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MERCHANT BANK LIMITED

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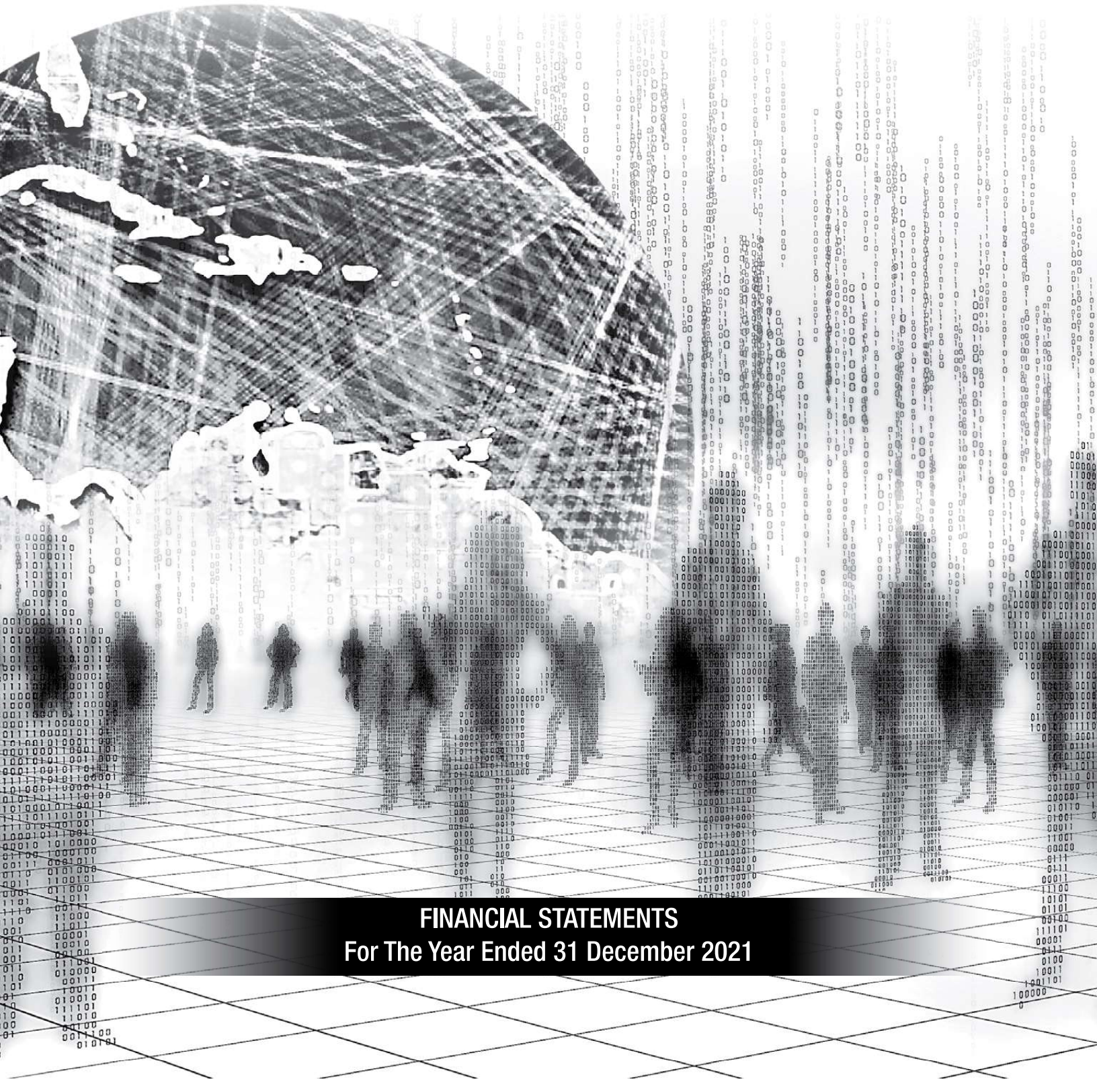

FINANCIAL STATEMENTS
For The Year Ended 31 December 2021

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MERCHANT BANK LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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MERCHANT BANK LIMITED

"Our Earnings per Share in 2021 increased significantly to $3.58 compared to $1.89 in 2020, up by 89%. The Group saw an improvement in key ratios such as return on average assets and return on equity which amounted to 3.53% and 10.98% respectively compared to 2.02% and 6.21% in the prior period."



CHAIRMAN'S REPORT

ANSA Merchant Bank Limited (AMBL) and our financial services group of companies recorded a robust increase in profit before tax to $360 million in 2021, up 76% from $205 million in 2020. This was driven largely by mark to market investment valuations arising from the recovery in the local and international equity markets. Total Operating Income for 2021 reached $1.156 billion, up 28% from $903 million in 2020. Total Equity increased by $225 million or 8% year over year to $2.9 billion, while Total Assets increased by 18% and ended at $9.4 billion.

Our Earnings per Share in 2021 increased significantly to $3.58 compared to $1.89 in 2020, up by 89%. The Group saw an improvement in key ratios such as return on average assets and return on equity which amounted to 3.53% and 10.98% respectively compared to 2.02% and 6.21% in the prior period.

During the year, TATIL entered into an agreement to acquire 94.24% of Colonial Fire & General Insurance Company Limited (Colfire). This acquisition is expected to be completed in 2022, subject to all regulatory approvals being received. This latest acquisition follows on the heels of the acquisition of Bank of Baroda (Trinidad & Tobago) Ltd and subsequent rebranding to Ansa Bank Ltd in early 2021, which has already delivered significant loan growth and which has commenced a major transformational journey to become the first local digitally enabled commercial bank. In Barbados, we successfully completed the re-branding of our subsidiary, Consolidated Finance Co Ltd to Ansa Merchant Bank (Barbados) Ltd which has performed commendably.

I am encouraged by these strategic initiatives and by our record results which speak to an efficiently run financial services group, that is made up of a diversified portfolio of Banking and Insurance companies.

Given the improved business performance compared to the 2020 financial year, the Directors have recommended a final dividend of $1.00 per share for the year ended December 31, 2021. An interim dividend for 2021 of $0.20 was already paid in October 2021. This final dividend will be paid on May 26, 2022 to shareholders on the register as at May 11, 2022.

I wish to thank all our stakeholders for their continuing support and especially our employees for their exceptional resilience and their commitment to the success of our businesses over the past year.

A. Norman Sabga

Chairman

March 24, 2022

STATEMENT OF MANAGEMENT RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying separate and consolidated financial statements of ANSA Merchant Bank Limited ("the Parent") and its subsidiaries ("the Group") which comprise the separate and consolidated statement of financial position as at 31 December 2021, the separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited separate and consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Gregory N. Hill
Gregory N. Hill
Managing Director
23 March 2022

Glenn Cheong
Glenn Cheong
Head of Finance & Administration
23 March 2022

EY
Building a better working world

Ernst & Young Services Limited
P.O. Box 158
5/7 Sweet Briar Road
St. Clair, Port of Spain
Trinidad

Tel: +1 868 628 1105
ey.com

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ANSA MERCHANT BANK LIMITED

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including 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.

Key Audit Matters

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

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

Key Audit Matters	How our audit addressed the key audit matter
Estimates used in the calculation of Insurance Contracts' Liabilities Refer to Notes 2xix, 3ii, 22 and 23. The Group has significant insurance liabilities of $1.71 billion representing 26% of the Group's total liabilities. The valuation of insurance contract liabilities involves extensive judgement and is dependent on a number of subjective assumptions, including primarily the timing and ultimate settlement value of long-term policyholder liabilities as well as the estimation of claims incurred, whether reported or not, for short-term insurance contracts. Various economic and non-economic key assumptions are being used to estimate the long-term liabilities. Specifically, the Group estimates the expected number and timing of deaths, persistency, future expenses and future investment income arising from the assets backing long-term insurance contracts and the potential negative effects of COVID-19 (the pandemic). For short-term insurance contracts, in calculating the estimated cost of unpaid claims (both reported and incurred but not reported (IBNR)), the Group uses a combination of loss-ratio-based estimates and estimates based upon actual claims experience. The Group uses valuation models to support the calculations of these insurance contract liabilities. The complexity of the models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models. Considering the significance of the insurance contracts' liabilities and the complexity and estimates involved in the actuarial valuations, we determined this to be a key audit matter in our audit of the consolidated financial statements.	We involved our EY actuarial specialists to assist us in performing our audit procedures in this area, which included among others: • Assessment of the key assumptions applied including consideration of emerging trends and studies on mortality and morbidity, voluntary terminations, persistency, interest rate, capital gains, policy maintenance and administrative expenses, inflation, tax and lapse rates and the possible impact of the pandemic on these factors. • Recalculation of technical provisions produced by the models on a sample basis. • An assessment of the internal controls regarding the maintenance of the policyholder database. • An analysis of the movements in insurance liabilities during the year. We assessed whether the movements are in line with changes in assumptions adopted by the Group, our understanding of developments in the business and our expectations derived from market experience. • We considered whether the Group's disclosures in the consolidated financial statements in relation to insurance contract liabilities were compliant with IFRS.
Allowance for Expected Credit Losses (ECLs) Refer to Notes 2vi(b), 3i, 5, 6, 7 and 40. Net investments in leased assets, loans and advances and other financial assets not held at fair value through statement of income (FVSI) represent 53% of the total assets of the Group (Parent: 43%) amounting to $4.9 billion (Parent: $1.8 billion). IFRS 9 'Financial Instruments' requires the Group to record an allowance for Expected Credit Losses (ECLs) for all loans and other debt financial assets not held at FVSI, together with investment in leased assets. The appropriateness of ECLs is a highly subjective area due to the level of judgement applied by management, involving various assumptions and factors, such as the estimate of the likelihood of default and the potential loss given default. Management also applied adjustments, or overlays, where they believe the data driven parameters and calculations were not appropriate, either due to emerging trends or models not capturing the risks in the portfolios, as well as assessing the impact of the pandemic. These overlays required significant judgement. Other significant areas of judgement included: • the interpretation of the requirements to determine impairment under the application of IFRS 9, which is reflected in the Group's ECL models; • the application of assumptions where there was limited or incomplete data; • the identification of exposures with a significant deterioration in credit quality; • assumptions used in the ECL model such as the financial condition of the counterparty or valuation of security; • the need to apply overlays, the quantification of which can be highly subjective, to reflect current or future external factors that are not appropriately captured by the ECL model, including the effects of the pandemic; and • additional credit risk that could stem from the impact of the pandemic, on the ability of the Group's customers/investors to meet their financial commitments. Given the combination of inherent subjectivity in the valuation, and the material nature of the balance, we considered the measurement of ECLs to be a key audit matter in our audit of the separate and consolidated financial statements.	We understood and critically assessed the methodology and assumptions used by the Group in its ECL models while evaluating its compliance with IFRS 9 requirements. We tested the completeness and accuracy of the inputs used within the models, including the Probabilities of Default (PDs), recoveries and the associated Loss Given Defaults (LGDs) and Exposures at Default (EADs). We also considered whether all relevant risks were reflected in the ECL calculation, and where this was not, whether overlays appropriately reflected those risks, particularly those stemming from the pandemic. The aging of the portfolios and other qualitative factors were assessed to determine the staging and thus indication of a significant deterioration in credit risk in accordance with IFRS 9. Independent testing on PD and LGD inputs was performed through validation to international external credit rating agencies, where these were used, as well as typical collateral, historical loss trends and other borrower characteristics. In determining the reasonableness of the ECL overlay applied on the net investment in leased assets, we reviewed Management's assessment of customers who were offered a moratorium during the period due to the pandemic. For ECLs calculated on an individual basis, we tested the factors underlying the impairment identification and quantification including forecasts of the amount and timing of future cash flows, valuation of assigned collateral and estimates of recovery on default. We utilised our EY valuation specialists to assess the appropriateness of the key assumptions used in the models. Finally we focused on the adequacy of the Group's financial statement disclosures as to whether it appropriately reflected the requirements of the IFRSs.

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

Key Audit Matters
(Continued)

Key Audit Matters (Continued)	**How our audit addressed the key audit matter**
Fair value measurement of investments securities and related disclosures Refer to Notes 2vii, 3i, 7 and 39. The Group invests in various investment securities, of which $2 billion (Parent: $527 million) is carried at fair value in the statement of financial position. Additionally, the fair values are disclosed for $2.4 billion (Parent: $508 million) of investment securities carried at amortised cost in the statement of financial position. Of these assets, $2.2 billion (Parent: $448 million) are related to investments for which no published prices in active markets are available and have been classified as Level 2 and Level 3 assets within the IFRS fair value hierarchy. Valuation techniques for these investments can be subjective in nature and involve various assumptions regarding pricing factors, particularly in a potentially distressed macro-economic environment stemming from the possible current and future negative effects of the pandemic. Associated risk management disclosure is complex and dependent on high quality data. A specific area of audit focus includes the determination of fair value of Level 2 and Level 3 assets where valuation techniques are applied in which unobservable inputs are used. For Level 2 assets, these techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analyses making maximum use of market inputs, such as the market risk free yield curve. Included in the Level 3 category are financial assets that are not quoted as there are no active markets to determine a price. The fair value of these assets cannot be measured reliably and are therefore held at cost, being the fair value of the consideration paid on acquisition. These assets are regularly assessed for impairment. As the determination of the fair value for certain investments securities is a key source of estimation uncertainty, is subject to differing underlying assumptions, could be substantially impacted by the pandemic and represents a material balance and disclosure, we deemed this to be a key audit matter in our audit of the separate and consolidated financial statements.	We independently tested the pricing on quoted securities, and we used our valuation specialists to assess the appropriateness of pricing models used by the Group. This included: • An assessment of the pricing model methodologies and assumptions against industry practice and valuation guidelines, especially with the added estimation uncertainty brought on by the pandemic. • Testing of the inputs used, including cash flows and other market based data. • An evaluation of the reasonableness of other assumptions applied such as credit spreads and the volatility in the market. • The re-performance of valuation calculations on a sample basis of internally priced securities that were classified as higher risk and estimation. • An assessment of management's impairment analysis, including underlying indicators resulting from the pandemic. Finally, we assessed whether the financial statement disclosures, including sensitivity to key inputs and the IFRS fair value hierarchy, appropriately reflect the Group's exposure to financial instrument valuation risk.

Key Audit Matters (Continued)	**How our audit addressed the key audit matter**
Acquisition accounting and goodwill impairment Refer to Notes 2iii, 14 and 41. As described in these notes, the Group acquired Bank of Baroda (Trinidad) Limited during the financial year, which was rebranded to ANSA Bank Limited. At 31 December 2021, the Group finalised its acquisition accounting in accordance with IFRS 3 'Business Combinations'. This resulted in the recognition of final goodwill and intangible assets of $125M relative to the net assets acquired and purchase consideration. As required by IAS 36 'Impairment of Assets', the Group also performed an impairment test on the goodwill and indefinite intangible assets. This involves significant estimation and the application of a high level of judgment relative to key assumptions such as the applicable discount rate and future cash-flows, especially with the added estimation uncertainty brought on by the pandemic. In determining future cash-flow projections, the Group uses assumptions and estimates in respect of future market conditions, future economic growth, expected market share and gross margins. The outcome of the impairment testing is sensitive to these assumptions and estimates, such that changes in these assumptions/estimates may result in different impairment test conclusions, particularly in a potentially distressed macroeconomic environment stemming from the possible current and future negative effects of the pandemic.	We obtained and reviewed Management's calculation for the recognition of goodwill and intangible assets on the business combination. We also evaluated and tested the Group's impairment assessment for goodwill and qualifying intangible assets and whether this met the requirement of IAS 36. With the added estimation uncertainty brought on by the pandemic, we closely analysed Management's judgments used in its calculations, including longer- term assumptions, by applying sensitivity analyses to account for market volatility. These calculations were reassessed to factor in any negative impact from the pandemic on the discount rate and other performance factors, along with assessing the potential future impact on the business. We involved our EY valuation specialists to assist with our audit of the acquisition accounting and impairment test model, including the methodology, cash flows, discount rate, long term growth rates and other assumptions. We also assessed the appropriateness of the disclosures in the notes to the consolidated financial statements, with reference to that prescribed by IFRSs.

Other information included in the Parent's and Group's 2021 Annual Report
Other information consists of the information included in the Parent's and Group's 2021 Annual Report, other than the separate and consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Parent's and Group's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

In preparing the separate and consolidated financial statements, management is responsible for assessing the 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 Audit Committee is responsible for overseeing the Parent's and Group's financial reporting process.

