

ANSA MERCHANT BANK LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2023

Ernst & Young Services Limited



ANSA MERCHANT BANK LIMITED

STATEMENT OF MANAGEMENT RESPONSIBILITIES

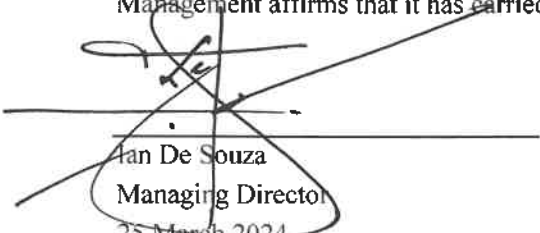
Management is responsible for the following:

- 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 2023, the separate and consolidated statements of comprehensive income/(loss), changes in equity and cash flows for the year then ended, and a summary of material 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 separate and consolidated financial statements have been authorised for issue, if later.

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



Ian De Souza
Managing Director
25 March 2024



Glenn Cheong
Head of Finance & Administration
25 March 2024

ANSA MERCHANT BANK LIMITED

SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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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 2023, and the separate and consolidated statements of income/(loss), comprehensive income/(loss), changes in equity and cash flows for the year then ended, and notes to the separate and consolidated financial statements, including a summary of material accounting policy information.

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 2023 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.

INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF ANSA MERCHANT BANK LIMITED

Report on the Audit of the Separate and Consolidated Financial Statements

(Continued)

Key Audit Matters

(Continued)

Key Audit Matters	How our audit addressed the key audit matter
<p>Estimates used in the calculation of Insurance Contracts</p> <p>Refer to Notes 2x, 2xi, 3ii, 21, 23, 24 and 38. The Group has significant insurance contract liabilities of \$2.04 billion representing 27% of the Group’s total liabilities. IFRS 17 ‘Insurance Contracts’ has been applied for the first time in these consolidated financial statements, which replaced the existing standard for insurance contracts, IFRS 4 ‘Insurance Contracts’. On transition date, 1 January 2022, the Group recognised and measured insurance contracts as if IFRS 17 always applied and recognised any resulting difference in opening retained earnings, with comparative information restated accordingly.</p> <p>IFRS 17 is a complex accounting standard requiring considerable judgement and interpretation in its implementation and establishes new principles for the recognition, measurement, presentation, and disclosure of insurance contracts held by the Group. Considering the significance of the insurance contract liabilities and the judgement, 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.</p> <p>Key assumptions are being used to estimate the life and annuity insurance contract liabilities, including:</p> <ul style="list-style-type: none"> • Fulfilment cash flows, which represent estimates of the present value of future cash flows that are expected to arise as the Group fulfills the contracts and an explicit risk adjustment for non-financial risk; and • The contractual service margin (CSM), which represents the unearned profits on a group of contracts. 	<p>We involved our EY actuarial specialists to assist us in performing our audit procedures at transition, for the comparative year and for the current year end, which included amongst others:</p> <ul style="list-style-type: none"> • Review of management’s positions relating to IFRS 17 accounting policy choices including key judgements, assumptions, contract classifications and the appropriateness of the transition approach and the elections involved at transition. • Performed an assessment of the internal controls regarding the maintenance of the policyholder databases and the integrity of data used, and tested the completeness and accuracy of data extracted. • Review of management’s calculations regarding the liabilities for remaining coverage including the CSM and loss component, and the liabilities for incurred claims. • Performed an assessment of the relevance, appropriateness and calculation of the risk adjustment, including the scope of non-financial risks. • Considered the validity of the Group’s experience studies and performed an assessment of the key assumptions applied. <p>We considered whether the Group’s presentation and disclosures in the consolidated financial statements in relation to insurance contract liabilities were compliant with IFRS.</p>



INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF ANSA MERCHANT BANK LIMITED

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

Key Audit Matters
(Continued)

Key Audit Matters	How our audit addressed the key audit matter
<p>Estimates used in the calculation of Insurance Contracts (continued)</p> <p>When valuing these liabilities, the Group estimates the expected number and timing of deaths, persistency, future expenses, discount rates for the discounting of expected future cash flows and the risk adjustment for non-financial risk.</p> <p>The Group was eligible to measure certain insurance contracts by applying the premium allocation approach (PAA), which simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.</p> <p>For the contracts measured by applying the PAA, the liability for incurred claims (previously claims outstanding and incurred but not reported (IBNR) claims), is mainly determined on estimates based upon actual claims experience. This includes an adjustment for the time value of money (where settlement is expected to be more than one year after incurred) and an explicit risk adjustment for non-financial risk.</p>	

INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF ANSA MERCHANT BANK LIMITED

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

Key Audit Matters
(Continued)

Key Audit Matters (continued)	How our audit addressed the key audit matter
<p>Allowance for Expected Credit Losses (ECLs)</p> <p>Refer to Notes 2vi(b), 3i, 5, 6, 7 and 38. Net investments in leased assets, loans and advances and other financial assets not held at fair value through statement of income (FVSI) or at fair value through statement of other comprehensive income (FVOCI) represent 67% of the total assets of the Group (Parent: 60%) amounting to \$6.9 billion (Parent: \$2.6 billion).</p> <p>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 or FVOCI, together with investment in leased assets.</p> <p>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. These overlays required significant judgement.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>In determining the reasonableness of the ECL overlay applied on the net investment in leased assets, we reviewed Management’s assessment.</p> <p>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.</p>

INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF ANSA MERCHANT BANK LIMITED

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

Key Audit Matters
(Continued)

Key Audit Matters (continued)	How our audit addressed the key audit matter
<p>Allowance for Expected Credit Losses (ECLs) (continued)</p> <p>Other significant areas of judgement included:</p> <ul style="list-style-type: none"> ▪ 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; and ▪ additional credit risk that could stem from macro-economic factors, on the ability of the Group’s customers/investors to meet their financial commitments. <p>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.</p>	<p>We utilised our EY valuation specialists to assess the appropriateness of the key assumptions used in the models.</p> <p>Finally we focused on the adequacy of the Group’s financial statement disclosures as to whether it appropriately reflected the requirements of the IFRSs.</p>

INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF ANSA MERCHANT BANK LIMITED

Report on the Audit of the Separate and Consolidated Financial Statements

(Continued)

Key Audit Matters

(Continued)

