pursuant to a takeover-bid to be made by TATIL for 100 percent of the total issued capital in Colfire. The acquisition is subject to regulatory approvals and the fulfilment of specific conditions, as contained in the agreement. The acquisition is currently expected to close in 2022.

35. Segmental information

For management purposes the Group is organised into two operating segments based on the following core areas of operation to the Group:

Life insurance operations	Underwriting the following classes of longer-term insurance business: (i) individual participating and non-participating life insurance, (ii) group life insurance, (iii) individual insurance and (iv) group annuity and pension.
General insurance operations	Underwriting the following classes of short-term insurance business: (i) commercial and residential fire, (ii) general accident, (iii) marine, (iv) motor, (v) workmen compensation, (vi) group and individual health and rental of property.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating statement of income, and is measured consistently with the operating statement of income in the consolidated financial statements.

Interest income is reported net of related expenses as management primarily relies on net interest revenue as a performance measure, rather than the gross income and expense.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third-parties.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2021 or 2020.

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

	Life insurance operations	General insurance operations	Eliminations	Total
2021				
Net insurance revenue	179,278	264,931	(397)	443,812
Investment and other Income	257,131	116,845	(6,370)	367,606
Net insurance claims incurred	(210,221)	(150,798)	–	(361,019)
Interest, general administrative and selling expenses	(68,633)	(148,518)	5,414	(211,737)
Profit/(loss) before taxation	157,555	82,460	(1,353)	238,662
Taxation	(25,787)	(11,758)	–	(37,545)
Profit/(loss) after taxation	131,768	70,702	(1,353)	201,117
Total assets	2,848,469	1,305,933	(70,008)	4,084,394
Total liabilities	1,817,206	452,525	(1,865)	2,267,866
Purchase of fixed assets	353	16,625	–	16,978
Depreciation and amortisation	(757)	(3,027)	–	(3,784)
2020				
Net insurance revenue	190,086	246,455	(395)	436,146
Investment and other Income	74,905	72,098	(4,939)	142,064
Net insurance claims incurred	(196,126)	(118,714)	–	(314,840)
Interest, general administrative and selling expenses	(67,027)	(128,152)	5,334	(189,845)
Profit/(loss) before taxation	1,838	71,687	–	73,525
Taxation	2,793	(11,091)	–	(8,298)
Profit/(loss) after taxation	4,631	60,596	–	65,227
Total assets	2,603,505	1,178,780	(67,964)	3,714,321
Total liabilities	1,696,781	377,852	(1,174)	2,073,459
Purchase of fixed assets	898	14,185	–	15,083
Depreciation and amortisation	(790)	(2,546)	–	(3,336)

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

	Domestic services	Regional	International	Eliminations	Total
2021					
Net insurance revenue	378,533	65,676	–	(397)	443,812
Investment and other Income	255,145	17,843	100,988	(6,370)	367,606
Net insurance claims incurred	(329,122)	(31,897)	–	–	(361,019)
Interest, general administrative and selling expenses	(173,740)	(40,766)	(2,645)	5,414	(211,737)
Profit/(loss) before taxation	130,816	10,856	98,343	(1,353)	238,662
Taxation	(37,175)	(370)	–	–	(37,545)
Profit/(loss) after taxation	93,641	10,486	98,343	(1,353)	201,117
Total assets	2,746,757	280,924	1,126,721	(70,008)	4,084,394
Total liabilities	2,082,752	136,887	50,092	(1,865)	2,267,866
Purchase of fixed assets	16,251	727	–	–	16,978
Depreciation and amortisation	(3,509)	(275)	–	–	(3,784)
2020					
Net insurance revenue	378,787	57,754	–	(395)	436,146
Investment and other Income	107,775	(7,109)	46,337	(4,939)	142,064
Net insurance claims incurred	(287,179)	(27,661)	–	–	(314,840)
Interest, general administrative and selling expenses	(166,089)	(26,733)	(2,357)	5,334	(189,845)
Profit/(loss) before taxation	33,294	(3,749)	43,980	–	73,525
Taxation	(8,013)	(285)	–	–	(8,298)
Profit/(loss) after taxation	25,281	(4,034)	43,980	–	65,227
Total assets	2,493,075	159,778	1,129,432	(67,964)	3,714,321
Total liabilities	2,050,323	5,509	18,801	(1,174)	2,073,459
Purchase of fixed assets	15,083	–	–	–	15,083
Depreciation and amortisation	(3,336)	–	–	–	(3,336)