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

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

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.

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner in charge of the audit resulting in this independent auditor's report is Adrienne D'Arcy.

EY

Port of Spain

TRINIDAD

23 March 2022

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

(Expressed in thousands of Trinidad and Tobago dollars)

Parent 31 Dec 2020	Parent 31 Dec 2021		Notes	Group 31 Dec 2021	Group 31 Dec 2020
		Assets			
654,031	729,390	Cash and short-term funds	4	1,452,588	1,499,031
–	–	Fixed deposits		8,549	8,409
1,039,286	872,462	Net investment in leased assets and other instalment loans	5	1,165,163	1,337,135
199,679	414,541	Loans and advances	6	1,035,788	479,805
834,237	1,035,207	Investment securities	7	4,429,880	3,683,430
6,410	7,766	Interest receivable		24,100	28,034
–	–	Insurance receivables	9	77,899	63,944
30,795	108,139	Other debtors and prepayments	10	130,443	40,282
–	–	Reinsurance assets	22	179,803	151,401
7,726	7,431	Taxation recoverable		11,149	9,535
810,320	989,510	Investment in subsidiaries	11	–	–
–	–	Investment properties	12	106,112	120,027
2,729	3,207	Property and equipment	13	201,570	179,557
29,513	27,418	Intangible assets	14	343,430	179,270
5,142	3,397	Right-of-use assets	15	11,619	11,382
22,309	32,563	Deferred tax assets	16	45,905	31,232
7,201	9,396	Employee benefits asset	17	160,908	138,261
3,649,378	**4,240,427**	**Total assets**		**9,384,906**	**7,960,735**
		Liabilities			
1,176,051	1,960,705	Customers' deposits and other funding instruments	19	3,383,770	2,213,836
5,458	3,701	Lease liabilities	15	11,766	10,008
–	1,907	Bank overdraft	4	1,907	–
126,114	94,658	Accrued interest and other payables	18	307,427	240,581
802,836	600,000	Debt securities in issue	20	600,000	802,836
–	992	Taxation payable		2,872	3,173
7,010	8,148	Deferred tax liabilities	16	185,838	146,744
850	918	Employee benefits liability	17	8,616	8,916
–	–	Investment contract liabilities	21	273,902	265,923
–	–	Insurance contract liabilities	22	1,705,771	1,591,148
2,118,319	**2,671,029**	**Total liabilities**		**6,481,869**	**5,283,165**
		Equity			
667,274	667,274	Stated capital	24	667,274	667,274
215,898	225,896	Statutory reserve fund		241,839	231,841
489	47	Fair value reserve/(deficit)		(1,236)	(369)
–	–	Statutory surplus reserve		–	66,539
5,596	4,768	General loan loss reserve		13,520	13,906
1,142	672	Foreign currency reserve/(deficit)		(1,216)	(5,351)
640,660	670,741	Retained earnings		1,982,112	1,703,081
1,531,059	1,569,398	Equity attributable to the equity holders of the parent		2,902,293	2,676,921
–	–	Non-controlling interest		744	649
1,531,059	**1,569,398**	**Total equity**		**2,903,037**	**2,677,570**
3,649,378	**4,240,427**	**Total liabilities and equity**		**9,384,906**	**7,960,735**

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

These financial statements were approved by the Board of Directors and authorised for issue on 23 March 2022 and signed on its behalf by:

A. Norman Sabga
A. Norman Sabga
Chairman

Gregory N. Hill
Gregory N. Hill
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
–	–	Net insurance revenue	25	427,461	418,201
123,264	140,923	Finance charges, loan fees and other interest income	26	184,511	152,985
59,638	69,522	Investment income	27	376,603	162,195
23,421	32,499	Revenue from contracts with customers	28	11,872	6,609
48,085	47,481	Other income	29	155,395	163,705
254,408	290,425	**Total operating income**		1,155,842	903,695
–	–	Net insurance benefits and claims incurred	30	(361,018)	(314,839)
(57,176)	(47,152)	Interest expense	31	(76,697)	(86,993)
(13,132)	(23,357)	Credit loss expense on net investment in leased assets, loans and advances, and investments	32	(26,786)	(23,436)
184,100	219,916	**Net operating income**		691,341	478,427
(3,486)	(2,790)	Marketing and policy expenses	33	(69,219)	(62,941)
(30,225)	(40,553)	Personnel expenses	34	(125,266)	(101,879)
(4,435)	(4,516)	Depreciation and amortisation	13, 14, 15	(43,371)	(41,612)
(2,160)	(2,160)	Management fees		(6,744)	(7,764)
(15,588)	(23,675)	General administrative expenses	35	(86,562)	(59,479)
(55,894)	(73,694)	**Total selling and administration expenses**		(331,162)	(273,675)
128,206	146,222	**Net profit before taxation**		360,179	204,752
(34,155)	(21,841)	Taxation	36	(53,862)	(42,738)
94,051	124,381	**Profit for the year**		306,317	162,014
		Profit attributable to:			
94,051	124,381	Equity holders of the Parent		306,222	162,011
–	–	Non-controlling interest		95	3
94,051	124,381			306,317	162,014
		Basic and diluted earning per share ($ per share)		3.58	1.89
		Weighted average number of shares ('000)		85,605	85,605

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

SEPARATE AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)

Parent 2020	Parent 2021		Notes	Group 2021	Group 2020
94,051	124,381	**Profit for the year**		306,317	162,014
		Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
24	(470)	Net gain/(loss) on investment securities at fair value through other comprehensive income		–	24
132	(4,178)	Other movements		(1,580)	(5,749)
(359)	2,250	Experience (losses)/gains on defined benefit plans	17(b)	16,544	(4,219)
107	(680)	Income tax effect	16	(4,504)	989
(252)	1,570			12,040	(3,230)
(96)	(3,078)			10,460	(8,955)
		Other comprehensive income that may be reclassified subsequently to profit and loss, net of tax			
		Debt instruments at fair value through other comprehensive income			
(3,813)	(442)	Net change in fair value during the year		(867)	(4,132)
105	(2,314)	Changes in allowance for expected credit losses		(2,318)	90
618	1,117	Income tax effect	16	1,117	618
(3,090)	(1,639)			(2,068)	(3,424)
–	–	Exchange differences on translation of foreign operations		4,135	(8,522)
90,865	119,664	**Total comprehensive income for the year, net of tax**		318,844	141,113
		Attributable to:			
90,865	119,664	Equity holders of the Parent		318,749	141,110
–	–	Non-controlling interest		95	3
90,865	119,664			318,844	141,113

The accompanying notes form an integral part of these 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 reserve fund	General loan loss reserve	Fair value reserve/ (deficit)	Foreign currency reserve	Retained earnings	Total equity
Balance as at 31 December 2019	667,274	206,493	5,074	4,302	1,118	555,933	1,440,194
Profit for the year	–	–	–	–	–	94,051	94,051
Other comprehensive (loss)/income for the year	–	–	–	(3,813)	24	603	(3,186)
Transfer to general loan loss reserve	–	–	522	–	–	(522)	–
Transfer to statutory reserve fund	–	9,405	–	–	–	(9,405)	–
Balance as at 31 December 2020	667,274	215,898	5,596	489	1,142	640,660	1,531,059
Balance as at31 December 2020	667,274	215,898	5,596	489	1,142	640,660	1,531,059
Profit for the year	–	–	–	–	–	124,381	124,381
Other comprehensive loss for the year	–	–	–	(442)	(470)	(3,805)	(4,716)
Transfer from general loan loss reserve	–	–	(828)	–	–	828	–
Transfer to statutory reserve fund	–	9,998	–	–	–	(9,998)	–
Dividends (Final 2020 and Interim 2021) (Note 46)	–	–	–	–	–	(81,325)	(81,325)
Balance as at 31 December 2021	667,274	225,896	4,768	47	672	670,741	1,569,398

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)

Group	Stated capital	Statutory reserve fund	Statutory surplus reserve	General loan loss reserve	Fair value deficit	Foreign currency deficit	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance as at 31 December 2019	667,274	222,436	66,539	14,674	3,764	3,211	1,557,912	2,535,810	646	2,536,456
Profit for the year	–	–	–	–	–	–	162,011	162,011	3	162,014
Other comprehensive loss for the year	–	–	–	–	(4,132)	(8,522)	(8,247)	(20,901)	–	(20,901)
Other life insurance reserve movements	–	–	–	–	–	–	42	42	–	42
Transfer to general loan loss reserve	–	–	–	522	–	–	(522)	–	–	–
Transfer to statutory reserve fund	–	9,405	–	–	–	–	(9,405)	–	–	–
Reclassification	–	–	–	(1,290)	–	–	1,290	–	–	–
Other reserve movements	–	–	–	–	(1)	(40)	–	(41)	–	(41)
Balance as at 31 December 2020	667,274	231,841	66,539	13,906	(369)	(5,351)	1,703,081	2,676,921	649	2,677,570
Balance as at 31 December 2020	667,274	231,841	66,539	13,906	(369)	(5,351)	1,703,081	2,676,921	649	2,677,570
Profit for the year	–	–	–	–	–	–	306,222	306,222	95	306,317
Other comprehensive (loss)/income for the year	–	–	–	–	(867)	4,135	9,259	12,527	–	12,527
Other life insurance reserve movements	–	–	–	–	–	–	(11,817)	(11,817)	–	(11,817)
Transfer from general loan loss reserve	–	–	–	677	–	–	(677)	–	–	–
Transfer to statutory reserve fund	–	9,998	–	(828)	–	–	(9,170)	–	–	–
Transfer from statutory surplus reserve	–	–	(66,539)	–	–	–	66,539	–	–	–
Dividends (Final 2020 and Interim 2021) (Note 46)	–	–	–	–	–	–	(81,325)	(81,325)	–	(81,325)
Other reserve movements	–	–	–	(235)	–	–	–	(235)	–	(235)
Balance as at 31 December 2021	667,274	241,839	–	13,520	(1,236)	(1,216)	1,982,112	2,902,293	744	2,903,037

The accompanying notes form an integral part of these 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	Group 2021	Group 2020
		Cash flows from operating activities			
128,206	146,222	Profit before taxation		360,179	204,752
		Adjustments for:			
384	670	Employee benefits	17(b)	(3,969)	(2,933)
–	–	Gain on disposal of property and equipment		(4,548)	(4,432)
2,690	2,771	Depreciation and amortisation	13, 14	37,663	38,466
1,745	1,745	Depreciation of right-of-use assets	15	5,708	3,146
(8,650)	2,076	(Credit loss recovery)/credit loss expense on investments	32	(7,393)	(6,389)
(177)	(3,368)	Amortisation of investment securities and interest capitalised		(11,164)	(10,101)
(21,782)	(21,281)	(Credit loss recovery)/ credit loss expense on leases, loans and advances	32	30,786	29,825
–	–	Credit loss expense on insurance receivables		3,393	–
(294)	(7,724)	(Gain)/loss on revaluation of investments	27	(165,823)	54,662
–	–	Loss on revaluation of investment property		3,910	–
(9,981)	4,705	(Gain)/loss on sale of investment securities		(21,557)	(12,269)
(63,418)	(69,589)	Interest income		(216,084)	(205,623)
57,176	47,152	Finance costs	31	76,697	86,993
(2,757)	(295)	Foreign exchange (gains)/losses		172	8,485
83,142	103,084	Operating profit before changes in operating assets and liabilities		87,970	184,582
46,464	20,724	Decrease/(increase) in investment in leased assets and loans and advances		(40,439)	(43,697)
(3,463)	(77,244)	(Increase)/decrease in other receivables, debtors and prepayments		(132,518)	3,320
(251,255)	784,654	Decrease/(increase) in customers' deposits and other funding instruments		745,310	(340,655)
17,907	(26,018)	Increase/(decrease) in accruals and other payables		76,364	28,912
38,074	(41,944)	Decrease/(increase) in Central Bank reserve account		(82,629)	77,084
–	–	Increase in insurance and investment contracts		122,602	54,857
(69,131)	763,256			776,660	(35,597)
(54,445)	(54,347)	Finance costs paid		(86,214)	(81,356)
66,211	68,234	Interest received on investments		220,625	211,807
(33,190)	(29,561)	Taxes paid		(45,742)	(51,346)
(90,555)	747,582	Net cash (used in)/generated from operating activities		865,328	43,508
		Cash flows from investing activities			
–	–	Placement of fixed deposits		(140)	–
–	–	Maturity of fixed deposits		–	39,359
–	19	Proceeds from sale of fixed assets		14,938	19,127
(6,299)	(1,173)	Additions to fixed assets, leases and intangible assets		(192,971)	(32,820)
(1,306,712)	(1,125,730)	Purchase of investments		(2,679,830)	(1,723,263)
1,504,539	874,161	Sale or maturity of investments		2,154,938	2,161,373
–	(179,190)	Acquisition of business, net of cash acquired		(9,080)	–
191,528	(431,913)	Net cash generated from/(used in) investing activities		(712,146)	463,775
		Cash flows from financing activities			
–	(202,836)	Repayment of debt securities		(202,836)	–
–	(81,325)	Dividends paid	46	(81,325)	–
–	(284,161)	Net cash used in financing activities		(284,161)	–
100,973	31,508	**Net increase in cash and cash equivalents**		(130,979)	507,284
483,447	584,420	**Cash and cash equivalents at the beginning of the year**		1,397,368	890,084
584,420	615,928	**Cash and cash equivalents at the end of the year**		1,266,389	1,397,368
		Represented by:			
584,420	615,928	Cash and cash equivalents	4	1,266,389	1,397,368
584,420	615,928			1,266,389	1,397,368
		Supplemental information:			
66,211	68,234	Interest and dividends received		397,963	365,071
54,445	54,347	Interest paid		86,214	81,356

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

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in thousands of Trinidad and Tobago dollars)

1. Principal activities of the Group

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

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

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

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

The ANSA Merchant Bank Group (the 'Group') is a financial services group comprising of the Parent and seven subsidiaries at 31 December 2021. A full listing of the Group's subsidiaries is detailed in Note 11. The Group is engaged in a wide range of banking and financial related activities and carries on all classes of long-term and short-term insurance business and the rental of property in Trinidad and Tobago and the Caribbean. The ultimate parent of the Group is ANSA McAL Limited ('Ultimate Parent') which is incorporated in the Republic of Trinidad and Tobago.

2. Significant accounting policies

i) Basis of preparation

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

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 43.

Basis of consolidation

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

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

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

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

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

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

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.

2. Significant accounting policies (continued)

i) Basis of preparation (continued)

Basis of consolidation (continued)

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.

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

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

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

These mutual funds are financed through the issue of units to investors in the funds. The Group generates fees from managing the assets of the mutual funds and the Group's retirement benefit plans on behalf of third party interests. For the year ended 31 December 2021, the Group earned $8.0 million (2020: $7.6 million) in management fees from the retirement plans and $17.5 million (2020: $15.4 million) from the mutual funds.

The Group holds an interest of $72 million in sponsored funds as at 31 December 2021 (2020: $70 million). The maximum exposure to loss in these funds is the carrying value of the assets held by the Group.

The Bank re-assessed whether or not it controls any investee in accordance with IFRS 10, 'Consolidated Financial Statements.' This assessment also extended to the Bank's open-ended mutual funds. The criteria for control includes:

- The power to govern the financial and operating policies;
- Exposure, or rights, to variable returns from its involvement; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

Based on the application of this criteria, the Bank has consolidated the Funds into these financial statements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The Parent accounts for investments in subsidiaries on a cost basis.

ii) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 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 Bank's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Bank 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 Bank 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 Bank reasonably expects the RFR to become separately identifiable within 24 months.

For hedges of groups of items, the Bank 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 provide 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.

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.

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.

- 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' – Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current – Effective 1 January 2023
- IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements' – Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies – 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
- IFRS 17 'Insurance Contracts' – Effective 1 January 2023
- IAS 12 'Income Taxes' – Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction – 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) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, 'Financial Instruments,' is measured at fair value with the changes in fair value recognised in the statement of income.

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

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 CGUs that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

iv) Cash and short-term funds

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

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

2. Significant accounting policies (continued)

v) Statutory deposits with Central Banks

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

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

vi) Financial instruments

Financial assets

a) Initial recognition and subsequent measurement

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

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

Amortised cost and effective interest method

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

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are 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 (EIR) 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 EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in the statement of income and is included in Note 27.