Key Audit Matters (continued)	How our audit addressed the key audit matter
<p>Fair value measurement of investments securities and related disclosures</p> <p>Refer to Notes 2vii, 3i, 7 and 37. The Group invests in various investment securities, of which \$1.7 billion (Parent: \$577 million) is carried at fair value in the statement of financial position. Additionally, the fair values are disclosed for \$2.7 billion (Parent: \$526 million) of investment securities carried at amortised cost in the statement of financial position. Of these assets, \$2.04 billion (Parent: \$148 million) are related to investments for which no published prices in active markets are available and have been classified as Level 2 and Level 3 assets within the IFRS fair value hierarchy.</p> <p>Valuation techniques for these investments can be subjective in nature and involve various assumptions regarding pricing factors, particularly in a potentially distressed macroeconomic environment. Associated risk management disclosure is complex and dependent on high quality data. A specific area of audit focus includes the determination of fair value of Level 2 and Level 3 assets where valuation techniques are applied in which unobservable inputs are used.</p> <p>For Level 2 assets, these techniques include the use of recent arm’s length transactions, reference to other instruments that are substantially the same and discounted cash flow analyses making maximum use of market inputs, such as the market risk free yield curve.</p> <p>As the determination of the fair value for certain investments securities is a key source of estimation uncertainty, is subject to differing underlying assumptions 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.</p>	<p>We independently tested the pricing on quoted securities, and we used our valuation specialists to assess the appropriateness of pricing models used by the Group. This included:</p> <ul style="list-style-type: none"> • An assessment of the pricing model methodologies and assumptions against industry practice and valuation guidelines. • 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. <p>Finally, we assessed whether the financial statement disclosures, including sensitivity to key inputs and the IFRS fair value hierarchy, appropriately reflect the Group’s exposure to financial instrument valuation risk.</p>



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ANSA MERCHANT BANK LIMITED

Report on the Audit of the Separate and Consolidated Financial Statements

(Continued)

Other information included in the Parent's and Group's 2023 Annual Report

Other information consists of the information included in the Parent's and Group's 2023 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 2023 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.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ANSA MERCHANT BANK LIMITED

Report on the Audit of the Separate and Consolidated Financial Statements

(Continued)

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

(Continued)

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

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



INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF ANSA MERCHANT BANK LIMITED

Report on the Audit of the Separate and Consolidated Financial Statements

(Continued)

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

(Continued)

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

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

Port of Spain,
TRINIDAD:
26 March 2024

ANSA MERCHANT BANK LIMITED

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

	Parent			Notes	Group		
31 Dec 2021	31 Dec 2022	31 Dec 2023			31 Dec 2023	31 Dec 2022 Restated	31 Dec 2021 Restated
Assets							
729,390	705,070	272,033	Cash and short-term funds	4	943,136	1,495,579	1,452,588
–	–	–	Fixed deposits		8,496	8,528	8,549
			Net investment in leased assets and other				
872,462	718,290	733,013	instalment loans	5	1,001,505	987,197	1,165,163
414,541	548,919	1,144,764	Loans and advances	6	2,250,288	1,541,215	1,023,052
1,035,207	1,062,387	1,102,823	Investment securities	7	4,391,591	4,161,989	4,429,880
7,766	3,021	5,313	Interest receivable		28,015	18,237	24,100
			Other debtors and prepayments	9	59,800	57,183	130,443
			Reinsurance contract assets	21	252,138	167,540	119,486
6,439	21,532	15,353	Taxation recoverable		26,357	27,723	8,277
989,510	1,039,510	1,089,510	Investment in subsidiaries	10	–	–	–
–	–	–	Investment properties	11	153,838	147,047	106,112
3,207	3,008	2,746	Property and equipment	12	223,716	192,002	201,570
27,418	25,322	23,227	Intangible assets	13	692,020	434,448	343,430
3,397	8,267	8,368	Right-of-use assets	14	39,716	20,369	11,619
32,563	18,856	6,837	Deferred tax assets	15	48,999	32,523	45,905
9,396	8,006	8,436	Employee benefits asset	16	180,801	153,967	160,908
<u>4,239,435</u>	<u>4,182,766</u>	<u>4,442,996</u>	Total assets		<u>10,300,416</u>	<u>9,445,547</u>	<u>9,231,082</u>

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

ANSA MERCHANT BANK LIMITED

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

	Parent				Group		
31 Dec 2021	31 Dec 2022	31 Dec 2023		Notes	31 Dec 2023	31 Dec 2022	31 Dec 2021
Liabilities							
			Customers' deposits and other funding instruments	18	4,084,214	3,603,444	3,383,771
1,960,705	1,938,156	2,152,570	Lease liabilities	14	37,194	19,153	11,766
3,701	8,265	8,575	Bank overdraft	4	17,789	3,840	1,907
1,907	3,840	17,789	Accrued interest and other payables	17	368,916	385,902	312,600
94,658	83,419	98,044	Debt securities in issue	19	600,000	600,000	600,000
600,000	600,000	600,000	Taxation payable		7,915	–	–
–	–	3,751	Deferred tax liabilities	15	125,359	103,946	120,964
8,148	7,799	11,687	Employee benefits liability	16	9,268	9,250	8,616
918	1,019	914	Investment contract liabilities	20	289,010	272,774	263,829
–	–	–	Insurance contract liabilities	21	2,038,571	1,695,126	1,627,810
–	–	–					
<u>2,670,037</u>	<u>2,642,498</u>	<u>2,893,330</u>	Total liabilities		<u>7,578,236</u>	<u>6,693,435</u>	<u>6,331,263</u>

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

ANSA MERCHANT BANK LIMITED

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023


(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

	Parent			Note	Group		
31 Dec 2021	31 Dec 2022	31 Dec 2023			31 Dec 2023	31 Dec 2022 Restated	31 Dec 2021 Restated
Equity							
667,274	667,274	667,274	Stated capital	22	667,274	667,274	667,274
225,896	230,274	238,124	Statutory reserve fund		254,068	246,218	241,839
47	(871)	191	Fair value reserve/(deficit)		(52,152)	(1,929)	(1,236)
4,768	3,884	3,969	General loan loss reserve		11,035	11,298	13,520
			Foreign currency				
672	673	653	reserve/(deficit)		(2,172)	(1,440)	(1,216)
<u>670,741</u>	<u>639,034</u>	<u>639,455</u>	Retained earnings		<u>1,843,676</u>	<u>1,830,015</u>	<u>1,978,898</u>
			Equity attributable to the				
<u>1,569,398</u>	<u>1,540,268</u>	<u>1,549,666</u>	equity holders of the parent		<u>2,721,729</u>	<u>2,751,436</u>	<u>2,899,079</u>
			Non-controlling interest		<u>451</u>	<u>676</u>	<u>740</u>
<u>1,569,398</u>	<u>1,540,268</u>	<u>1,549,666</u>	Total equity		<u>2,722,180</u>	<u>2,752,112</u>	<u>2,899,819</u>
<u>4,239,435</u>	<u>4,182,766</u>	<u>4,442,996</u>	Total liabilities and equity		<u>10,300,416</u>	<u>9,445,547</u>	<u>9,231,082</u>