Financial assets at fair value through other comprehensive income (FVOCI)

Equity instruments at fair value through other comprehensive income (FVOCI)

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to the statement of income on disposal of the investments.

The Group does not have any equity instruments that are carried at FVOCI on initial application of IFRS 9, 'Financial Instruments'.

Debt instruments at fair value through other comprehensive income (FVOCI)

The Group applies the FVOCI category under IFRS 9, for debt instruments measured at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual cash flows of an asset give rise to payments on specified dates that are SPPI on the principal amount outstanding ("the SPPI test").

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income. Interest income is recognised in the statement of income in the same manner as for financial assets measured at amortised cost.

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 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 27. Fair value is determined in the manner described in Note 39.

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

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

Foreign exchange gains and losses

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

Therefore:

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

The Group uses the general probability of default approach when calculating expected credit loss (ECL). 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 Group's policies for determining if there has been a significant increase in credit risk are set out below.

The 12mECL is the portion of LTECL that represents the ECL that results 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, to non- investment grade, 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.

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Calculation of Expected Credit Losses (ECLs)

When estimating the ECLs, the Group considers among other factors the risk rating category and aging of the financial asset. Each of these factors is associated with different PDs, EADs and LGDs (see below). 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:

- *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.

- *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.

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

b) Impairment of financial assets (continued)

Calculation of Expected Credit Losses (ECLs) (continued)

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 leased assets and loans and advances were derived based on historical loss trends in the portfolios, recoveries, typical collateral and other borrower characteristics.

Collateral valuation

To mitigate its credit risks on financial instruments, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables and other non-financial assets. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed on a periodic basis.

To the extent possible, the Group uses active market data for valuing financial instruments held as collateral. Other financial instruments which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on independent valuations data provided by third parties such as mortgage brokers, or independent valuations.

Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the valuation cost of the asset.

In its normal course of business should the Group physically repossess assets in its retail portfolio, it sometimes engages external agents to recover the asset, to settle outstanding debt. Any surplus funds are returned to the customers/obligors.

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

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Forward-looking information

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

- Oil prices
- Unemployment rates
- Money supply

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 12mECL is calculated as the portion of LTECL that represents the ECL that results 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. The expected 12-month default probability is applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2

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

Stage 3

For a financial instrument considered credit-impaired (as defined in Note 2(vi)(b) above), the Group recognises the LTECL for such a financial instrument. 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 individual loan or 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 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 income, but is reclassified to retained earnings. On derecognition of debt instruments at FVOCI, cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to the statement of income.

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 include other payables, bank overdrafts, deposit liabilities and debt securities in issue. The Group has not designated any financial liabilities upon initial recognition as at FVSI.

b) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of income.

vii) Fair value measurement

The Group measures certain financial instruments at fair value at each year end. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 39. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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 judgement 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, insurance receivable, other debtors, customer deposits and other funding instruments, accrued interest and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

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 (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 and the inherent rates of interest in the portfolio as those rates approximate market conditions. When discounted, the cash flow values are equal to the carrying value.

Debt securities in issue

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

2. Significant accounting policies (continued)

vii) Fair value measurement (continued)

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;

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable; and

POCI – Credit-impaired on initial recognition, therefore fair valued at original recognition with interest income being subsequently recognised on a credit-adjusted EIR.

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.

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.

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.

viii) Repurchase and reverse repurchase agreements

Securities sold subject to a linked repurchase agreement ('repo') are retained in the financial statements as trading securities and the counterparty liability is included in amounts due to other banks, deposits from banks or other deposits as appropriate. Securities purchased under an agreement to resell ('reverse repo') are recorded as loans and advances to other banks. The difference between the sale and repurchase price is treated as interest and accrued over the life of the repo agreement using the effective yield.

ix) Product classification

Insurance contracts

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

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

Investment contracts

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

x) Interest bearing debt and borrowings

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

xi) Insurance receivables

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

xii) Reinsurance assets

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

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

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

xiii) Taxation

Current income tax

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

Deferred tax

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

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

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

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

xiv) Investment properties

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

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property, at the time that cost is incurred, if the recognition criteria is met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured annually by fair values either by way of Management's internal valuations or by an accredited external, independent valuator. Management uses 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.

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.

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

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

xv) Property, equipment and leased assets

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

The rates used are as follows:	% per annum
Building	2
Motor vehicles	20 - 33⅓
Computer equipment	25 - 33⅓
Leasehold improvements	10 - 20
Office furniture, machinery and equipment	10 - 33⅓
Leased vehicles and equipment	20

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

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

2. Significant accounting policies (continued)

xvi) 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 Group 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 the initial lease liabilities recognised, initial direct costs incurred, and lease payments made on 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:

- Land and building 3 to 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 (IBR) at the lease commencement date if 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 of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as lessor

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

xvii) Intangible assets

Goodwill

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

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

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

Computer software

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

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

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

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

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

Banking license and customer deposits

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as finite and are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Group in its acquisition of ANSA Bank Limited, acquired intangible assets of a banking license as well as customer deposits. The banking license has been assessed to have an indefinite useful life and will be tested for impairment annually. The customer deposits have been assessed to have a useful life of seven (7) years.

xviii) Employee benefits

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

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

Defined benefit plan

The pension accounting costs for the defined benefit plan are assessed using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through the statement of other comprehensive income in the period in which they occur. Remeasurements 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 expenses' in the statement of income (by function) within Note 35:

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

Other post-employment benefit plan

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

Defined contribution plan

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

xix) Insurance contract liabilities

Life insurance contract liabilities

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

General insurance contract liabilities

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

Provision for unearned premiums

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

2. Significant accounting policies (continued)

xix) Insurance contract liabilities (continued)

Liability adequacy test

In accordance with IFRS 4, 'Insurance Contracts', reserving for liabilities existing as at the statement of financial position date from property and casualty lines of business has been tested for adequacy by independent actuarial consultants using the Bornhuetter-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;
- It estimates a claim run-off pattern of how claims emerge year by year until all is known about the total ultimate claim; and
- 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 of the general insurance subsidiary as at 31 December 2021, in respect of incurred but not reported (IBNR) claims and claims from unexpired contracts were adequate.

Provision for unexpired risk

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

xx) Provisions

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

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

xxi) Guarantee reserve fund

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

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

xxii) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

The effective interest rate (EIR) method

Interest income and expense is recorded using the EIR method for all financial instruments measured at amortised cost. 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).

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

Investment income

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. For POCI financial assets a credit-adjusted EIR is applied to the amortised cost of the financial asset.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVSI is recognised using the contractual interest rate in net trading income and net gains or losses on financial assets at FVSI, respectively.

Dividend income

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

Rental income

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

Premium income

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

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

Reinsurance premiums

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

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.

Revenue from contracts with customers

A refund liability is the sum of the contribution received from the customer to cover the costs associated with the product sold. The Group updates its balance of refund liabilities at the end of each reporting period with the monthly amortisation of the contribution used to offset the cost relating to the product sold

xxiii) Deposit insurance contribution

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

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

xxiv) Benefits and claims

Life insurance

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

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.

Reinsurance claims

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

xxv) Lapses - Life insurance

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

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

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

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

xxvi) Foreign currency translation

Functional and presentation currency

The individual financial statements of each group entity 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.

Foreign currency transactions

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

Foreign entities

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

2. Significant accounting policies (continued)

xxvii) Equity movements

Stated capital

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

Dividends on ordinary share capital

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

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

xxviii) Statutory reserve fund

There is a requirement where a portion of net profit after deduction of taxes in each year be transferred to a statutory reserve account. Group statutory reserves amounted to $241.8 million (2020: $231.8 million) as at 31 December 2021.

xxix) Catastrophe reserve

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

xxx) Statutory surplus reserve

As 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 is to be appropriated towards a statutory surplus reserve until such surplus equals or exceeds the reserves in respect of its outstanding unexpired policies. This statutory surplus reserve is no longer required under the new Insurance Act, 2018 of Trinidad and Tobago and therefore is to be reappropiated to retained earnings.

xxxi) General loan loss reserve

The Bank has established a general reserve for loan losses in accordance with the guidelines issued by the Central Bank of Trinidad and Tobago. The reserve has been calculated at 0.5% of the loan balance at the year-end and encompasses hire purchase loans, finance leases and premium financing loans after deducting unearned finance charges. This reserve has been accounted for as an appropriation of retained earnings and is disclosed in the statement of changes in equity.

xxxii) Earnings per share

Earnings per share have been calculated by taking the profit for the year attributable to shareholders over the weighted average number of ordinary shares outstanding during the year, net of treasury shares (2021: $3.58; 2020: $1.89). There are no dilutive ordinary shares in issue.

xxxiii) Salvage and subrogation reimbursements

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

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

xxxiv) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or 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 and estimates in applying Group policies

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

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

- Financial instruments risk management (Note 40)
- Capital management (Note 42)

i) Judgements

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

Leases (Note 15)

- *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. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. 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 (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

  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 (IBR)*

  If the Group cannot readily determine the interest rate implicit in the lease, it uses its 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 (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

  The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand alone credit rating).

- *Operating lease commitments – Group as lessor*

  The Group has entered into vehicle and equipment leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the leases, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

- *Finance lease commitments – Group as lessor*

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

Property and equipment (Note 13)

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

Revenue from contracts with customers (Note 28)

The Group has determined that the performance obligation from contracts with customers has been satisfied at a point in time, i.e. when the service is rendered to a customer.

The amount recognised in the statement of income would be the consideration received.

Impairment of financial instruments

The measurement of impairment losses under IFRS 9 across all categories of financial instruments 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 macro-economic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

ii) Estimates and assumptions

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

Impairment of goodwill (Note 14)

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

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

ii) Estimates and assumptions (continued)

Impairment of goodwill (Note 14) (continued)

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

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

Deferred taxation (Note 16)

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

Pension and other post-employment benefits (Note 17)

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

Insurance contract liabilities (Note 22)

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

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

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

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

Revenue from contracts with customers (Note 28)

Revenue from contracts with customers relates to investment management and arrangement fees and spread income. The performance obligation for each is as follows:

- Investment management fees are earned over time and payment is due quarterly in arrears;
- Arrangement fees are earned upon disbursement of the relevant loan and payment is due at that time; and
- Spread income is earned upon the disbursement of the interest payment to investors and payment is due at that time.

Valuation of investments (Note 39)

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

iii) 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 Group has considered this impact in preparing its consolidated 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, 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.

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 Group's forward-looking assumptions for the purposes of its ECLs, has been provided in Note 40 to the financial statements. Noting the wide range of possible scenarios and macro-economic 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.

Processes applied

As a consequence of COVID-19 and in preparing these 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 ECLs 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;
- Ran multiple stress testing scenarios, which are an integral component of the 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 statement of financial position and further disclosures

Key statement of financial position items and related disclosures that have been impacted by COVID-19 were as follows:

- Net investment in leased assets and other instalment loans
- Other loans and advances
- Investment securities
- Expected credit losses
- Risk management

4. Cash and short-term funds

Parent 2020	Parent 2021		Group 2021	Group 2020
		Cash and short-term funds		
293,046	559,153	Cash in hand and at bank	1,122,238	850,056
291,374	58,682	Short-term deposits with other banks	146,058	547,312
584,420	617,835		1,268,296	1,397,368
69,611	111,555	Central Bank Reserve	184,292	101,663
654,031	729,390		1,452,588	1,499,031

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

The Central Bank Reserve balance represents the amounts held at the Central Bank of Trinidad and Tobago and the Central Bank of Barbados as required under the respective regulatory pronouncements. The Central Bank of Trinidad and Tobago reserve account represents 10% of average deposit liabilities and is non-interest bearing. The Central Bank of Barbados reserve account represents 4% of average deposit liabilities and earned interest of 0.10% (2020: 0.10%).

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

Parent 2020	Parent 2021		Group 2021	Group 2020
293,046	559,153	Cash in hand and at bank	1,122,238	850,056
291,374	58,682	Short-term deposits with other banks	146,058	547,312
584,420	617,835		1,268,296	1,397,368
–	(1,907)	Bank overdraft	(1,907)	–
584,420	615,928		1,266,389	1,397,368

5. Net investment in leased assets and other instalment loans

a) Net investment in leased assets and other instalment loans

Parent 2020	Parent 2021		Group 2021	Group 2020
1,019,471	882,995	Hire purchase	1,170,585	1,318,667
170,510	145,541	Finance leases	140,532	168,914
1,189,981	1,028,536	Performing	1,311,117	1,487,581
127,444	84,299	Non-performing	99,688	133,123
1,317,425	1,112,835	Future minimum lease payments	1,410,805	1,620,704
(198,307)	(157,561)	Future finance charges and loan fees	(156,581)	(198,058)
1,119,118	955,274	Present value of minimum lease payments	1,254,224	1,422,646
(79,832)	(82,812)	Allowance for ECLs	(89,061)	(85,511)
1,039,286	872,462	Net investment in leased assets net of provision	1,165,163	1,337,135

b) New business less unearned income

Parent 2020	Parent 2021		Group 2021	Group 2020
308,368	192,031	New business less unearned income	287,731	395,301

5. Net investment in leased assets and other instalment loans (continued)

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

Parent 2020	Parent 2021		Group 2021	Group 2020
546,262	447,038	Personal	680,813	785,723
572,856	508,236	Commercial	573,411	636,923
1,119,118	955,274		1,254,224	1,422,646

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

Parent 2020	Parent 2021		Group 2021	Group 2020
75,596	74,338	Within 1 year	88,574	86,852
719,928	621,608	1 to 5 years	812,184	924,572
323,594	259,328	Over 5 years	353,466	411,222
1,119,118	955,274		1,254,224	1,422,646

e) Future minimum lease payments has the following maturity profile:

Parent 2020	Parent 2021		Group 2021	Group 2020
76,567	78,102	Within 1 year	92,338	88,098
830,776	722,209	1 to 5 years	912,266	1,035,202
410,082	312,524	Over 5 years	406,201	497,404
1,317,425	1,112,835		1,410,805	1,620,704

Repossessed collateral

As at 31 December 2021, the Group held repossessed vehicles with a fair value of $6.4 million (2020: $4.2 million). Repossessed vehicles are sold as soon as practical, with the proceeds used to reduce the outstanding indebtedness.

Restructured/modified loans

To support its customers from the impact of the pandemic, the banking subsidiaries in the Group offered a moratorium to customers in good standing, which included a deferral of monthly instalments, including the principal and interest, for a period of one to five months beginning on the date of acceptance, with interest continuing to accrue during the period of the moratorium. These loans amounted to $315 million as at 31 December 2021 (2020: $363 million).

The financial impact of the moratorium was not material and these loans were not determined to be restructured.

Impairment allowance for leased assets and other instalment loans

The tables below shows the staging of net investment in leased assets and the related ECLs based on the Group's criteria as explained in Note 2(vi)(b).