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 25 March 2024 and signed on its behalf by:



A. Norman Sabga
Chairman



Ian De Souza
Managing Director

ANSA MERCHANT BANK LIMITED

SEPARATE AND CONSOLIDATED STATEMENT OF INCOME/(LOSS)
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)

Parent		Notes	Group		
2022	2023		2023	2022 Restated	
–	–	Net insurance service result	23	50,515	(3,461)
–	–	Net insurance financial result	24	(61,617)	(39,449)
		Finance charges, loan fees and other interest income	25	192,390	171,703
106,569	116,462	Investment income/(loss)	26	263,829	(33,965)
36,023	99,895	Revenue from contracts with customers	27	21,191	17,524
26,654	35,931	Other income	28	118,548	134,826
38,962	45,400	Interest expense	29	(108,623)	(74,605)
(55,643)	(86,730)	Credit loss expense on net investment in leased assets, loans and advances, and investment securities	30	6,300	20,292
<u>27,382</u>	<u>19,026</u>	Net operating income		<u>482,533</u>	<u>192,865</u>
179,947	229,984	Marketing expenses	31	(8,186)	(6,584)
(3,829)	(2,860)	Personnel expenses	32	(105,957)	(91,560)
(43,990)	(38,597)	Depreciation and amortisation		(54,008)	(37,705)
(4,476)	(5,024)	Management fees		(13,152)	(6,556)
(2,160)	(4,136)	General administrative expenses	33	(100,563)	(66,672)
<u>(21,316)</u>	<u>(23,458)</u>	Total operating expenses		<u>(281,866)</u>	<u>(209,077)</u>
<u>(75,771)</u>	<u>(74,075)</u>	Net profit/(loss) before taxation		<u>200,667</u>	<u>(16,212)</u>
104,176	155,909	Taxation	34	(71,374)	(29,125)
<u>(27,893)</u>	<u>(44,910)</u>	Profit/(loss) for the year		<u>129,293</u>	<u>(45,337)</u>
<u>76,283</u>	<u>110,999</u>				

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

ANSA MERCHANT BANK LIMITED

SEPARATE AND CONSOLIDATED STATEMENT OF INCOME/(LOSS)
FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

Parent			Group	
2022	2023		2023	2022
				Restated
		Profit/(loss) attributable to:		
76,283	110,999	Equity holders of the Parent	129,311	(45,269)
<u>—</u>	<u>—</u>	Non-controlling interest	<u>(18)</u>	<u>(68)</u>
<u>76,283</u>	<u>110,999</u>		<u>129,293</u>	<u>(45,337)</u>
		Basic and diluted (loss)/ earning per share (\$ per share)	1.51	(0.53)
		Weighted average number of shares ('000)	85,605	85,605

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

ANSA MERCHANT BANK LIMITED

SEPARATE AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)

Parent		Notes	Group	
2022	2023		2023	2022 Restated
76,283	110,999		129,293	(45,337)
		Profit/(loss) for the year		
		Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
		Net gain/(loss) on investment securities at fair value through		
1	–	other comprehensive income	(51,485)	–
–	–	Income tax effect	15 15,733	–
–	–	Revaluation of property	(9,585)	–
–	–	Income tax effect	15 2,875	–
(799)	151	Other movements	(4,827)	3,674
		Experience (losses)/gains on defined		
(1,509)	537	benefit plans	16(b) (15,012)	(13,483)
447	(162)	Income tax effect	15 5,541	3,350
(1,062)	375		(9,471)	(10,133)
(1,860)	526		(56,760)	(6,459)

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

ANSA MERCHANT BANK LIMITED

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

(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 2021	667,274	225,896	4,768	47	672	670,741	1,569,398
Profit for the year	–	–	–	–	–	76,283	76,283
Other comprehensive (loss)/income for the year	–	–	–	(918)	1	(1,770)	(2,687)
Transfer from general loan loss reserve	–	–	(884)	–	–	884	–
Transfer to statutory reserve fund	–	4,378	–	–	–	(4,378)	–
Dividends (Final 2021 and Interim 2022) (Note 44)	–	–	–	–	–	(102,726)	(102,726)
Balance as at 31 December 2022	<u>667,274</u>	<u>230,274</u>	<u>3,884</u>	<u>(871)</u>	<u>673</u>	<u>639,034</u>	<u>1,540,268</u>

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

ANSA MERCHANT BANK LIMITED

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

Parent	Stated capital	Statutory reserve fund	General loan loss reserve	Fair value (deficit)/ reserve	Foreign currency reserve	Retained earnings	Total equity
Balance as at 31 December 2022	667,274	230,274	3,884	(871)	673	639,034	1,540,268
Profit for the year	–	–	–	–	–	110,999	110,999
Other comprehensive income/(loss) for the year	–	–	–	1,062	(20)	83	1,125
Transfer to general loan loss reserve	–	–	85	–	–	(85)	–
Transfer to statutory reserve fund	–	7,850	–	–	–	(7,850)	–
Dividends (Final 2022 and Interim 2023) (Note 44)	–	–	–	–	–	(102,726)	(102,726)
Balance as at 31 December 2023	<u>667,274</u>	<u>238,124</u>	<u>3,969</u>	<u>191</u>	<u>653</u>	<u>639,455</u>	<u>1,549,666</u>

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

ANSA MERCHANT BANK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)