Parent	Stage 1	Stage 2	Stage 3	Total
Net Investment in Leased Assets				
Gross carrying amount as at 31 December 2021	812,098	69,194	73,982	955,274
ECL allowance as at 31 December 2021	(15,395)	(4,655)	(62,762)	(82,812)
Net exposure as at 31 December 2021	**796,703**	**64,539**	**11,220**	**872,462**
Gross carrying amount as at 31 December 2020	892,300	112,745	114,073	1,119,118
ECL allowance as at 31 December 2020	(9,860)	(4,760)	(65,212)	(79,832)
Net exposure as at 31 December 2020	**882,440**	**107,985**	**48,861**	**1,039,286**
ECL allowance as at 1 January 2020	(7,957)	(5,922)	(41,556)	(55,435)
ECL on new instruments issued during the year	(2,911)	(794)	(1,039)	(4,744)
Other credit loss movements, repayments etc.	1,008	1,956	(24,137)	(21,173)
Charge-offs and write-offs	–	–	1,520	1,520
At 31 December 2020	(9,860)	(4,760)	(65,212)	(79,832)
ECL on new instruments issued during the year	(3,115)	(483)	(2,798)	(6,396)
Other credit loss movements, repayments etc.	(2,420)	588	(12,002)	(13,834)
Charge-offs and write-offs	–	–	17,250	17,250
At 31 December 2021	**(15,395)**	**(4,655)**	**(62,762)**	**(82,812)**

Group	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 December 2021	1,071,700	92,417	90,107	1,254,224
ECL allowance as at 31 December 2021	(18,111)	(5,901)	(65,049)	(89,061)
Net exposure as at 31 December 2021	**1,053,589**	**86,516**	**25,058**	**1,165,163**
Gross carrying amount as at 31 December 2020	1,127,102	179,863	115,681	1,422,646
ECL allowance as at 31 December 2020	(11,141)	(6,268)	(68,102)	(85,511)
Net exposure as at 31 December 2020	**1,115,961**	**173,595**	**47,579**	**1,337,135**
ECL allowance as at 1 January 2020	(9,927)	(7,668)	(41,985)	(59,580)
ECL on new instruments issued during the year	(2,911)	(794)	(1,039)	(4,744)
Other credit loss movements, repayments etc.	845	1,153	(28,783)	(26,785)
Charge-offs and write-offs	852	1,041	3,705	5,598
At 31 December 2020	**(11,141)**	**(6,268)**	**(68,102)**	**(85,511)**
ECL on new instruments issued during the year	(3,131)	(235)	(1,607)	(4,973)
Other credit loss movements, repayments etc.	(3,786)	93	(14,850)	(18,543)
Charge-offs and write-offs	(53)	509	19,510	19,966
At 31 December 2021	**(18,111)**	**(5,901)**	**(65,049)**	**(89,061)**

6. Loans and advances

Parent 2020	Parent 2021		Group 2021	Group 2020
–	–	Policy loans	12,845	12,822
–	–	Mortgage loans	243,971	194,864
176,564	383,262	Other loans and advances	738,941	249,341
176,564	383,262	Performing loans and advances	995,757	457,027
33,326	42,732	Non-performing loans and advances	62,887	34,288
209,890	425,994		1,058,644	491,315
(10,211)	(11,453)	Allowance for ECLs	(22,856)	(11,510)
199,679	414,541		1,035,788	479,805
		Sectorial analysis of advances		
4,292	3,188	Personal	378,421	193,337
908	–	Retail/distribution/manufacturing	82,079	5,039
–	–	Hotel and restaurant	4,533	–
–	–	Services	51,886	–
9,426	127,045	Construction and real estate	154,763	8,237
25,096	126,791	Financial	126,791	25,096
61,958	–	Energy	–	61,958
108,210	168,970	Other	260,171	197,648
209,890	425,994		1,058,644	491,315
		Loans and advances have the following maturity profile		
118,338	326,086	Within 1 year	449,286	148,190
77,018	56,188	1 to 5 years	153,718	98,371
14,534	43,720	Over 5 years	455,640	244,754
209,890	425,994		1,058,644	491,315

Impairment allowance for loans and advances

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

Parent	Stage 1	Stage 2	Stage 3	Total
Other loans and advances				
Gross carrying amount as at 31 December 2021	380,017	3,156	42,821	425,994
ECL allowance as at 31 December 2021	(1,852)	(6)	(9,595)	(11,453)
Net exposure as at 31 December 2021	**378,165**	**3,150**	**33,226**	**414,541**
Gross carrying amount as at 31 December 2020	159,448	17,035	33,407	209,890
ECL allowance as at 31 December 2020	(2,128)	(924)	(7,159)	(10,211)
Net exposure as at 31 December 2020	**157,320**	**16,111**	**26,248**	**199,679**
ECL allowance as at 1 January 2020	(405)	(2,283)	(11,658)	(14,346)
ECL on new instruments issued during the year	(1,264)	–	–	(1,264)
Other credit loss movements, repayments etc.	(459)	1,359	4,499	5,399
At 31 December 2020	(2,128)	(924)	(7,159)	(10,211)
ECL on new instruments issued during the year	(758)	(6)	(1,789)	(2,553)
Other credit loss movements, repayments etc.	1,034	924	(456)	1,502
Charge-offs and write-offs	–	–	(191)	(191)
At 31 December 2021	**(1,852)**	**(6)**	**(9,595)**	**(11,453)**

Group	Stage 1	Stage 2	Stage 3	Eliminations	Total
Other loans and advances					
Gross carrying amount as at 31 December 2021	946,049	42,300	79,551	(9,256)	1,058,644
ECL allowance as at 31 December 2021	(3,255)	(244)	(19,357)	–	(22,856)
Net exposure as at 31 December 2021	**942,794**	**42,056**	**60,194**	**(9,256)**	**1,035,788**
Gross carrying amount as at 31 December 2020	383,407	55,602	52,306	–	491,315
ECL allowance as at 31 December 2020	(2,489)	(1,108)	(7,913)	–	(11,510)
Net exposure as at 31 December 2020	**380,918**	**54,494**	**44,393**	**–**	**479,805**

6. Loans and advances (continued)

Impairment allowance for loans and advances (continued)

Group (continued)	Stage 1	Stage 2	Stage 3	Total
Other loans and advances (continued)				
ECL allowance as at 1 January 2020	(508)	(107)	(18,331)	(18,946)
ECL on new instruments issued during the year	(1,348)	–	–	(1,348)
Other credit loss movements, repayments etc.	(614)	(823)	4,489	3,052
Charge-offs and write-offs	–	–	5,929	5,929
Credit loss expense	(19)	(178)	–	(197)
At 31 December 2020	(2,489)	(1,108)	(7,913)	(11,510)
ECL on new instruments issued during the year	(916)	(15)	(1,786)	(2,717)
Other credit loss movements, repayments etc.	380	892	(5,825)	(4,553)
Charge-offs and write-offs	(70)	158	(3,825)	(3,737)
Credit loss expense	(160)	(171)	(8)	(339)
At 31 December 2021	**(3,255)**	**(244)**	**(19,357)**	**(22,856)**

7. Investment securities

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

Parent 2020	Parent 2021		Group 2021	Group 2020
		Investment securities		
72,917	486,658	Designated at fair value through statement of income	1,965,554	718,922
684,414	508,410	Amortised cost	2,439,750	2,899,439
76,906	40,139	Fair value through other comprehensive income	24,576	65,069
834,237	1,035,207	Total investment securities	4,429,880	3,683,430
		Investment securities designated at fair value through statement of income		
19,186	91,188	Equity securities	1,285,575	516,109
–	395,470	Managed Funds	560,328	–
53,731	–	Government bonds	11,888	69,625
–	–	State-owned company securities	50,453	72,986
–	–	Corporate bonds	57,310	60,202
72,917	486,658		1,965,554	718,922
		Investment securities measured at amortised cost		
4,083	1,416	Government bonds	459,386	469,601
183,097	66,478	State-owned company securities	620,399	878,231
497,234	440,516	Corporate bonds	1,359,965	1,551,607
684,414	508,410		2,439,750	2,899,439
		Investment securities designated and measured at FVOCI		
20,765	21,046	Equity securities	–	–
20,405	–	Government bonds	5,483	29,333
–	–	State-owned company securities	–	–
35,736	19,093	Corporate bonds	19,093	35,736
76,906	40,139		24,576	65,069
834,237	1,035,207	**Total investment securities**	4,429,880	3,683,430

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

Impairment allowance for investment securities

The tables below shows the staging of investment securities and the related ECLs based on the Group's criteria as explained in Note 2(vi)(b).

	Stage 1	Stage 2	Stage 3	Purchase or originated credit-impaired	Total
Parent					
Investment securities measured at amortised cost					
Gross carrying amount as at 31 December 2021	487,775	3,074	28,697	–	519,546
ECL allowance as at 31 December 2021	(3,371)	(14)	(7,751)	–	(11,136)
Net exposure as at 31 December 2021	**484,404**	**3,060**	**20,946**	**–**	**508,410**
Gross carrying amount as at 31 December 2020	634,547	51,065	7,243	–	692,855
ECL allowance as at 31 December 2020	(3,773)	(2,462)	(2,206)	–	(8,441)
Net exposure as at 31 December 2020	**630,774**	**48,603**	**5,037**	**–**	**684,414**
ECL allowance as at 1 January 2020	(2,219)	(126)	(14,098)	–	(16,443)
ECL on new instruments issued during the year	(1,037)	–	–	–	(1,037)
Other credit loss movements repayments etc.	(517)	(2,336)	12,540	–	9,687
Credit loss expense	–	–	(648)	–	(648)
At 31 December 2020	(3,773)	(2,462)	(2,206)	–	(8,441)
ECL on new instruments issued during the year	(608)	–	–	–	(608)
Other credit loss movements, repayments etc.	1,629	2,448	(5,545)	–	(1,468)
Charge-offs and write-offs	(619)	–	–	–	(619)
Credit loss expense	–	–	–	–	–
At 31 December 2021	**(3,371)**	**(14)**	**(7,751)**	**–**	**(11,136)**
Group					
Investment securities measured at amortised cost					
Gross carrying amount as at 31 December 2021	2,382,576	30,145	29,093	16,209	2,458,023
ECL allowance as at 31 December 2021	(9,442)	(657)	(8,174)	–	(18,273)
Net exposure as at 31 December 2021	**2,373,134**	**29,488**	**20,919**	**16,209**	**2,439,750**
Gross carrying amount as at 31 December 2020	2,640,183	249,876	9,563	21,152	2,920,774
ECL allowance as at 31 December 2020	(9,307)	(8,052)	(3,976)	–	(21,335)
Net exposure as at 31 December 2020	**2,630,876**	**241,824**	**5,587**	**21,152**	**2,899,439**
ECL allowance as at 1 January 2020	(5,921)	(9,210)	(40,723)	–	(55,854)
Translation adjustments	2	2	1	–	5
ECL on new instruments issued during the year	(1,705)	–	–	–	(1,705)
Other credit loss movements, repayments etc.	(1,347)	(3,071)	12,512	–	8,094
Charge-offs and write-offs	–	4,227	24,882	–	29,109
Credit loss expense	(336)	–	(648)	–	(984)
At 31 December 2020	(9,307)	(8,052)	(3,976)	–	(21,335)
Translation adjustments	1	(8)	(166)	–	(173)
ECL on new instruments issued during the year	(3,021)	–	–	–	(3,021)
Other credit loss movements, repayments etc.	3,677	7,229	(492)	–	10,414
Charge-offs and write-offs	(606)	231	(3,968)	–	(4,343)
Credit loss expense	(186)	(57)	428	–	185
At 31 December 2021	**(9,442)**	**(657)**	**(8,174)**	**–**	**(18,273)**
Parent					
Investment securities designated and measured at FVOCI					
Gross carrying amount as at 31 December 2021	19,093	–	–	–	19,093
ECL allowance as at 31 December 2021	(6)	–	–	–	(6)
Net exposure as at 31 December 2021	**19,087**	**–**	**–**	**–**	**19,087**
Gross carrying amount as at 31 December 2020	56,141	–	–	–	56,141
ECL allowance as at 31 December 2020	(703)	–	–	–	(703)
Net exposure as at 31 December 2020	**55,438**	**–**	**–**	**–**	**55,438**
ECL allowance as at 1 January 2020	(597)	–	–	–	(597)
ECL on new instruments issued during the year	(440)	–	–	–	(440)
Other credit loss movements, repayments etc.	334	–	–	–	334
At 31 December 2020	(703)	–	–	–	(703)
ECL on new instruments issued during the year	–	–	–	–	–
Other credit loss movements, repayments etc.	697	–	–	–	697
At 31 December 2021	**(6)**	**–**	**–**	**–**	**(6)**

7. Investment securities (continued)

Impairment allowance for investment securities (continued)

	Stage 1	Stage 2	Stage 3	Purchase or originated credit-impaired	Total
Group					
Investment securities designated and measured at FVOCI					
Gross carrying amount as at 31 December 2021	24,576	–	–	–	24,576
ECL allowance as at 31 December 2021	(41)	–	–	–	(41)
Net exposure as at 31 December 2021	**24,535**	**–**	**–**	**–**	**24,535**
Gross carrying amount as at 31 December 2020	65,069	–	–	–	65,069
ECL allowance as at 31 December 2020	(809)	–	–	–	(809)
Net exposure as at 31 December 2020	**64,260**	**–**	**–**	**–**	**64,260**
ECL allowance as at 1 January 2020	(1,643)	–	–	–	(1,643)
ECL on new instruments issued during the year	(440)	–	–	–	(440)
Other credit loss movements, repayments etc.	1,298	–	–	–	1,298
Credit loss expense	(24)	–	–	–	(24)
At 31 December 2020	(809)	–	–	–	(809)
ECL on new instruments issued during the year	–	–	–	–	–
Other credit loss movements, repayments etc.	626	–	–	–	626
Credit loss expense	142	–	–	–	142
At 31 December 2021	**(41)**	**–**	**–**	**–**	**(41)**

8. Assets pledged

Parent 2020	Parent 2021		Group 2021	Group 2020
–	–	Cash and short-term funds	3,697	124,144
–	–	Loans and advances	–	194,148
–	–	Bonds and debentures	36,607	1,215,608
–	–	Equities	–	417,120
–	–	Real estate	–	7,800
–	–		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.

9. Insurance receivables

Parent 2020	Parent 2021		Group 2021	Group 2020
–	–	Premiums receivable	70,299	53,661
–	–	Reinsurance receivables	7,600	10,283
–	–		77,899	63,944

10. Other debtors and prepayments

Parent 2020	Parent 2021		Group 2021	Group 2020
20,949	23,416	Fees and rent receivable	2,545	14,653
197	3,757	Proceeds from investments	3,736	285
3,834	1,499	Prepayments	8,814	9,558
1,791	2,385	VAT receivable	9,023	6,242
268	–	Insurance prepayments	–	–
–	–	Client funds receivable	1,453	–
–	–	Other related party balances	11,989	1,971
–	76,741	Other receivables on loans & advances	79,173	3,662
3,756	341	Other receivables	13,710	3,911
30,795	108,139		130,443	40,282

11. Investment in subsidiaries

	Parent 2021	Parent 2020
At beginning of the period	810,320	810,320
Acquisitions during the year (Note 41)	179,190	–
At end of the period	989,510	810,320

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

Name of Company	Country of incorporation and operation	Proportion of issued capital held 31-Dec-21	Proportion of issued capital held 31-Dec-20
Trinidad and Tobago Insurance Limited	Trinidad and Tobago	100%	100%
TATIL Life Assurance Limited	Trinidad and Tobago	99.93%	99.93%
TATIL Re Limited	St. Lucia	100%	100%
ANSA Securities Limited	Trinidad and Tobago	100%	100%
ANSA Financial Holdings (Barbados) Limited	Barbados	100%	100%
ANSA Merchant Bank (Barbados) Limited	Barbados	100%	100%
ANSA Bank Limited	Trinidad and Tobago	100%	Nil

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.

On 28 February 2021, the Bank completed the acquisition of 100% of the financial services business of Bank of Baroda (Trinidad) Limited (BOB) which was rebranded as ANSA Bank Limited (ABL). Details of the acquisition are disclosed in Note 41 of these financial statements.

12. Investment properties

Parent 2020	Parent 2021		Group 2021	Group 2020
–	–	Valuation at beginning of the year	120,027	117,471
–	–	Other movements	(9,315)	–
–	–	Disposals during the year	(690)	(633)
–	–	Transfers	–	3,189
–	–	Loss from revaluation	(3,910)	–
–	–	Valuation at close of the year	106,112	120,027
–	–	Rental income from properties	14,353	15,177
–	–	Direct operating expenses arising from investment properties that generated rental income during the period	10,930	9,806

The Group's investment properties consist of six commercial properties located across Port of Spain, San Fernando, Mt. Hope and St. James.

The 2021 fair values were based on independent valuations. The valuation model applied was in accordance with that recommended by the International Valuation Standards Committee. There was no gain recognised during the year in the consolidated statement of income.

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:

	2021	2020
No later than 1 year	20,232	20,331
Later than 1 year but not later than 5 years	185,539	74,584
Later than 5 years	44,683	50,416
	250,454	145,331

The Group has no restrictions on the realisability of its investment properties and no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

13. Property and equipment

Parent - 2021	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Total
Cost					
At beginning of the period	1,785	7,712	998	5,092	15,587
Additions	10	621	542	–	1,173
Disposals	(19)	–	–	–	(19)
At end of the period	1,776	8,333	1,540	5,092	16,741
Accumulated depreciation					
At beginning of the period	1,355	7,091	898	3,514	12,858
Current depreciation	43	347	66	220	676
At end of the period	1,398	7,438	964	3,734	13,534
Net book value	378	895	576	1,358	3,207

13. Property and equipment (continued)

Parent - 2020	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Total
Cost					
At beginning of the period	1,784	7,254	998	5,092	15,128
Additions	1	458	–	–	459
At end of the period	1,785	7,712	998	5,092	15,587
Accumulated depreciation					
At beginning of the period	1,307	6,792	869	3,295	12,263
Current depreciation	48	299	29	219	595
At end of the period	1,355	7,091	898	3,514	12,858
Net book value	430	621	100	1,578	2,729

Group - 2021	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Land & buildings	Leased vehicles & equipment	Total
Cost							
At beginning of the period	15,427	63,081	3,940	30,525	42,237	190,942	346,152
Additions from business combination	5,293	1,575	589	2,493	–	–	9,950
Additions	2,241	15,843	1,463	15,711	–	30,374	65,632
Transfers	(559)	(22,916)	–	(1,265)	–	–	(24,740)
Disposals	(163)	(621)	(987)	(135)	–	(34,149)	(36,055)
Transfer from investment property	–	–	–	(8,304)	12,181	–	3,877
Exchange differences on translation of foreign operations	141	84	53	211	174	8,786	9,449
Other movements	4,290	(5,588)	(1,834)	(1,896)	10,330	(2,478)	2,824
At end of the period	26,670	51,458	3,224	37,340	64,922	193,475	377,089
Accumulated depreciation							
At beginning of the period	10,786	34,935	3,189	13,110	7,423	97,152	166,595
Additions from business combination	4,813	1,073	570	1,952	–	–	8,408
Current depreciation	1,115	2,553	306	1,745	343	23,980	30,042
Disposals	(131)	(576)	(531)	–	–	(24,436)	(25,674)
Transfers	(700)	(2,499)	–	700	–	–	(2,499)
Exchange differences on translation of foreign operations	122	77	29	200	6	4,626	5,060
Other movements	1,001	(1,591)	(1,749)	(663)	(2,943)	(468)	(6,413)
At end of the period	17,006	33,972	1,814	17,044	4,829	100,854	175,519
Net book value	9,664	17,486	1,410	20,296	60,093	92,621	201,570
Group - 2020							
Cost							
At beginning of the period	15,877	57,640	4,597	22,610	46,496	223,403	370,623
Additions	187	5,762	176	9,706	32	25,880	41,743
Transfers	54	7	–	(1,019)	(3,949)	–	(4,907)
Disposals	(409)	(169)	(706)	(361)	–	(41,415)	(43,060)
Exchange differences on translation of foreign operations	(282)	(159)	(127)	(411)	(342)	(16,926)	(18,247)
At end of the period	15,427	63,081	3,940	30,525	42,237	190,942	346,152
Accumulated depreciation							
At beginning of the period	10,607	31,772	3,608	12,141	7,145	106,383	171,656
Current depreciation	801	3,319	307	1,453	289	29,114	35,283
Disposals	(382)	(9)	(652)	(101)	–	(27,866)	(29,010)
Transfers	–	–	–	–	–	–	–
Exchange differences on translation of foreign operations	(240)	(147)	(74)	(383)	(11)	(10,479)	(11,334)
At end of the period	10,786	34,935	3,189	13,110	7,423	97,152	166,595
Net book value	4,641	28,146	751	17,415	34,814	93,790	179,557

As at 31 December 2021, the Parent's gross carrying amount of fully depreciated assets still in use amounted to $9.9 million (2020: $6.7 million) and the Group $56.8 million (2020: $46.3 million). There were no property and equipment retired, held for disposal, restrictions on title or pledged as security for liabilities as well as no contractual commitments for the acquisition of property and equipment as at 31 December 2021 and at 31 December 2020 for both the Parent and the Group.

14. Intangible assets

Parent - 2021	Computer software & work in progress	Total
Gross carrying amounts		
At beginning of the period	32,844	32,844
Acquisitions during the year	–	–
At end of the period	32,844	32,844
Accumulated impairment and amortisation		
At beginning of the period	3,331	3,331
Amortisation for the year	2,095	2,095
At end of the period	5,426	5,426
Net carrying amounts	27,418	27,418
Parent - 2020		
Gross carrying amounts		
At beginning of the period	32,001	32,001
Acquisitions during the year	843	843
At end of the period	32,844	32,844
Accumulated impairment and amortisation		
At beginning of the period	1,235	1,235
Other movements	1	1
Amortisation for the year	2,095	2,095
At end of the period	3,331	3,331
Net carrying amounts	29,513	29,513

Group - 2021	Goodwill	Banking license & Customer deposits	Computer software & work in progress	Total
Gross carrying amounts				
At beginning of the period	133,762	–	52,207	185,969
Disposals during the year	–	–	–	–
Acquisitions during the year	43,855	81,042	49,333	174,230
Other movements	–	–	(43)	(43)
At end of the period	177,617	81,042	101,497	360,156
Accumulated impairment and amortisation				
At beginning of the period	–	–	6,699	6,699
Other movements	–	–	1,813	1,813
Transfers from property, plant and equipment	–	–	588	588
Acquisitions during the year	–	–	5	5
Amortisation for the year	–	2,213	5,408	7,621
At end of the period	–	2,213	14,513	16,726
Net carrying amounts	177,617	78,829	86,984	343,430
Group - 2020				
Gross carrying amounts				
At beginning of the period	133,762	–	53,112	186,874
Disposals during the year	–	–	(1,792)	(1,792)
Acquisitions during the year	–	–	887	887
At end of the period	133,762	–	52,207	185,969
Accumulated impairment and amortisation				
At beginning of the period	–	–	3,506	3,506
Exchange differences on translation of foreign operations	–	–	10	10
Amortisation for the year	–	–	3,183	3,183
At end of the period	–	–	6,699	6,699
Net carrying amounts	133,762	–	45,508	179,270

Goodwill

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

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

On 28 February 2021, the Bank completed the acquisition of 100% of the financial services business of Bank of Baroda (Trinidad) Limited (BOB) which was rebranded as ANSA Bank Limited (ABL). The cost of acquisition was $179.2 million, resulting in goodwill of $43.9 million. Further details are provided in Note 41 of these financial statements.

14. Intangible assets (continued)

Intangible assets

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.

Core deposit intangibles acquired through the ABL business combination have been determined to have a life of 7 years from acquisition date. Banking license intangibles acquired through the ABL business combination have been determined to have an infinite useful life.

Impairment testing of intangible assets

Goodwill

In accordance with IFRS 3, 'Business Combinations', all assets that gave rise to goodwill were reviewed for impairment at 31 December 2021 using the 'value in use' method. Based on the results of this review no impairment expense was required.

The following table highlights the goodwill and impairment information for each CGU:

	TATIL	ANSA Bank Limited
Carrying amount of Goodwill:	133,762	43,855
Basis for recoverable amount:	Value in use	Fair value less costs to sell
Discount rate:	9%	–
Cash flow projection term:	Five years to perpetuity	Five years to perpetuity
Growth rate (extrapolation period):	2%	2%

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

15. Leases

Parent	Land and building	Total
As at 1 January 2021	5,142	5,142
Charge for the year	(1,745)	(1,745)
As at 31 December 2021	3,397	3,397
As at 1 January 2020	1,890	1,890
Charge for the year	(1,745)	(1,745)
Other movements	4,997	4,997
As at 31 December 2020	5,142	5,142

Group	Land and building	Motor vehicles	Total
As at 1 January 2021	10,282	1,100	11,382
Additions	181	844	1,025
Additions from business combination	4,670	–	4,670
Charge for the year	(5,672)	(36)	(5,708)
Other movements	326	(1,100)	(774)
Modification	1,024	–	1,024
As at 31 December 2021	10,811	808	11,619
As at 1 January 2020	8,498	984	9,482
Additions	2,459	335	2,794
Charge for the year	(2,927)	(219)	(3,146)
Other movements	2,727	–	2,727
Modification	(475)	–	(475)
As at 31 December 2020	10,282	1,100	11,382

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

Parent 2020	Parent 2021		Group 2021	Group 2020
1,919	5,458	**As at 1 January 2021**	10,008	7,855
–	–	Additions	–	994
		Additions from business combination	4,966	
(1,904)	(1,904)	Principal payments	(4,712)	(3,507)
223	147	Interest expense on lease liabilities	348	286
5,220	–	Other movements	(916)	4,830
–	–	Modifications	(27)	(54)
–	–	Exchange differences on translation of foreign operations	2,099	(396)
5,458	3,701	**As at 31 December 2021**	11,766	10,008

The maturity analysis of lease liabilities are disclosed in Note 43.

The following are the amounts recognised in the statement of income.

Parent 2020	Parent 2021		Group 2021	Group 2020
1,745	1,745	Depreciation expense of right-of-use assets	5,708	3,146
223	147	Interest expense on lease liabilities	348	286
1,968	1,892		6,056	3,432

The Group has no lease contracts that contains variable payments.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

16. Deferred taxation

		Credit/(charge) to		
Parent	2020	Income	OCI	2021
Employee benefits liability	259	22	(2)	279
Finance leases	14,549	8,373	–	22,922
Provisions	7,501	1,167	694	9,362
Total deferred tax asset	22,309	9,562	692	32,563
Property and equipment	(4,560)	(786)	–	(5,346)
Employee benefits asset	(2,161)	19	(678)	(2,820)
Provisions	(92)	–	–	(92)
Unrealised investment gains	(197)	(116)	423	110
Total deferred tax liability	(7,010)	(883)	(255)	(8,148)

			Credit/(charge) to		
Parent	2019	Other movements	Income	OCI	2020
Employee benefits liability	245	–	18	(4)	259
Finance leases	15,346	2,078	(2,875)	–	14,549
Provisions	6,663	(1,215)	2,414	(361)	7,501
Total deferred tax asset	22,254	863	(443)	(365)	22,309
Property and equipment	(2,839)	25	(1,746)	–	(4,560)
Employee benefits asset	(2,228)	–	(44)	111	(2,161)
Provisions	(10)	–	(82)	–	(92)
Unrealised investment gains	(3,888)	1,653	1,059	979	(197)
Total deferred tax liability	(8,965)	1,678	(813)	1,090	(7,010)

			Credit/(charge) to			
Group	2020	Movement from business combination	Income	OCI	Life and other reserve movement	2021
Employee benefits liability	2,233	–	(373)	4	–	1,864
Property and equipment	1,146	–	(8)	–	–	1,138
Finance leases	14,592	112	8,460	–	–	23,164
Tax losses	1,250	111	5,005	–	–	6,366
Unrealised investment losses	–	–	(159)	–	–	(159)
Provisions	12,011	–	827	694	–	13,532
Total deferred tax asset	31,232	223	13,752	698	–	45,905
Life insurance reserves	(67,042)	–	–	–	2,168	(64,874)
Employee benefits asset	(36,417)	–	(1,655)	(4,508)	–	(42,580)
Property and equipment	(12,116)	(10)	1,906	–	–	(10,220)
Unrealised investment gains	(31,070)	–	(23,440)	423	(13,985)	(68,072)
Provisions	(99)	–	7	–	–	(92)
Total deferred tax liability	(146,744)	(10)	(23,182)	(4,085)	(11,817)	(185,838)

			Credit/(charge) to			
Group	2019	Other movements	Income	OCI	Life and other reserve movement	2020
Employee benefits liability	2,069	–	(478)	642	–	2,233
Property and equipment	55	–	1,091	–	–	1,146
Finance leases	15,365	2,078	(2,851)	–	–	14,592
Tax losses	1,917	–	(667)	–	–	1,250
Provisions	11,369	(1,611)	2,614	(361)	–	12,011
Total deferred tax asset	30,775	467	(291)	281	–	31,232
Life insurance reserves	(61,020)	–	(48)	–	(5,974)	(67,042)
Employee benefits asset	(35,980)	–	(784)	347	–	(36,417)
Property and equipment	(11,930)	(339)	153	–	–	(12,116)
Unrealised investment gains	(53,455)	1,654	13,736	979	6,016	(31,070)
Provisions	(17)	–	(82)	–	–	(99)
Total deferred tax liability	(162,402)	1,315	12,975	1,326	42	(146,744)

17. Employee benefits

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

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

17. Employee benefits (continued)

a) Amounts recognised in the statement of financial position

	Defined benefit pension plan		Post-retirement health benefits	
	2021	2020	2021	2020
Parent				
Present value of defined benefit obligation	21,533	18,417	918	850
Fair value of plan assets	(30,929)	(25,618)	–	–
(Asset)/liability recognised in the statement of financial position	(9,396)	(7,201)	918	850
Group				
Present value of defined benefit obligation	132,214	127,056	8,616	8,916
Fair value of plan assets	(293,122)	(265,317)	–	–
(Asset)/liability recognised in the statement of financial position	(160,908)	(138,261)	8,616	8,916

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.

Parent	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post-employment medical benefits
Balance at 1 January 2021	18,417	(25,618)	(7,201)	850
Pension cost charged to statement of income				
Current service cost	887	–	887	59
Net interest cost/(credit)	1,039	(1,390)	(351)	43
Administrative expenses	32	–	32	–
Total charge/(credit) to statement of income	1,958	(1,390)	568	102
Experience (gains)/losses in OCI				
Experience (gains)/losses - demographic	(634)	–	(634)	9
Experience gains - financial	–	(1,625)	(1,625)	–
Total (credit)/charge to OCI	(634)	(1,625)	(2,259)	9
Other movements				
Contributions by employee	504	(504)	–	–
Contributions by employer	–	(504)	(504)	–
Transfers	2,021	(2,021)	–	–
Administrative expenses	(31)	31	–	–
Benefits paid	(702)	702	–	(43)
Total other movements	1,792	(2,296)	(504)	(43)
Balance at 31 December 2021	21,533	(30,929)	(9,396)	918
Group				
Balance at 1 January 2021	127,056	(265,317)	(138,261)	8,916
Pension cost charged to statement of income				
Current service cost	3,409	–	3,409	458
Net interest cost/(credit)	6,838	(13,948)	(7,110)	501
Past service cost	(1,067)	–	(1,067)	(432)
Administrative expenses	30	244	274	–
Total charge/(credit) to statement of income	9,210	(13,704)	(4,494)	527
Experience (gains)/losses in OCI				
Experience (gains)/losses - demographic	(2,097)	–	(2,097)	(568)
Experience gains - financial	–	(13,879)	(13,879)	–
Total (credit)/charge to OCI	(2,097)	(13,879)	(15,976)	(568)
Other movements				
Contributions by employee	1,656	(1,639)	17	–
Contributions by employer	–	(1,813)	(1,813)	–
Transfers	2,001	(2,001)	–	–
Administrative expenses	(31)	31	–	–
Exchange differences	298	(679)	(381)	59
Benefits paid	(5,879)	5,879	–	(318)
Total other movements	(1,955)	(222)	(2,177)	(259)
Balance at 31 December 2021	132,214	(293,122)	(160,908)	8,616

Parent	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post-employment medical benefit
Balance at 1 January 2020	1,661	(24,039)	(7,428)	804
Pension cost charged to statement of income				
Current service cost	713	–	713	54
Net interest cost/(credit)	856	(1,294)	(438)	41
Administrative expenses	14	–	14	–
Total charge/(credit) to statement of income	1,583	(1,294)	289	95
Experience losses/(gains) in OCI				
Experience losses/(gains) - demographic	159	–	159	(13)
Experience losses - financial	–	213	213	–
Total charge/(credit) to OCI	159	213	372	(13)
Other movements				
Contributions by employee	434	(434)	–	–
Contributions by employer	–	(434)	(434)	–
Transfers	225	(225)	–	–
Administrative expenses	(14)	14	–	–
Benefits paid	(581)	581	–	(36)
Total other movements	64	(498)	(434)	(36)
Balance at 31 December 2020	18,417	(25,618)	(7,201)	850
Group				
Balance at 1 January 2020	120,876	(258,294)	(137,418)	8,259
Pension cost charged to statement of income				
Current service cost	3,537	–	3,537	601
Net interest cost	6,456	(14,154)	(7,698)	490
Administrative expenses	14	123	137	–
Total charge/(credit) to statement of income	10,007	(14,031)	(4,024)	1,091
Experience losses/(gains) in OCI				
Experience losses/(gains) - demographic	586	1,304	1,890	(44)
Experience losses - financial	–	2,373	2,373	–
Total charge/(credit) to OCI	586	3,677	4,263	(44)
Other movements				
Contributions by employee	1,637	(1,637)	–	–
Contributions by employer	–	(1,848)	(1,848)	–
Transfers	190	(190)	–	–
Administrative expenses	(14)	14	–	–
Exchange differences	(551)	1,317	766	(94)
Benefits paid	(5,675)	5,675	–	(296)
Total other movements	(4,413)	3,331	(1,082)	(390)
Balance at 31 December 2020	127,056	(265,317)	(138,261)	8,916

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

	Defined benefit pension plan		Post-retirement health benefits	
	2021	2020	2021	2020
Parent				
Net (asset)/liability at the start of the year	(7,201)	(7,428)	850	804
Net expense recognised in the statement of income	568	289	102	95
Net (income)/expense recognised in the statement of other comprehensive income	(2,259)	372	9	(13)
Contributions paid	(504)	(434)	(43)	(36)
Net (asset)/liability recognised at the end of the year	(9,396)	(7,201)	918	850
Group				
Net (asset)/liability at the start of the year	(138,261)	(137,418)	8,916	8,259
Net (income)/expense recognised in the statement of income	(4,494)	(4,024)	527	1,091
Net (income)/expense recognised in the statement of other comprehensive income	(15,976)	4,263	(568)	(44)
Contributions paid	(2,177)	(1,082)	(259)	(390)
Net (asset)/liability recognised at the end of the year	(160,908)	(138,261)	8,616	8,916

17. Employee benefits (continued)

d) Actual return/(loss) on plan assets

	2021	2020
Parent	3,015	(395)
Group	27,825	(2,835)

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

	Defined benefit pension plan	
Parent and Group	2021	2020
Local equities	32%	32%
Local bonds	40%	40%
Foreign investments	21%	21%
Real estate/mortgages	2%	2%
Short-term securities	5%	5%
	100%	100%

f) Principal actuarial assumptions

	Defined benefit pension plan	
Parent and Group	2021	2020
Discount rate	5%	5%
Future salary increases	3%	3%
Medical costs trend rates	3%	3%

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

Assumptions	Discount rate		Future salary increases		Future medical claims inflation	
Sensitivity level	+1%	-1%	+1%	-1%	+1%	-1%
Parent						
At 31 December 2021	(2,098)	2,658	799	(699)	116	(92)
At 31 December 2020	(1,646)	2,055	471	(416)	115	(91)
Group						
At 31 December 2021	(13,347)	16,443	876	(1,851)	1,190	(951)
At 31 December 2020	(12,619)	15,574	3,738	(3,302)	962	(767)

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

As advised by the consulting actuary, the Group is expected to contribute $2 million to its defined benefit plan in 2021 and the average duration of the defined benefit obligation at the end of the reporting period is 13 years (2020: 13 years).