Group	Stated capital	Statutory reserve fund	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 2021	667,274	241,839	13,520	(1,236)	(1,216)	1,982,081	2,902,262	744	2,903,006
Impact of initial application of IFRS 17	—	—	—	—	—	(3,183)	(3,183)	(4)	(3,187)
Restated balance as at									
1 January 2022	667,274	241,839	13,520	(1,236)	(1,216)	1,978,898	2,899,079	740	2,899,819
Loss for the year	—	—	—	—	—	(45,269)	(45,269)	(68)	(45,337)
Other comprehensive									
loss for the year	—	—	—	(1,161)	(224)	(6,472)	(7,857)	—	(7,857)
Other life insurance									
reserve movements	—	—	—	—	—	7,809	7,809	—	7,809
Transfer from general loan									
loss reserve	—	—	(2,154)	—	—	2,154	—	—	—
Transfer to statutory									
reserve fund	—	4,379	—	—	—	(4,379)	—	—	—
Dividends (Final 2020 and									
Interim 2021) (Note 44)	—	—	—	—	—	(102,726)	(102,726)	—	(102,726)
Other reserve movements	—	—	(68)	468	—	—	400	4	404
Restated balance as at									
31 December 2022	<u>667,274</u>	<u>246,218</u>	<u>11,298</u>	<u>(1,929)</u>	<u>(1,440)</u>	<u>1,830,015</u>	<u>2,751,436</u>	<u>676</u>	<u>2,752,112</u>

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

ANSA MERCHANT BANK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

Group	Stated capital	Statutory reserve fund	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
Restated balance as at									
31 December 2022	667,274	246,218	11,298	(1,929)	(1,440)	1,830,015	2,751,436	676	2,752,112
Profit/(loss) for the year	–	–	–	–	–	129,311	129,311	(18)	129,293
Other comprehensive loss for the year	–	–	–	(50,223)	(732)	(5,350)	(56,305)	–	(56,305)
Transfer from general loan loss reserve	–	–	(276)	–	–	276	–	–	–
Transfer to statutory reserve fund	–	7,850	–	–	–	(7,850)	–	–	–
Dividends (Final 2021 and Interim 2022) (Note 44)	–	–	–	–	–	(102,726)	(102,726)	(207)	(102,933)
Other reserve movements	–	–	13	–	–	–	13	–	13
Balance as at									
31 December 2023	<u>667,274</u>	<u>254,068</u>	<u>11,035</u>	<u>(52,152)</u>	<u>(2,172)</u>	<u>1,843,676</u>	<u>2,721,729</u>	<u>451</u>	<u>2,722,180</u>

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

ANSA MERCHANT BANK LIMITED

SEPARATE AND CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)

Parent		Notes	Group	
2022	2023		2023	2022 Restated
Cash flows from operating activities				
104,176	155,909		200,667	(16,212)
Profit/(loss) before taxation				
Adjustments for:				
980	1,226	16(b)	(2,547)	(3,255)
Employee benefits				
–	–		(20,513)	(4,812)
Gain on disposal of property and equipment				
2,987	2,955		53,806	36,013
Depreciation and amortisation				
1,489	2,069	14	9,358	5,108
Depreciation of right-of-use assets				
3,178	(7,340)	30	(15,486)	4,428
Credit loss expense/(credit loss recovery on investment securities				
(445)	(3,586)		(14,018)	(8,100)
Amortisation of investment securities and interest capitalised (Credit loss recovery)/ credit loss expense on net investment in leased assets				
(30,560)	(11,686)	30	8,933	(25,097)
and loans and advances				
–	–		253	377
Credit loss expenses on insurance receivables				
4,696	(22,859)	26	(49,307)	146,030
Loss/(gain) on revaluation of investment securities				
18,160	(4,235)		(18,876)	38,014
Loss/(gain) on sale of investment securities				
(60,488)	(85,611)		(267,697)	(200,895)
Interest income				
55,643	86,730	29	108,623	74,605
Finance costs				
327	1,269		263	7,509
Foreign exchange losses				
100,143	114,841		(6,541)	53,713
Operating profit before changes in operating assets and liabilities				

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

ANSA MERCHANT BANK LIMITED

SEPARATE AND CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

Parent			Group	
2022	2023		2023	2022
				Restated
		Carried forward operating profit before		
100,143	114,841	changes in operating assets and liabilities	(6,541)	53,713
		Decrease/(increase) in investment in leased		
50,354	(598,882)	assets and loans and advances	(746,933)	(316,982)
		Decrease/(increase) in other receivables,		
87,561	(9,995)	debtors and prepayments	(1,902)	33,508
		(Decrease)/increase in customers' deposits		
(22,549)	214,414	and other funding instruments	480,770	219,673
		(Decrease)/increase in accrued interest		
(13,544)	6,488	and other payables	(27,401)	66,124
		Decrease/(increase) in Central Bank		
11,314	(39,488)	reserve account	10,576	(132,396)
		Increase in insurance and		
<u>—</u>	<u>—</u>	investment contract liabilities	<u>359,681</u>	<u>76,261</u>
213,279	(312,622)		68,250	(99)
(48,774)	(78,282)	Finance costs paid	(98,208)	(79,549)
65,231	83,319	Interest received on investment securities	241,550	206,771
<u>(28,820)</u>	<u>(18,320)</u>	Taxes paid	<u>(53,404)</u>	<u>(18,136)</u>
<u>200,916</u>	<u>(325,905)</u>	Net cash generated from/(used in)	<u>158,188</u>	<u>108,987</u>
		operating activities		

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

ANSA MERCHANT BANK LIMITED

SEPARATE AND CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

Parent		Notes	Group	
2022	2023		2023	2022 Restated
Cash flows from investing activities				
–	–		(3,000)	(5)
–	–		2,997	25
–	–		30,193	11,418
(7,051)	(2,768)		(379,249)	(154,173)
–	–		(6,791)	(34,125)
(1,226,153)	(1,498,399)		(3,214,951)	(1,832,418)
1,170,075	1,493,324		3,246,668	1,911,679
<u>(50,000)</u>	<u>(50,000)</u>		<u>(287,145)</u>	<u>–</u>
<u>(113,129)</u>	<u>(57,843)</u>		<u>(611,278)</u>	<u>(97,599)</u>
Cash flows from financing activities				
600,000	–		–	–
(600,000)	–		–	–
<u>(102,726)</u>	<u>(102,726)</u>	44	<u>(102,726)</u>	<u>(102,726)</u>
<u>(102,726)</u>	<u>(102,726)</u>		<u>(102,726)</u>	<u>(102,726)</u>
(14,939)	(486,474)		(555,816)	(91,338)
<u>615,928</u>	<u>600,989</u>		<u>1,175,051</u>	<u>1,266,389</u>
<u>600,989</u>	<u>114,515</u>		<u>619,235</u>	<u>1,175,051</u>
Represented by:				
<u>600,989</u>	<u>114,515</u>	4	<u>619,235</u>	<u>1,175,051</u>
<u>600,989</u>	<u>114,515</u>		<u>619,235</u>	<u>1,175,051</u>
Supplemental information:				
65,233	83,318		430,407	377,276
48,774	78,282		98,208	79,549

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 2023
(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 nine subsidiaries at 31 December 2023. A full listing of the Group’s subsidiaries is detailed in Note 10. 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. 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).