Defined contribution plan

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

Parent		Group	
2020	2021	2021	2020
37	37	436	1,230

18. Accrued interest and other payables

Parent			Group	
2020	2021		2021	2020
19,509	11,969	Interest payable	14,405	22,069
3,735	4,032	Accrued expenses	13,313	13,119
1,473	3,632	Client funds held for investment	80,556	39,050
(305)	(320)	Due (from)/to statutory authorities	17,846	14,018
–	–	Distributions payable	1,148	1,233
–	–	Deferred fee income	100	100
129	214	Unapplied premiums	8,027	7,339
–	–	Commissions payable	5,100	5,508
15,291	8,427	Stale-dated cheques	12,360	18,016
–	–	Due to reinsurers	62,029	25,364
31,706	(3,941)	Asset finance promotional items	981	26,857
32,112	35,311	Related party balances	36,795	34,854
22,464	35,334	Other creditors	54,767	33,054
126,114	94,658		307,427	240,581

19. Customers' deposits and other funding instruments

Sectorial analysis of customers' deposits and other funding instruments:

Parent			Group	
2020	2021		2021	2020
143,069	93,012	Individuals	958,700	866,910
448,246	1,118,329	Pension funds/credit unions/ trustees	1,204,902	531,896
584,736	749,364	Private companies/estates/ financial institutions	1,220,168	815,030
1,176,051	1,960,705		3,383,770	2,213,836

20. Debt securities in issue

Parent			Group	
2020	2021		2021	2020
802,836	600,000	Medium and long-term notes	600,000	802,836
802,836	600,000		600,000	802,836

US$ denominated notes

In September 2015, the Bank issued a US$30 million medium-term note which matured on 17 September 2021. Interest was set at a fixed rate of 4% per annum.

TT$ denominated notes

In November 2014, the Bank issued a TT$250 million medium-term note maturing on 28 November 2022. Interest was set at a fixed rate of 3.35% per annum. An additional TT$350 million medium-term note was issued on 5 June 2015 also maturing 28 November 2022 with the interest set at a fixed rate of 3.75% per annum.

21. Investment contract liabilities

	Group	
	2021	2020
At the beginning of year	265,923	269,061
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)	(27,648)
Other movements	(1,819)	(12,295)
	273,902	265,923

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

22. Insurance contract liabilities

	Notes	Group 2021			Group 2020		
		Insurance contract liabilities	Reinsurers' share of liabilities	Net	Insurance contract liabilities	Reinsurers' share of liabilities	Net
Life insurance contracts	22(b)	1,377,122	(17,368)	1,359,754	1,294,548	(15,549)	1,278,999
General insurance contracts	22(c)	328,649	(162,435)	166,214	296,600	(135,852)	160,748
Total insurance contract liabilities		1,705,771	(179,803)	1,525,968	1,591,148	(151,401)	1,439,747

a) Reinsurance assets

	2021	2020
Life insurance contract	17,368	15,549
General insurance contracts:		
Premiums	121,445	89,041
Claims	40,990	46,811
	179,803	151,401

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 DPF	194,282	–	194,282	194,432	–	194,432
Without DPF	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 life insurance contract liabilities	1,377,122	(17,368)	1,359,754	1,294,548	(15,549)	1,278,999
At 1 January	1,294,548	(15,549)	1,278,999	1,202,786	(13,776)	1,189,010
Premiums received	194,726	(15,448)	179,278	204,568	(14,481)	190,087
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 31 December	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:

	Group 2021			Group 2020		
	Insurance contract liabilities	Reinsurers' share of liabilities	Net	Insurance contract liabilities	Reinsurers' share of liabilities	Net
Claims reported and IBNR	117,765	(40,990)	76,775	118,575	(46,812)	71,763
Provisions for unearned premiums and unexpired risk	210,884	(121,445)	89,439	178,025	(89,040)	88,985
Total at end of year	328,649	(162,435)	166,214	296,600	(135,852)	160,748

22. Insurance contract liabilities (continued)

c) General insurance contracts may be analysed as follows: (continued)

i) Claims reported and IBNR

	Group					
	2021			2020		
	Insurance contract liabilities	Reinsurers' share of liabilities	Net	Insurance contract liabilities	Reinsurers' share of liabilities	Net
Provisions for claims reported by policy holders	94,860	(37,450)	57,410	123,027	(62,799)	60,228
Provisions for claims IBNR	23,715	(9,362)	14,353	30,757	(15,700)	15,057
	118,575	(46,812)	71,763	153,784	(78,499)	75,285
Cash paid for claims settled in the year	(165,957)	20,172	(145,785)	(167,179)	44,944	(122,235)
Claims incurred	165,147	(14,350)	150,797	131,970	(13,257)	118,713
Total at end of year	117,765	(40,990)	76,775	118,575	(46,812)	71,763
Provisions for claims reported by policy holders	94,212	(32,792)	61,420	94,860	(37,450)	57,410
Provisions for claims IBNR	23,553	(8,198)	15,355	23,715	(9,362)	14,353
	117,765	(40,990)	76,775	118,575	(46,812)	71,763

ii) Provisions for unearned premiums and unexpired risk

	Group					
	2021			2020		
	Insurance contract liabilities	Reinsurers' share of liabilities	Net	Insurance contract liabilities	Reinsurers' share of liabilities	Net
Provisions for unearned premiums	158,245	(79,147)	79,098	156,963	(71,369)	85,594
Provisions for unexpired risk	19,780	(9,893)	9,887	19,620	(8,921)	10,699
	178,025	(89,040)	88,985	176,583	(80,290)	96,293
Increase in the period	598,993	(357,651)	241,342	530,605	(309,989)	220,616
Release in the period	(566,134)	325,246	(240,888)	(529,163)	301,239	(227,924)
Total at end of year	210,884	(121,445)	89,439	178,025	(89,040)	88,985
Provisions for unearned premiums	187,452	(107,951)	79,501	158,245	(79,147)	79,098
Provisions for unexpired risk	23,432	(13,494)	9,938	19,780	(8,893)	9,887
	210,884	(121,445)	89,439	178,025	(89,040)	88,985

The development table of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. Trinidad and Tobago Insurance Limited reports this claims information by underwriting year of account.

Claims development table

The risks associated with these insurance contracts and in particular, casualty insurance contracts, are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Group has no known or reported latent claims such as disease or asbestosis and therefore no actuarial analysis is made. The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the Group's estimate of total claims outstanding for each accident year has changed at successive year-ends.

	Group						
Accident year - Gross	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Total**
Estimate of ultimate claims costs (gross):							
- 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 statement of financial position	4,960	7,473	12,451	13,117	10,036	31,584	79,621
Liability in respect of prior years							38,144
Total liability included in the statement of financial position							117,765

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

	Group						
Accident year - Net	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Total**
Estimate of outstanding claims (net):							
- 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 statement of financial position	3,456	5,550	7,488	9,224	7,222	21,662	54,602
Liability in respect of prior years							22,173
Total liability included in the statement of financial position							76,775

23. 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.

23. Insurance contracts, investment contracts and reinsurance assets - terms, assumptions and sensitivities (continued)

a) Life insurance contracts and investment contracts (continued)

Sensitivities (continued)

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.

24. Stated capital

Parent 2020	Parent 2021		Group 2021	Group 2020
		Authorised An unlimited number of shares		
		Issued and fully paid		
667,274	667,274	2021: 85,605,263 (2020: 85,605,263) ordinary shares of no par value	667,274	667,274

25. Net insurance revenue

Parent 2020	Parent 2021		Group 2021	Group 2020
–	–	Gross insurance contracts premium revenue	776,972	716,831
–	–	Reinsurers' share of insurance contracts premium revenue	(349,058)	(305,939)
–	–	Net insurance contracts premium revenue	427,914	410,892
–	–	Gross change in unearned premium provision and unexpired risks	(32,858)	(1,442)
–	–	Reinsurers' share of change in unearned premium provision and unexpired risks	32,405	8,751
–	–	Net change in unearned premium provision and unexpired risks	(453)	7,309
–	–	**Net insurance revenue**	427,461	418,201

26. Finance charges, loan fees and other interest income

Parent 2020	Parent 2021		Group 2021	Group 2020
94,588	90,567	Finance charges earned	115,468	121,541
16,443	28,445	Interest income on loans and advances	40,912	16,443
12,233	21,911	Other income	28,131	15,001
123,264	140,923		184,511	152,985

27. Investment income

Parent 2020	Parent 2021		Group 2021	Group 2020
1,281	123	Interest income from investments designated at fair value through statement of income	6,448	11,052
4,849	2,781	Interest income from investments designated at fair value through statement of comprehensive income	2,781	4,849
–	–	Interest income on impaired financial assets	355	320
40,844	38,241	Interest income from financial assets measured at amortised cost	165,216	172,959
1,782	25,344	Dividend income	20,958	15,281
10,588	(4,691)	Realised gains/(losses) on sale of investment securities	15,022	12,396
294	7,724	Unrealised gains/(losses) on investments held at year-end designated at fair value through statement of income	165,823	(54,662)
59,638	69,522		376,603	162,195

28. Revenue from contracts with customers

Parent 2020	Parent 2021		Group 2021	Group 2020
4,820	8,595	Arrangement fees	8,595	4,820
16,409	22,054	Investment management fees	2,652	985
2,192	1,850	Other	625	804
23,421	32,499		11,872	6,609

29. Other income

Parent 2020	Parent 2021		Group 2021	Group 2020
107	181	Administrative fees and commissions	39,973	42,983
46,262	47,300	Foreign exchange trading and gains	49,205	50,033
31	–	Lease sales and recoveries	4,484	1,934
–	–	Property rental	51,332	57,274
–	–	Trustee and other fiduciary fees	9,482	9,090
1,685	–	Other	919	2,391
48,085	47,481		155,395	163,705

30. Net insurance benefits and claims incurred

There are no insurance benefits and claims incurred by the Parent. The following table represents the insurance benefits and claims incurred by the Group.

	Group General insurance 2021	General insurance 2020	Life insurance 2021	Life insurance 2020	Total 2021	Total 2020
Gross insurance contracts benefits and claims incurred	165,148	131,970	122,056	116,004	287,204	247,974
Reinsurers' share of gross insurance benefits and claims paid	(14,350)	(13,257)	(5,861)	(6,001)	(20,211)	(19,258)
Net change in insurance contract liabilities	–	–	94,025	86,123	94,025	86,123
	150,798	118,713	210,220	196,126	361,018	314,839

31. Interest expense

Parent 2020	Parent 2021		Group 2021	Group 2020
27,378	19,764	Customers' deposits	49,108	56,911
223	147	Lease liabilities	348	286
29,575	27,241	Debt securities in issue	27,241	29,796
57,176	47,152		76,697	86,993

32. Credit loss expense/(recovery)

Parent 2020	Parent 2021		Group 2021	Group 2020
25,917	20,230	Net investment in leased assets	23,516	31,529
(4,135)	1,051	Loans and advances	7,270	(1,704)
(8,650)	2,076	Investments	(7,393)	(6,389)
–	–	Insurance receivables	3,393	–
13,132	23,357		26,786	23,436

33. Marketing and policy expenses

Parent 2020	Parent 2021		Group 2021	Group 2020
–	–	Agents and brokers commissions	53,514	47,860
–	–	Agents allowance and bonus	4,371	4,517
–	–	Agents policy expenses	1,028	897
226	121	Asset finance promotional expense	366	1,002
3,260	2,669	Advertising costs	9,940	8,665
3,486	2,790		69,219	62,941

34. Personnel expenses

Parent 2020	Parent 2021		Group 2021	Group 2020
29,664	39,638	Salaries and bonus	122,725	101,599
–	–	Health, life and pension benefits	(1,294)	(841)
561	915	Other staff cost	3,835	1,121
30,225	40,553		125,266	101,879

35. General administrative expenses

Parent 2020	Parent 2021		Group 2021	Group 2020
3,861	12,164	Professional insurance	15,545	4,213
2,295	1,547	Property related expenses	19,188	13,655
1,020	1,084	Subscriptions & donations	5,367	4,875
730	791	Finance charges	1,849	1,039
209	209	Travel & entertainment	1,455	798
1,396	1,155	Communications, printing & stationery	10,159	4,867
6,077	6,725	General expenses	32,999	30,032
15,588	23,675		86,562	59,479

36. Taxation

Parent 2020	Parent 2021		Group 2021	Group 2020
31,357	28,203	Corporation tax	41,688	50,476
(277)	1,483	(Over)/under provision to prior year tax charge	(561)	815
–	(151)	Withholding tax	(106)	–
1,256	(8,679)	Deferred tax (Note 16)	9,430	(12,684)
1,819	985	Green Fund levy and other taxes	3,411	4,131
34,155	21,841		53,862	42,738
		Reconciliation between taxation expense 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:		
128,206	146,222	Net profit before taxation	360,179	204,752
38,462	43,867	Tax at applicable statutory tax rates	73,875	52,308
		Tax effect of items that are adjustable in determining taxable profit:		
(974)	(7,527)	Tax exempt income	(9,774)	(4,284)
2,205	1,721	Non-deductible expenses	540	6,100
(3,628)	(5,257)	Allowable deductions	(16,564)	(18,187)
(277)	1,483	Adjustment to prior year tax charge	(561)	815
(3,452)	(13,280)	Other temporary differences	3,041	1,855
1,819	834	Provision for Green Fund levy and other taxes	3,305	4,131
34,155	21,841	**Total taxation**	53,862	42,738

37. Segmental Information

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

Banking services	Asset financing, Commercial banking, Merchant banking, Investment services, Securities trading and Foreign exchange
Mutual funds	ANSA Secured Fund, ANSA US$ Secured Fund, ANSA TT$ Income Fund and ANSA US$ Income Fund. These Funds are open-ended mutual funds registered in Trinidad & Tobago and established by ANSA Merchant Bank Limited (the 'Bank'). The Bank is the Sponsor, Investment Manager, Administrator and Distributor of these Funds.
Life insurance operations	Underwriting the following classes of longer-term insurance business: (i) individual participating and non-participating life insurance, (ii) group life insurance, (iii) individual insurance and (iv) group annuity and pension.
General insurance operations	Underwriting the following classes of short-term insurance business: (i) commercial and residential fire, (ii) general accident,(iii) marine, (iv) motor, (v) workmen compensation, (vi) group and individual health and rental of property.

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

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

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

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

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

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

	Banking services	Mutual funds	Life insurance operations	General insurance operations	Elimin-ations	Total
2021						
Total operating income	382,819	43,614	436,409	405,406	(112,406)	1,155,842
Total operating expense	(55,279)	(9,634)	(222,004)	(151,040)	242	(437,715)
Credit loss expense	(29,656)	371	4,908	(2,409)	–	(26,786)
Selling and administration expense	(151,268)	(20,386)	(61,758)	(169,498)	71,748	(331,162)
Profit/(loss) before taxation	146,616	13,965	157,555	82,459	(40,416)	360,179
Taxation	(16,317)	–	(25,787)	(11,758)	–	(53,862)
Profit/(loss) after taxation	130,299	13,965	131,768	70,701	(40,416)	306,317
Total assets	5,640,001	719,834	2,858,224	1,298,291	(1,131,444)	9,384,906
Total liabilities	3,636,768	719,785	1,826,962	452,525	(154,171)	6,481,869
Purchase of fixed assets	35,767	–	353	29,512	–	65,632
Depreciation and amortisation	(33,264)	–	(1,920)	(6,267)	(1,920)	(43,371)
2020						
Total operating income	335,367	27,693	264,991	337,931	(62,287)	903,695
Total operating expense	(65,686)	(9,616)	(207,719)	(118,946)	135	(401,832)
Credit loss expense	(20,936)	(1,221)	(1,234)	(45)	–	(23,436)
Selling and administration expense	(117,956)	(16,957)	(54,200)	(147,254)	62,692	(273,675)
Profit/(loss) before taxation	130,789	(101)	1,838	71,686	540	204,752
Taxation	(34,441)	–	2,793	(11,090)	–	(42,738)
Profit/(loss) after taxation	96,348	(101)	4,631	60,596	540	162,014
Total assets	4,511,228	702,017	2,609,963	1,173,752	(1,036,225)	7,960,735
Total liabilities	2,621,412	702,019	1,703,239	378,645	(122,150)	5,283,165
Purchase of fixed assets	25,406	–	898	15,439	–	41,743
Depreciation and amortisation	(34,397)	–	(1,953)	(5,262)	–	(41,612)

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

	Domestic services	Regional	Inter-national	Elimin-ations	Total
2021					
Total operating income	953,835	163,686	150,727	(112,406)	1,155,842
Total operating expense	(398,437)	(39,469)	(51)	242	(437,715)
Credit loss (expense)/recovery	(23,913)	(6,988)	4,115	–	(26,786)
Selling and administration expense	(326,904)	(73,361)	(2,645)	71,748	(331,162)
Profit/(loss) before taxation	204,581	43,868	152,146	(40,416)	360,179
Taxation	(52,427)	(1,435)	–	–	(53,862)
Profit/(loss) after taxation	152,154	42,433	152,146	(40,416)	306,317
Total assets	6,841,771	1,198,588	2,475,991	(1,131,444)	9,384,906
Total liabilities	5,940,645	645,303	50,092	(154,171)	6,481,869
Purchase of fixed assets	33,335	32,297	–	–	65,632
Depreciation and amortisation	(14,681)	(26,770)	–	(1,920)	(43,371)
2020					
Total operating income	782,317	86,911	96,754	(62,287)	903,695
Total operating expense	(365,103)	(36,812)	(52)	135	(401,832)
Credit loss (expense)/recovery	(29,281)	(6,670)	12,515	–	(23,436)
Selling and administration expense	(256,859)	(77,151)	(2,357)	62,692	(273,675)
Profit/(loss) before taxation	131,074	(33,722)	106,860	540	204,752
Taxation	(42,183)	(555)	–	–	(42,738)
Profit/(loss) after taxation	88,891	(34,277)	106,860	540	162,014
Total assets	5,829,396	1,053,031	2,114,533	(1,036,225)	7,960,735
Total liabilities	4,879,364	507,150	18,801	(122,150)	5,283,165
Purchase of fixed assets	16,793	24,950	–	–	41,743
Depreciation and amortisation	(11,267)	(30,345)	–	–	(41,612)

38. Related party transactions and balances

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The Bank is ultimately owned by ANSA McAL Limited, incorporated in Trinidad and Tobago, which owns 82.48% of the stated capital of the Bank.

A number of transactions are entered into with related parties in the normal course of business. These include hire purchase, finance leases, premium financing, deposits, insurance coverage and foreign currency transactions. These transactions were carried out on commercial terms and at market rates.

38. Related party transactions and balances (continued)

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

Parent 2020	Parent 2021		Group 2021	Group 2020
		Loans, investments and other assets		
145,971	55,897	ANSA McAL Group	103,763	158,266
32,165	32,353	Subsidiaries	–	–
1,925	310	Directors and key management personnel	11,329	4,546
35,487	28,891	Other related parties	72,346	64,855
215,548	117,451		187,438	227,667
		Deposits and other liabilities		
279,368	297,723	ANSA McAL Group	382,574	304,302
13,870	28,281	Subsidiaries	–	–
–	–	Directors and key management personnel	64,367	61,692
–	–	Other related parties	114,369	112,312
293,238	326,004		561,310	478,306
		Interest and other income		
6,893	23,601	ANSA McAL Group	57,262	42,703
19,410	22,185	Subsidiaries	–	–
79	22	Directors and key management personnel	257	273
2,395	1,837	Other related parties	3,162	8,458
28,777	47,645		60,681	51,434
		Interest and other expense		
6,044	5,151	ANSA McAL Group	27,763	11,895
889	453	Subsidiaries	–	–
–	–	Directors and key management personnel	2,744	2,064
–	–	Other related parties	1,061	2,938
6,933	5,604		31,568	16,897

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

Key management compensation

Parent 2020	Parent 2021		Group 2021	Group 2020
7,288	3,513	Short-term benefits	11,984	18,583
125	58	Contribution to defined contribution plans	70	353
158	111	Post employment benefits	111	396
7,571	3,682		12,165	19,332

39. Fair value of financial instruments

(i) Carrying amounts and fair values

The tables in the following pages summarise the carrying amounts and the fair values of the Parent's and the Group's financial assets and liabilities for 2021 and 2020.

2021

Parent Carrying values	Parent Fair values	Parent Unrecognised gain/(loss)		Group Carrying values	Group Fair values	Group Unrecognised gain/(loss)
			Financial assets			
1,035,207	1,048,967	13,760	Investment securities	4,429,880	4,496,011	66,131
			Financial liabilities			
600,000	617,410	17,410	Debt securities in issue	600,000	617,410	17,410

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

2020

Parent Carrying values	Parent Fair values	Parent Unrecognised gain/(loss)		Group Carrying values	Group Fair values	Group Unrecognised gain/(loss)
			Financial assets			
834,237	853,254	19,017	Investment securities	3,683,430	3,767,247	83,817
			Financial liabilities			
802,836	812,968	(10,132)	Debt securities in issue	802,836	812,968	(10,132)

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

(ii) Determination of fair value and fair value hierarchies

	Level 1	Level 2	Level 3	POCI	Total
2021 - Parent					
Investment securities designated at FVSI					
Equity securities	91,188	–	–	–	91,188
Managed Funds	–	395,470	–	–	395,470
	91,188	395,470	–	–	486,658
Investment securities measured at amortised cost for which fair values are disclosed					
Government bonds	1,425	761	–	–	2,186
State-owned company securities	–	74,539	–	–	74,539
Corporate bonds and debentures	72,676	372,767	2	–	445,445
	74,101	448,067	2	–	522,170
Investment securities measured at FVOCI					
Equity securities	–	21,046	–	–	21,046
Corporate bonds and debentures	19,093	–	–	–	19,093
	19,093	21,046	–	–	40,139
2021 - Group					
Investment securities designated at FVSI					
Equity securities	1,284,515	–	1,060	–	1,285,575
Managed Funds	–	560,328	–	–	560,328
Government bonds	5,331	6,557	–	–	11,888
State-owned company securities	–	50,453	–	–	50,453
Corporate bonds and debentures	37,190	20,120	–	–	57,310
	1,327,036	637,458	1,060	–	1,965,554
Investment securities measured at amortised cost for which fair values are disclosed					
Government bonds	32,014	417,061	–	16,209	465,284
State-owned company securities	–	667,721	–	–	667,721
Corporate bonds and debentures	257,988	1,112,352	2,536	–	1,372,876
	290,002	2,197,134	2,536	16,209	2,505,881
Investment securities measured at FVOCI					
Government bonds	–	5,483	–	–	5,483
Corporate bonds and debentures	19,093	–	–	–	19,093
	19,093	5,483	–	–	24,576
2020 - Parent					
Investment securities designated at FVSI					
Equity securities	19,186	–	–	–	19,186
Government bonds	53,704	27	–	–	53,731
	72,890	27	–	–	72,917
Investment securities measured at amortised cost for which fair values are disclosed					
Government bonds	4,124	1,237	86	–	5,447
State-owned company securities	2,050	182,095	–	–	184,145
Corporate bonds and debentures	87,313	410,190	16,336	–	513,839
	93,487	593,522	16,422	–	703,431
Investment securities measured at FVOCI					
Equity securities	–	20,765	–	–	20,765
Government bonds	20,405	–	–	–	20,405
Corporate bonds and debentures	35,736	–	–	–	35,736
	56,141	20,765	–	–	76,906
2020 - Group					
Investment securities designated at FVSI					
Equity securities	515,051	–	1,058	–	516,109
Government bonds	63,050	6,575	–	–	69,625
State-owned company securities	16,641	56,345	–	–	72,986
Corporate bonds and debentures	36,363	23,839	–	–	60,202
	631,105	86,759	1,058	–	718,922
Investment securities measured at amortised cost for which fair values are disclosed					
Government bonds	43,039	445,134	83	21,152	509,408
State-owned company securities	137,349	794,681	–	–	932,030
Corporate bonds and debentures	513,528	1,007,024	21,266	–	1,541,818
	693,916	2,246,839	21,349	21,152	2,983,256
Investment securities measured at FVOCI					
Government bonds	23,807	5,526	–	–	29,333
Corporate bonds and debentures	35,736	–	–	–	35,736
	59,543	5,526	–	–	65,069

39. Fair value of financial instruments (continued)

(ii) Determination of fair value and fair value hierarchies (continued)

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted securities	Discounted cash flows	Rate of return	2.51% to 12.00%	2% increase/(decrease) in the rate of return would result in decrease/ (increase) in fair value by $6,377/($5,523)

(iii) Transfers between Level 1 and 2

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

There were transfers of $20,888 from level 1 to level 2 for the year ended 31 December 2021 (2020: there were no transfers between level 1 and level 2).

(iv) Movements in Level 3 financial instruments

Parent 2020	Parent 2021		Group 2021	Group 2020
		Assets		
29,100	16,422	Balance at 1 January	22,407	42,204
–	–	Gains recognised	(2,391)	(353)
–	–	Transfers out of Level 3	–	(6,764)
(12,678)	(16,420)	Disposal	(16,420)	(12,680)
16,422	2		3,596	22,407

40. Risk Management

Introduction

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

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

Risk management structure

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

Board of Directors

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

Treasury management

The Bank and its subsidiaries employ Treasury functions which are responsible for managing their assets and liabilities and the overall financial structure. The Treasury function is also primarily responsible for the funding and liquidity risks of the Bank and its subsidiaries.

Concentrations of risk

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

Market risk

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

Credit risk management

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

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

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.

In response to COVID-19, the Group undertook a review of its loan portfolios and ECLs. The review considered the macro-economic outlook, customer credit quality, type and value of collateral held, exposure at default and the effect of payment deferral options as at the reporting date.

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

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

Parent 2020	Parent 2021		Group 2021	Group 2020
654,031	729,390	Cash and short-term funds	1,452,588	1,499,031
–	–	Fixed deposits	8,549	8,409
1,039,286	872,462	Net investment in leased assets and other instalment loans	1,165,163	1,337,135
199,679	414,541	Loans and advances	1,035,788	479,805
794,286	922,973	Investment securities	3,092,305	3,167,321
6,410	7,766	Interest receivable	24,100	28,034
–	–	Insurance receivables	77,899	63,944
–	–	Reinsurance assets	179,803	151,401
2,693,692	2,947,132	**Total**	7,036,195	6,735,080
–	–	Undrawn commitments	30,568	–
63	20	Contingent liabilities	1,855	63
2,693,755	2,947,152		7,068,618	6,735,143

The main types of collateral obtained are as follows:

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

Cash and short-term funds and fixed deposits

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

Net investment in leased assets

Since these financial assets are homogeneous in nature, a vintage approach was applied looking at the number of defaults by portfolio over a period of time. Historical PDs were developed and there being little correlation between macro-economic trends, management applied judgemental overlays based on expectations. LGD percentage estimates were developed based on historical loss trends for non-performing loans which are assessed on both an individual and collective level. EAD equals the loan balance outstanding plus accrued interest.

Loans and advances

For the merchant banking portfolio within loans and advances, given the limited historical data, the PD history of the leased assets portfolio was used as a starting point of the calculation.

For certain Stage 2 loans, where management considered the entity's financial position or industry to present higher risks, the PDs were judgementally adjusted to reflect the increased risk.

LGDs were assessed on an individual loan by loan basis due to the portfolio being non-homogeneous. This was based on the security held, factoring in the liquidity, current condition and estimated value of the collateral.

EAD equals the loan balance outstanding plus accrued interest.

Other financial assets

For mortgage loans, policy loans, premium receivables and reinsurance receivables, a simplified ECL approach was applied. Historical losses on these respective portfolios were calculated and applied to the current positions, with management applying judgemental 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.

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

Stage 1	Group					
2021	Net investment in leased assets	Loans and advances	Investment securities	Premium receivable	Reinsurance receivables	Total
Gross balance	1,071,700	946,049	2,407,152	76,299	9,908	4,511,108
ECL	(18,111)	(3,255)	(9,483)	(6,000)	(2,308)	(39,157)
	1,053,589	942,794	2,397,669	70,299	7,600	4,471,951
ECL as a % of Gross balance	1.69%	0.34%	0.39%	7.86%	23.29%	0.87%

40. Risk Management (continued)

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

Stage 1

Group	Net investment in leased assets	Loans and advances	Investment securities	Premium receivable	Reinsurance receivables	Total
2020						
Gross balance	1,127,102	383,407	2,705,252	56,661	12,591	4,285,013
ECL	(11,141)	(2,489)	(10,116)	(3,000)	(2,308)	(29,054)
	1,115,961	380,918	2,695,136	53,661	10,283	4,255,959
ECL as a % of Gross balance	0.99%	0.65%	0.37%	5.29%	18.33%	0.68%

The ECL percentage for Net investment in leased assets as well as Investment securities increased as a result of higher PDs and LGDs due to the impact of COVID-19. Reinsurance receivables ECL provision increased as a result of long outstanding receivables not yet recovered. Premium receivable ECL increased as a result of an increase in over 180 days balances in Barbados. Loans and advances ECL percentage fell due to more performing loans.

Stage 2

Group	Net investment in leased assets	Loans and advances	Investment securities	Premium receivable	Reinsurance receivables	Total
2021						
Gross balance	92,417	42,300	30,145	–	–	164,862
ECL	(5,901)	(244)	(657)	–	–	(6,802)
	86,516	42,056	29,488	–	–	158,060
ECL as a % of Gross balance	6.39%	0.58%	2.18%	0.00%	0.00%	4.13%
2020						
Gross balance	179,863	55,602	249,876	–	–	485,341
ECL	(6,268)	(1,108)	(8,052)	–	–	(15,428)
	173,595	54,494	241,824	–	–	469,913
ECL as a % of Gross balance	3.48%	1.99%	3.22%	0.00%	0.00%	3.18%

The decrease in ECL percentage for Stage 2 Loans and advances as well as Investment securities was mainly driven by changes to the assumptions utilised between current and prior years. Although there was a decrease in the overall gross balances outstanding between current and prior years for Net investment in leased assets, the ECL percentage increased as a result of higher PDs and LGDs due to the impact of COVID-19 on the current year balance.