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. Accounting policies (continued)

i) Basis of preparation (continued)

These financial statements have been prepared on a historical cost basis, except for the fair value measurement of trading investment securities, investment properties and other financial assets not held in a business model whose objective is to hold assets to collect contractual cash flows or whose contractual terms do not give rise solely to payments of principal and interest (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 the 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 41.

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.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Accounting policies (continued)

i) Basis of preparation (continued)

Basis of consolidation (continued)

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.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. 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 2023, the Group earned \$8.44 million (2022: \$8.6 million) in management fees from the retirement plans and \$13.4 million (2022: \$7.95 million) from the mutual funds.

The Group holds an interest of \$71.6 million in sponsored funds as at 31 December 2023 (2022: \$71 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.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. Accounting policies (continued)

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 2022 except for the adoption of new standards and interpretations noted below.

In these financial statements, the Group has applied IFRS 17 for the first time and reassessed its classification of its financial assets portfolios under IFRS 9 with the exception of Colonial Fire & General Insurance Limited (COLFIRE) who applied IFRS 9 for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New and amended standards and interpretations

Definition of Accounting Estimates – Amendments to IAS 8 – Effective 1 January 2023

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments had no impact on the Group.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 – Effective 1 January 2023

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 – Effective 1 January 2023

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

These amendments had no impact on the Group.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

The International Accounting Standards Board (the IASB or Board) issued International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 (the Amendments) to clarify the application of IAS 12 Income Taxes to income taxes arising from tax law.

The Amendments introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

These amendments had no impact on the consolidated financial statements of the Group.

IFRS 17 Insurance Contracts – Effective 1 January 2023

In these financial statements, the Group has applied IFRS 17 Insurance Contracts for the first time. IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods beginning on or after 1 January 2023.

The Group has restated comparative information for 2022 applying the transitional provisions in Appendix C to IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Group's insurance and reinsurance contracts.

IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group. The Group's General, Health, and Group Life insurance contracts issued and related reinsurance contracts held are eligible to be measured using the Premium Allocation Approach ('PAA'). All other insurance contracts issued and held by the Group are required to be measured using the General Measurement Model ('GMM').

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 17 Insurance Contracts – Effective 1 January 2023 (continued)

The key principles of IFRS 17 are that the Group:

- Identifies insurance contracts as those under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards.
- Divides the insurance and reinsurance contracts into groups it will recognise and measure.
- Recognises and measures groups of insurance contracts measured using the GMM at:
 - A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information.

Plus

- An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM).
- Recognised the PAA liability for remaining coverage as premium received less amounts recognised in revenue for insurance services provided.
- Recognises profit from a group of insurance contracts over each period the Group provides insurance contract services, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group recognises the loss immediately.
- Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised for portfolios of contracts with a coverage period exceeding 12 months. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

Changes to presentation and disclosure

For presentation in the statement of financial position, the Group aggregates insurance issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of insurance and reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

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(Continued)

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 17 Insurance Contracts – Effective 1 January 2023 (continued)

Changes to presentation and disclosure (continued)

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows relating to portfolios of contracts exceeding one year.

The line item descriptions in the statement of income and comprehensive income have been changed significantly compared with last year. Previously, the Group reported the following line items:

- Gross earned premiums on insurance contracts
- Reinsurers' share of gross earned premiums on insurance contracts
- Gross insurance contract benefits and claims paid
- Reinsurer's share of gross insurance contract benefits and claims paid
- Gross change in insurance contract liabilities
- Reinsurer's share of gross insurance contract liabilities

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income and expenses
- Income or expenses from reinsurance contracts held

The Group provides disaggregated qualitative and quantitative information in the notes of the consolidated financial statements about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

Transition

On transition date, 1 January 2022, the Group:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied unless impracticable
- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified

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(Continued)

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 17 Insurance Contracts – Effective 1 January 2023 (continued)

Transition (continued)

- Derecognised any existing balances that would not exist had IFRS 17 always applied
- Recognised any resulting net difference in equity

On transition to IFRS 17, the Group has applied the full retrospective approach unless impracticable.

The Group has applied the full retrospective approach on transition to all inforce General and Group Life contracts and related reinsurance contracts held.

The Group has applied the fair value approach on transition for all Individual Life and Annuity contracts issued and related reinsurance contracts held, as prior to transition, it grouped contracts from multiple cohorts and years into a single unit for accounting purposes. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Group has determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. In determining fair value, the Group has applied the requirements of IFRS 13 Fair Value Measurement.

The Group has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year.

For the application of the fair value approach, the Group has used reasonable and supportable information available at the transition date in order to:

- Identify groups of insurance contracts
- Determine whether any contracts are direct participating insurance contracts
- Identify any discretionary cash flows for insurance contracts without direct participation features

The discount rate for the group of contracts applying the fair value approach was determined at the transition date. Therefore, for the measurement of fulfilment cash flows at the date of transition, the locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the top-down approach at inception.

The Group has elected not to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income.

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(Continued)

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 17 Insurance Contracts – Effective 1 January 2023 (continued)

Transition (continued)

The Group disaggregates the amounts recognised in the statement of income into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

The Group used the income approach to determine the fair value amount used for establishing the insurance contract liabilities at the transition date.

IFRS 9 - Reclassification

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

As of 1 January 2023, the Group reassessed its portfolios and has classified a portion of its previous financial assets designated at fair value through the statement of income as financial assets designated at fair value through the statement of comprehensive income. This reclassification resulted in changes to fair value (realised and unrealised) being now recognised in other comprehensive income.

The Group's classification of its financial assets is explained in Note 2(vi)(a).

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(Continued)

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

Standards issued but not yet effective

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

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback. In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current. In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
 - What is meant by a right to defer settlement
 - That a right to defer must exist at the end of the reporting period
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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(Continued)

2. Accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective (continued)

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (continued)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7. In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

- Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates – Effective 1 January 2025.

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.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

2. Accounting policies (continued)

iii) Business combinations and goodwill (continued)

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.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

2. Accounting policies (continued)

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 that are readily convertible to a known amount of cash and, which are subject to an insignificant risk of changes in value.