Stage 3

Group	Net investment in leased assets	Loans and advances	Investment securities	Premium receivable	Reinsurance receivables	Total
2021						
Gross balance	90,107	79,551	29,093	–	–	198,751
ECL	(65,049)	(19,357)	(8,174)	–	–	(92,580)
	25,058	60,194	20,919	–	–	106,171
ECL as a % of Gross balance	72.19%	24.33%	28.10%	0.00%	0.00%	46.58%
2020						
Gross balance	115,681	52,306	9,563	–	–	177,550
ECL	(68,102)	(7,913)	(3,976)	–	–	(79,991)
	47,579	44,393	5,587	–	–	97,559
ECL as a % of Gross balance	58.87%	15.13%	41.58%	0.00%	0.00%	45.05%

The ECL percentages for Stage 3 Net investment in leased assets and Loans and advances increased as a result of judgements surrounding the pandemic. The ECL percentage for Stage 3 Investment securities declined due to improved collateral supporting the instruments relative to the prior year.

Investment debt securities

The credit quality of investment debt securities has been analysed into the following categories:

High grade	These include regional sovereign debt securities issued directly or through a state intermediary body where there has been no history of default.
Standard	These securities are current and have been serviced in accordance with the terms and conditions of the underlying agreements. In addition, included in this category are securities issued by related parties and fellow subsidiaries within the ANSA McAL Group of companies.
Sub-standard	These securities are either greater than 90 days in arrears, display indicators of impairment, or have been restructured in the past financial year.
Impaired	These securities are non-performing.

Parent	High grade	Standard	Sub-standard	Impaired	POCI	Total
2021						
Investments designated at FVSI	395,470	–	–	–	–	395,470
Investments measured at amortised cost	257,745	250,665	–	–	–	508,410
Investments designated at FVOCI	–	19,093	–	–	–	19,093
	653,215	269,758	–	–	–	922,973
2020						
Investments designated at FVSI	53,731	–	–	–	–	53,731
Investments measured at amortised cost	19,014	665,400	–	–	–	684,414
Investments designated at FVOCI	20,405	35,736	–	–	–	56,141
	93,150	701,136	–	–	–	794,286
Group						
2021						
Investments designated at FVSI	560,666	67,313	–	–	–	627,979
Investments measured at amortised cost	830,878	1,592,663	–	–	16,209	2,439,750
Investments designated at FVOCI	5,483	19,093	–	–	–	24,576
	1,397,027	1,679,069	–	–	16,209	3,092,305
2020						
Investments designated at FVSI	127,023	75,790	–	–	–	202,813
Investments measured at amortised cost	602,632	2,275,655	–	–	21,152	2,899,439
Investments designated at FVOCI	29,333	35,736	–	–	–	65,069
	758,988	2,387,181	–	–	21,152	3,167,321

Reinsurance assets

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

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group manages its interest rate exposure by offering fixed rates on its funding instruments over the respective term. On the lending side, loans will be granted at fixed rates over specified periods. As interest rates on both deposits and loans remain fixed over their lives, the risk of fluctuations in market conditions is mitigated.

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

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

The sensitivity of income is the effect of the assumed changes in interest rates on the income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2021 and 2020.

Change in basis points		Sensitivity of income 2021	2020
Parent	+ 100	41	43
	– 100	(41)	(43)
Group	+ 100	42	186
	– 100	(42)	(186)

Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The tables on the following pages indicate the currencies to which the Parent and Group had significant exposure at 31 December 2021 and 2020 on its monetary assets and liabilities. The analysis also calculates the effects of a reasonably possible movement of each currency rate against the Trinidad and Tobago dollar, with other variables held constant.

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

	TTD	USD	EURO	OTHER	TOTAL
Parent - 2021					
Cash and short-term funds	543,391	180,479	2,492	3,028	729,390
Loans and advances	331,716	82,825	–	–	414,541
Investment securities	113,539	920,927	–	741	1,035,207
Interest receivable	4,479	3,271	–	16	7,766
Total financial assets	993,125	1,187,502	2,492	3,785	2,186,904
Customers' deposits and other funding instruments	1,254,613	706,092	–	–	1,960,705
Debt securities in issue	600,000	–	–	–	600,000
Total financial liabilities	1,854,613	706,092	–	–	2,560,705
Net currency risk exposure		481,410	2,492	3,785	
Reasonably possible change in currency rate		5%	5%	5%	
Effect on profit before taxation		24,070	125	189	24,384

40. Risk Management (continued)

Currency risk (continued)

	TTD	USD	EURO	OTHER	TOTAL
Parent - 2020					
Cash and short-term funds	276,838	366,961	9,419	813	654,031
Loans and advances	107,626	92,053	–	–	199,679
Investment securities	116,374	717,863	–	–	834,237
Interest receivable	1,750	4,660	–	–	6,410
Total financial assets	502,588	1,181,537	9,419	813	1,694,357
Customers' deposits and other funding instruments	750,496	425,555	–	–	1,176,051
Debt securities in issue	600,000	202,836	–	–	802,836
Total financial liabilities	1,350,496	628,391	–	–	1,978,887
Net currency risk exposure		553,146	9,419	813	
Reasonably possible change in currency rate		5%	5%	5%	
Effect on profit before taxation		27,657	471	41	28,169

	TTD	USD	BDS	EURO	OTHER	TOTAL
Group - 2021						
Cash and short-term funds	980,262	340,603	76,119	2,146	53,458	1,452,588
Fixed deposits	-	535	3,692	–	4,322	8,549
Net investment in leased assets and other instalment loans	868,433	–	296,730	–	–	1,165,163
Loans and advances	857,971	91,945	85,872	–	–	1,035,788
Investment securities	1,844,740	2,487,277	57,121	–	741	4,429,880
Interest receivable	15,478	6,833	369	–	1,420	24,100
Insurance receivables	7,553	820	45,597	–	23,929	77,899
Other debtors and prepayments	107,471	8,545	14,427	–	–	130,443
Reinsurance assets	17,368	162,435	–	–	–	179,803
Total financial assets	4,739,276	3,098,993	579,927	2,146	83,871	8,504,213
Customers' deposits and other funding instruments	2,110,680	874,048	399,042	–	–	3,383,770
Debt securities in issue	600,000	–	–	–	–	600,000
Total financial liabilities	2,710,680	874,048	399,042	–	–	3,983,770
Net currency risk exposure		2,224,945	180,885	2,146	83,871	
Reasonably possible change in currency rate		5%	5%	5%	5%	
Effect on profit before taxation		111,247	9,044	107	4,194	124,592
Group - 2020						
Cash and short-term funds	676,573	688,432	66,753	9,420	57,853	1,499,031
Fixed deposits	–	–	3,697	–	4,712	8,409
Net investment in leased assets and other instalment loans	1,037,938	–	299,197	–	–	1,337,135
Loans and advances	312,281	92,053	75,471	–	–	479,805
Investment securities	1,678,593	1,930,087	74,750	–	–	3,683,430
Interest receivable	20,318	6,530	–	–	1,186	28,034
Insurance receivables	9,616	3,522	33,711	–	17,095	63,944
Other debtors and prepayments	18,306	9,351	12,625	–	–	40,282
Reinsurance assets	15,549	135,852	–	–	–	151,401
Total financial assets	3,769,173	2,865,827	566,204	9,420	80,846	7,291,471
Customers' deposits and other funding instruments	1,301,068	487,222	425,546	–	–	2,213,836
Debt securities in issue	600,000	202,836	–	–	–	802,836
Total financial liabilities	1,901,068	690,058	425,546	–	–	3,016,672
Net currency risk exposure		2,175,769	140,658	9,420	80,846	
Reasonably possible change in currency rate		5%	5%	5%	5%	
Effect on profit before taxation		108,788	7,033	471	4,042	120,334

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting obligations associated with financial instruments when they fall due under normal and stress circumstances. To mitigate this risk, Management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group sources funds for the provision of liquidity from three main sources; retail and wholesale deposits, funding instruments and the capital markets. A substantial portion of the funding for the Group is provided by core deposits and premium income. The Group maintains a core funding base which can be drawn on to meet immediate liquidity needs. Facilities are also established with correspondent banks, which can provide additional liquidity if conditions demand.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Group. The Group employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Group's assets as well as generating sufficient cash from new and renewed customer deposits and insurance policies.

Analysis of financial liabilities by remaining contractual maturities

The tables below summarise the maturity profile of the Parent's and Group's financial liabilities as at 31 December 2021 and 2020, based on contractual repayment obligations, over the remaining life of those liabilities.

	Up to one year	One to five years	Over five years	Total
Parent - 2021				
Customers' deposits and other funding instruments	1,942,994	34,818	5,767	1,983,579
Debt securities in issue	621,500	–	–	621,500
Lease liabilities	–	3,860	–	3,860
Bank overdraft	1,907	–	–	1,907
	2,566,401	38,678	5,767	2,610,846
Parent - 2020				
Customers' deposits and other funding instruments	1,153,724	47,505	–	1,201,229
Debt securities in issue	212,920	641,029	–	853,949
Lease liabilities	167	5,596	–	5,763
	1,366,811	694,130	–	2,060,941
Group - 2021				
Customers' deposits and other funding instruments	2,953,387	456,419	8,305	3,418,111
Undrawn commitments	30,568	–	–	30,568
Debt securities in issue	621,500	–	–	621,500
Lease liabilities	4,842	10,154	142	15,138
Bank overdraft	1,907	–	–	1,907
Investment contracts	273,902	–	–	273,902
	3,886,106	466,573	8,447	4,361,126
Group - 2020				
Customers' deposits and other funding instruments	2,047,284	203,248	–	2,250,532
Debt securities in issue	212,920	641,029	–	853,949
Lease liabilities	986	10,489	149	11,624
Investment contracts	265,923	–	–	265,923
	2,527,113	854,766	149	3,382,028

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 income will arise as a result of the change in fair value of equity instruments categorised as fair value through the statement of income. In the case of the Parent, changes in fair value affect the capital reserve as a component of equity, whereas with respect to the subsidiaries, changes in fair value have an impact on the capital reserve and/or income.

The effect on 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:

Market indices	Change in equity price	Effect on income	
	%	2021	2020
Parent		+/-	+/-
TTSE	+/- 3	–	–
S&P 500	+/- 8	5,585	–
Group			
TTSE	+/- 3	17,316	23,006
S&P 500	+/- 8	63,297	10,335

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 and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency and severity of 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.

41. Business combination

On 28 February 2021, the Bank completed the acquisition of 100% of the financial services business of Bank of Baroda (Trinidad) Limited (BOB) which was rebranded as ANSA Bank Limited (ABL). ABL is a financial services company licensed under the Financial Institutions Act 2008, of Trinidad and Tobago. ABL will facilitate the expansion of the Bank into the commercial banking sector.

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

41. Business combination (continued)

	Fair value of assets acquired and liabilities assumed on 28 February 2021
Cash and short term deposits	170,110
Financial assets	102,887
Loans and advances	134,655
Other assets	9,249
Total assets	416,901
Customers' deposits	348,636
Other liabilities	6,579
Total liabilities	355,215
Net assets	61,686
Fair value adjustments	(7,393)
Intangible assets:	
Banking license	62,455
Customer deposits	18,587
Fair value of net assets acquired	135,335
Fair value of consideration	179,190
Purchased goodwill	43,855

The fair value of net assets acquired were based on a valuation of the acquired assets and liabilities at the date of acquisition performed by an independent third party.

From the date of acquisition, ABL contributed $15.3 million towards other income of the group and recorded a loss before tax of $18.3 million during 2021.

42. Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

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

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

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

The Central Bank requires each bank or banking group to: (a) hold the minimum level of the regulatory capital of $15 million, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above the internationally agreed minimum of 10%.

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

For 2021 and 2020, the Parent and its subsidiaries complied with all of the externally-imposed capital requirements to which they are subject at the date of this report.

43. 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		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Assets						
Cash and short-term funds	729,390	–	729,390	654,031	–	654,031
Net investment in leased assets and other instalment loans	57,657	814,805	872,462	54,898	984,388	1,039,286
Loans and advances	321,904	92,637	414,541	112,481	87,198	199,679
Investment securities	655,861	379,346	1,035,207	239,999	594,238	834,237
Interest receivable	7,766	–	7,766	6,410	–	6,410
Other debtors and prepayments	108,139	–	108,139	30,795	–	30,795
Taxation recoverable	7,431	–	7,431	7,726	–	7,726
Investment in subsidiaries	–	989,510	989,510	–	810,320	810,320
Property and equipment	–	3,207	3,207	–	2,729	2,729
Intangible assets	–	27,418	27,418	–	29,513	29,513
Right-of-use assets	–	3,397	3,397	–	5,142	5,142
Deferred tax assets	–	32,563	32,563	–	22,309	22,309
Employee benefits asset	–	9,396	9,396	–	7,201	7,201
Total assets	1,888,148	2,352,279	4,240,427	1,106,340	2,543,038	3,649,378
Liabilities						
Customers' deposits and other funding instruments	1,923,333	37,372	1,960,705	1,130,025	46,026	1,176,051
Lease liabilities	–	3,701	3,701	–	5,458	5,458
Bank overdraft	1,907	–	1,907	–	–	–
Accrued interest and other payables	94,658	–	94,658	126,114	–	126,114
Debt securities in issue	600,000	–	600,000	202,836	600,000	802,836
Taxation payable	992	–	992	–	–	–
Deferred tax liabilities	–	8,148	8,148	–	7,010	7,010
Employee benefits liability	–	918	918	–	850	850
Total liabilities	2,620,890	50,139	2,671,029	1,458,975	659,344	2,118,319
Group						
Assets						
Cash and short-term funds	1,452,588	–	1,452,588	1,499,031	–	1,499,031
Fixed deposits	8,549	–	8,549	8,409	–	8,409
Net investment in leased assets and other instalment loans	70,401	1,094,762	1,165,163	66,154	1,270,981	1,337,135
Loans and advances	434,612	601,176	1,035,788	145,469	334,336	479,805
Investment securities	2,175,412	2,254,468	4,429,880	928,845	2,754,585	3,683,430
Interest receivable	24,100	–	24,100	28,034	–	28,034
Insurance receivables	73,812	4,087	77,899	60,925	3,019	63,944
Other debtors and prepayments	130,443	–	130,443	40,282	–	40,282
Reinsurance assets	162,435	17,368	179,803	151,401	–	151,401
Taxation recoverable	11,081	68	11,149	9,535	–	9,535
Investment properties	–	106,112	106,112	–	120,027	120,027
Property and equipment	–	201,570	201,570	–	179,557	179,557
Intangible assets	–	11,619	11,619	–	179,270	179,270
Right-of-use assets	–	343,430	343,430	–	11,382	11,382
Deferred tax assets	–	45,905	45,905	–	31,232	31,232
Employee benefits asset	–	160,908	160,908	–	138,261	138,261
Total assets	4,543,433	4,841,473	9,384,906	2,938,085	5,022,650	7,960,735
Liabilities						
Customers' deposits and other funding instruments	2,930,507	453,263	3,383,770	2,022,101	191,735	2,213,836
Bank overdraft	1,907	–	1,907	–	–	
Lease liabilities	2,487	9,279	11,766	846	9,162	10,008
Accrued interest and other payables	304,525	2,902	307,427	240,581	–	240,581
Debt securities in issue	600,000	–	600,000	202,836	600,000	802,836
Taxation payable	2,872	–	2,872	3,173	–	3,173
Deferred tax liabilities	–	185,838	185,838	–	146,744	146,744
Employee benefits liability	–	8,616	8,616	–	8,916	8,916
Investment contract liabilities	273,902	–	273,902	265,923	–	265,923
Insurance contract liabilities	373,235	1,332,536	1,705,771	353,622	1,237,526	1,591,148
Total liabilities	4,489,435	1,992,434	6,481,869	3,089,082	2,194,083	5,283,165

44. Capital commitments

Parent			Group	
2020	2021		2021	2020
–	–	Capital expenditure	147,469	61,200

45. Contingent liabilities

The Parent's and Group's potential liability, for which there are equal and offsetting claims, against its customers in the event of a call on these commitments is as follows:

Parent		Group	
2020	2021	2021	2020
63	20	1,855	63

46. Dividends

Dividends paid are analysed as follows:	2021	2020
Final dividend for 2020 – $0.75 per share (2019: $0.00 per share)	64,204	–
Interim dividend for 2021 – $0.20 per share (2020: $0.00 per share)	17,121	–
	81,325	–

On 23 March 2022, the Board of Directors declared a final dividend of $1.00 (2020: $0.75) per share for the year ended 31 December 2021. This dividend amounting to $85,605,263 (2020: $64,203,947) is not recorded as a liability in the statement of financial position as at 31 December 2021.

47. Events after the reporting period

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.



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