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

v) Statutory deposits with Central Banks

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

In addition, 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").

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(Continued)

2. Accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

Amortised cost and effective interest method (continued)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate (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 26.

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.

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(Continued)

2. Accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

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

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.

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(Continued)

2. Accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

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

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

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

Dividend income on investments in equity instruments at FVSI is recognised in the statement of income when the Group's right to receive the dividends is established 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.

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(Continued)

2. Accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

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.

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(Continued)

2. Accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

b) Impairment of financial assets (continued)

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.

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(Continued)

2. Accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

b) Impairment of financial assets (continued)

Calculation of Expected Credit Losses (ECLs) (continued)

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.

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.

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(Continued)

2. Accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

b) Impairment of financial assets (continued)

Cash and short-term funds

Cash and short-term funds are short-term funds placed with Central Banks and commercial banks in the countries where the Group is engaged in the full range of banking and financial activities and correspondent banks. These balances are usually less than three months old and highly liquid, therefore the Group considers the risk of default to be low and has taken the position of nil ECL on these balances.

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.

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(Continued)

2. Accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

b) Impairment of financial assets (continued)

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.

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(Continued)

2. Accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

b) Impairment of financial assets (continued)

The mechanics of the ECL method are summarised below: (continued)

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.

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2. Accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

c) *Derecognition of financial assets*

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of income. On derecognition of 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.

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2. Accounting policies (continued)

vi) Financial instruments (continued)

Financial liabilities (continued)

b) Derecognition of financial liabilities

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

vii) Fair value measurement

The Group measures certain financial instruments at fair value at each year end. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 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.

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2. Accounting policies (continued)

vii) Fair value measurement (continued)

With the exception of insurance contracts which are specifically excluded under IFRS 9, '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, 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.

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2. Accounting policies (continued)

vii) Fair value measurement (continued)

Investment securities (continued)

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.

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 |
| 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. |

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2. Accounting policies (continued)

vii) Fair value measurement (continued)

Determination of fair value and fair value hierarchies (continued)

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.

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2. Accounting policies (continued)

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) 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.

x) Insurance and reinsurance contracts classification

Any insurance contract not considered to be transferring significant risk is, 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.

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Group issues general insurance, health, individual life, group life, and annuity contracts.

The Group also holds reinsurance contracts in the normal course of business to transfer insurance risk to other entities.

The Group does not issue any contracts meeting the definition of insurance contracts with direct participating features under IFRS 17.

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2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment

Separating components from insurance and reinsurance contracts

Some life contracts issued by the Group include the following features which have been assessed to meet the definition of a non-distinct investment component in IFRS 17 since a minimum amount is repaid in all circumstances:

- Minimum guaranteed cash surrender values (after surrender charges)
- Minimum guaranteed payments on annuity policies
- Universal life account (after surrender charges)

IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance expenses.

Level of aggregation

IFRS 17 requires a Group to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

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2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment (continued)

Level of aggregation (continued)

The Group has defined portfolios of insurance and reinsurance contracts issued based on its product lines, namely immediate and deferred annuities and term life contracts due to the fact that the products are subject to similar risks and managed together. The expected profitability of these portfolios at inception is determined based on the actuarial valuation models which take into consideration existing and new business. In determining groups of contracts, the Group has elected to include in the same group contracts where its ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation. The groups of contracts for which the fair value approach has been adopted on transition include contracts issued more than one year apart.

Portfolios of insurance contracts issued are divided into:

- A group of contracts that are onerous at initial recognition
- A group of contracts that at initial recognition have no significant possibility of becoming
- A group of the remaining contracts in the portfolio

The reinsurance contracts held portfolios are divided into:

- A group of contracts on which there is a net gain on initial recognition
- A group of contracts that have no significant possibility of a net gain arising subsequent to
- A group of the remaining contracts in the portfolio

Recognition

The Group recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

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2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment (continued)

Recognition (continued)

The Group recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

And

- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

Onerous groups of contracts

The Group issues some contracts before the coverage period starts and the first premium becomes due. Therefore, the Group has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due. The Group looks at facts and circumstances to identify if a group of contracts are onerous at initial recognition and during the coverage period of the group based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

Contract Boundary

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks

Or

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2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment (continued)

Contract Boundary (continued)

- Both of the following criteria are satisfied:
 - The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
 - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

For life contracts with renewal periods or conversion options, the Group assesses whether premiums and related cash flows that arise from the renewed contract or conversion are within the contract boundary. The Group reassesses contract boundary of each group at the end of each reporting period.

Measurement - Premium Allocation Approach

<u>Component</u>	<u>Adopted approach</u>
PAA eligibility	Coverage period for General, Health, and Group life policies and single year losses occurring reinsurance contracts held is one year or less and so qualifies automatically for PAA.
Insurance acquisition cash flows	For all insurance products with a coverage period of one year or less, acquisition cash flows are expensed as incurred.
Liability/asset for remaining coverage (LFRC/AFRC)	For General, Health and Group Life insurance business, including related insurance contracts held, no allowance is made for accretion of interest on the LFRC/AFRC as premiums are received/paid within one year of the coverage period.
Liability/asset for incurred claims (LFIC/AFIC)	No adjustment is made for the time value of money where incurred claims are expected to be paid out or recovered from the reinsurer in less than one year.
Insurance finance income and expense	For all insurance business, the change in LFIC/AFIC as a result of changes in discount rates will be captured within profit or loss.

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2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment (continued)

Insurance contracts – initial measurement – Premium Allocation Approach (PAA) (continued)

The Group applies the PAA to the group's general, health, and group life insurance contracts that it issues and some reinsurance contracts that it holds as the coverage period of each contract in the groups are one year or less, including insurance contract services arising from all premiums within the contract boundary.

For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- plus, any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Insurance contracts – initial measurement – General Model

The general model measures a group of insurance contracts as the total of:

- Fulfillment cash flows, and
- A contractual service margin (CSM) representing the unearned profit the Group will recognise as it provides insurance contract services

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk. The Group's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Group estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

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2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment (continued)

Insurance contracts – initial measurement – General Model (continued)

When estimating future cash flows, the Group includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims
 - Payments to policyholders resulting from embedded surrender value options
 - An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Transaction-based taxes

The Group incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The Group estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by policyholders
- Other information about the known or estimated characteristics of the insurance contracts
- Historical data about the Group's own experience, supplemented when necessary with data from other sources. Historical data is adjusted to reflect current conditions
- Current pricing information, when available

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time. The Group does not elect to accrete interest on insurance acquisition cash flows to be allocated to profit or loss.

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2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment (continued)

Reinsurance contracts – initial measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes
- The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer
- The Group recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, it establishes a loss recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts held, the Group uses a systematic and rational method to determine the portion of losses recognised on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Where the Group enters into reinsurance contracts held which provide coverage relating to events that occurred before the purchase of the reinsurance, such cost of reinsurance is recognised in profit or loss on initial recognition.

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2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment (continued)

Insurance contracts – subsequent measurement – general model

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of insurance contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
 - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss

Or

- Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the top-down approach at inception.

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2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment (continued)

Insurance contracts – subsequent measurement – general model (continued)

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM)
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable. The same applies to a policyholder loan that becomes repayable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

The Group measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Group comprising the fulfilment cash flows related to past service allocated to the group at that date.

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2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment (continued)

Insurance contracts – subsequent measurement – PAA

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus the amount recognised as insurance revenue for the services provided in the period

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group, and include an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Reinsurance contracts held – subsequent measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.
- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the contractual service margin as they do not relate to future service.

Any change in the fulfilment cash flows of a retroactive reinsurance contract held due to the changes of the liability for incurred claims of the underlying contracts is taken to profit and loss and not the contractual service margin of the reinsurance contract held.

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(Continued)

2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment (continued)

Reinsurance contracts held – subsequent measurement (continued)

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where the Group has established a loss-recovery component, the Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of contracts issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of reinsurance contracts held. Reversals of the loss-recovery component that are not changes in the fulfilment cashflows of the group of reinsurance contracts held adjust the CSM.

Where the Group has established a loss-recovery component, the Group subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the CSM of the related group of insurance contracts. The Group expects to derecognise all assets for insurance acquisition cash flows within one year.

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2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment (continued)

Insurance acquisition cash flows (continued)

For insurance acquisition cash flows relating to contracts with a coverage period exceeding one year, the Group uses a systematic and rational method to allocate:

- (a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
 - (i) to that group; and
 - (ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- (b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

For insurance acquisition cash flows relating to contracts with a coverage period exceeding one year, where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group. The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the CSM/LRC of the related group of insurance contracts. The time bands when the Group expects to derecognise the above. At the end of each reporting period, the Group revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Group assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Group applies:

- An impairment test at the level of an existing or future group of insurance contracts; and
- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

Derecognition and modification

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)

or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract

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2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment (continued)

Derecognition and modification (continued)

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Presentation

The Group has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Group disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

The Group's insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Group adjusted for financing effect (the time value of money) and excluding any investment components). The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- Insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risk and any amounts allocated to the loss component of the liability for remaining coverage
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The CSM release
- Amounts related to insurance acquisition cash flows

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2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment (continued)

Insurance revenue (continued)

For contracts measured under the PAA, insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses. The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised on the basis of the passage of time.

Loss components

The Group has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Group has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfilment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Group uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

For contracts measured under the PAA, the Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

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2. Accounting policies (continued)

xi) Insurance and reinsurance contracts accounting treatment (continued)

Loss-recovery components

When the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

The Group does not disaggregate insurance finance income or expenses on insurance contracts issued and reinsurance contracts held between profit or loss and OCI.

Net income or expense from reinsurance contracts held

The Group presents as a single amount on the face of the statement of income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

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2. Accounting policies (continued)

xii) 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.

xiii) 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 valuers apply valuation models recommended by the International Valuation Standards Committee. Each property is externally valued at least once every three years.

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

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2. Accounting policies (continued)

xiii) Investment properties (continued)

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

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

xiv) 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 - 33 $\frac{1}{3}$
Computer equipment	25 - 33 $\frac{1}{3}$
Leasehold improvements	10 - 20
Office furniture, machinery and equipment	10 - 33 $\frac{1}{3}$
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.

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2. Accounting policies (continued)

xv) 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.

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2. Accounting policies (continued)

xv) Leases (continued)

Group as a lessee (continued)

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.

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2. Accounting policies (continued)

xvi) 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.

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2. Accounting policies (continued)

xvi) Intangible assets (continued)

Computer software (continued)

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

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

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 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.

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(Continued)

2. Accounting policies (continued)

xvi) Intangible assets (continued)

Trade name, policy renewal rights, distribution relationship and contracts

The Group acquired the following trademarks and tradenames: Trident Insurance - Name and Logo, Trident Road Rescue - Name and Logo Flexi-Pay from Trident Insurance - Name and Logo, and Flexi-Pay - Logo. Each trademark was registered in Barbados and is therefore protected via legal rights. Using the relief-from-royalty method, with the Group's intention to continue to use the Trident trademark into the foreseeable future, as such the useful life was determined to be indefinite.

The Policy Renewal Rights acquired in the business transfer agreement for the different lines of business have similar characteristics in that their contract terms do not differ significantly. The renewal rights associated with the different insurance contracts were valued as one group of contracts. The useful life of the renewal rights was determined to be 15 years.

The Policy Renewal Rights, and Distribution relationship acquired in the acquisition of COLFIRE were identifiable and relates to the value of future profits expected to be earned from the renewal of COLFIRE's direct in-force policies existing as at the acquisition date. The useful life of the renewal rights was determined to be 15 years. The value of the COLFIRE brand was not considered in the acquisition

xvii) 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.

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2. Accounting policies (continued)

xvii) Employee benefits (continued)

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 33:

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

Other post-employment benefit plan

The Group also provides other post-employment benefits to 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.

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2. Accounting policies (continued)

xviii) 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.

xix) Guarantee reserve fund

The Bank has guaranteed 100% return of the principal invested in the ANSA Secured Fund and ANSA US\$ Secured Fund, subject to a 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.

xx) Revenue recognition

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

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2. Accounting policies (continued)

xx) Revenue recognition (continued)

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 instrument. 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.

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.

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2. Accounting policies (continued)

xx) Revenue recognition (continued)

Other income and expenditure

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

xxi) 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.

xxii) 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.

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(Continued)

2. Accounting policies (continued)

xxiii) 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.

xxiv) 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 \$254.1 million (2022: \$246.2 million) as at 31 December 2023.

xxv) 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.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

2. Accounting policies (continued)

xxvi) 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.

xxvii) 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 2023: \$1.51; 2022: (\$0.53) restated. There are no dilutive ordinary shares in issue.

xxviii) 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.

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(Continued)

2. Accounting policies (continued)

xxix) 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.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

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.

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3. Significant accounting judgements and estimates in applying Group policies

The preparation of the Group's 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 38)
- Capital management (Note 40)

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 14)

- *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.

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

i) Judgements (continued)

Leases (Note 14) (continued)

• *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.

• *Net investment in leased assets*

Leases are classified as net investment in leased assets 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.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

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

i) Judgements (continued)

Property and equipment (Note 12)

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 27)

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.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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(Continued)

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

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 13)

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.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU, 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 15)

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.

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

ii) Estimates and assumptions (continued)

Pension and other post-employment benefits (Note 16)

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

Insurance contract liabilities (Note 21)

For general, health and group life insurance contracts, the Group applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Insurance and reinsurance contracts (Note 21)

Liability for remaining coverage

In the general and health insurance product line, the Group is eligible and chooses to recognise insurance acquisition cash flows as an expense immediately as incurred. This is because all insurance contracts issued within that product line have a coverage period of one year or less.

The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

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

ii) Estimates and assumptions (continued)

Insurance and reinsurance contracts (Note 21) (continued)

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Mack Chain Ladder.

The main assumption underlying these techniques is that the Group's past claim development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Some of the insurance contracts permit the Group to sell property acquired in settling a claim. The Group also has the right to pursue third parties for payment of some or all costs. Salvage recoveries and subrogation reimbursements are considered in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

Insurance contract liabilities

The following assumptions were used when estimating future cash flows:

- Mortality and morbidity rates (life insurance business)
Assumptions are based on standard industry tables, according to the type of contract written. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type.

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(Continued)

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

ii) Estimates and assumptions (continued)

Insurance and reinsurance contracts (Note 21) (continued)

Insurance contract liabilities (continued)

- Mortality and morbidity rates (life insurance business) (continued)
An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Group.
- Longevity (annuity business)
Assumptions are based on standard industry tables, adjusted when appropriate to reflect the Company's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by a number of factors including (but not limited to) policyholder gender, underwriting class and contract type.
An increase in expected longevity rates will lead to an increase in expected cost of immediate annuity payments which will reduce future expected profits of the Group.
- Expenses
Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.
An increase in the expected level of expenses will reduce future expected profits of the Group.
The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics.
- 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 sales trends.
An increase in lapse rates early in the life of the policy would tend to reduce profits of the Group, but later increases are broadly neutral in effect.

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

ii) Estimates and assumptions (continued)

Insurance and reinsurance contracts (Note 21) (continued)

Insurance contract liabilities (continued)

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

Discount rates applied for discounting of future cash flows are listed below:

General and Health insurance contracts

	1 year	5 years	10 years	15 years	30 years	55 years
2023	1.0%	4.0%	5.3%	6.5%	6.1%	5.5%
2022	1.0%	4.0%	5.3%	6.5%	6.1%	5.5%

Life insurance contracts

	1 year	5 yrs	10 yrs	15 yrs	30 yrs	55 yrs
2023	1.6%	4.2%	5.2%	6.4%	6.1%	5.5%
2022	1.0%	4.0%	5.3%	6.5%	6.1%	5.5%

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the percentile see below. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the percentile (see below) confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

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

ii) Estimates and assumptions (continued)

Insurance and reinsurance contracts (Note 21) (continued)

Insurance contract liabilities (continued)

Risk adjustment for non-financial risk (continued)

Company	Percentile
TATIL	75th
COLFIRE	75th
TATIL Life	80th

Valuation of investments (Note 37)

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

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

4. Cash and short-term funds

Parent			Group	
2022	2023		2023	2022
Cash and short-term funds				
552,121	117,507	Cash in hand and at bank	476,873	1,033,676
<u>52,708</u>	<u>14,797</u>	Short-term deposits with other banks	<u>160,151</u>	<u>145,215</u>
604,829	132,304		637,024	1,178,891
<u>100,241</u>	<u>139,729</u>	Central Bank Reserve	<u>306,112</u>	<u>316,688</u>
<u><u>705,070</u></u>	<u><u>272,033</u></u>		<u><u>943,136</u></u>	<u><u>1,495,579</u></u>

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

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 5.3% of average deposit liabilities and earned interest of 0.10% (2022: 0.10%).

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

Parent			Group	
2022	2023		2023	2022
552,121	117,507	Cash in hand and at bank	476,873	1,033,676
<u>52,708</u>	<u>14,797</u>	Short-term deposits with other banks	<u>160,151</u>	<u>145,215</u>
604,829	132,304		637,024	1,178,891
<u>(3,840)</u>	<u>(17,789)</u>	Bank overdraft	<u>(17,789)</u>	<u>(3,840)</u>
<u><u>600,989</u></u>	<u><u>114,515</u></u>		<u><u>619,235</u></u>	<u><u>1,175,051</u></u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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5. Net investment in leased assets and other instalment loans

a) Net investment in leased assets and other instalment loans

Parent			Group	
2022	2023		2023	2022
662,092	672,753	Hire purchase	944,010	935,553
<u>140,640</u>	<u>159,087</u>	Leases	<u>154,521</u>	<u>136,422</u>
802,732	831,840	Performing	1,098,531	1,071,975
<u>71,393</u>	<u>41,760</u>	Non-performing	<u>48,099</u>	<u>75,515</u>
874,125	873,600	Future minimum lease payments	1,146,630	1,147,490
<u>(116,628)</u>	<u>(105,938)</u>	Future finance charges and loan fees	<u>(105,303)</u>	<u>(116,628)</u>
757,497	767,662	Present value of minimum lease payments	1,041,327	1,030,862
<u>(39,207)</u>	<u>(34,649)</u>	Allowance for ECLs	<u>(39,822)</u>	<u>(43,665)</u>
<u>718,290</u>	<u>733,013</u>	Net investment in leased assets net of provision	<u>1,001,505</u>	<u>987,197</u>

b) New business less unearned income

Parent			Group	
2022	2023		2023	2022
<u>136,533</u>	<u>329,459</u>	New business less unearned income	<u>398,492</u>	<u>208,347</u>

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

Parent			Group	
2022	2023		2023	2022
332,382	236,459	Personal	430,899	532,228
<u>425,115</u>	<u>531,203</u>	Commercial	<u>610,428</u>	<u>498,634</u>
<u>757,497</u>	<u>767,662</u>		<u>1,041,327</u>	<u>1,030,862</u>

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

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

Parent			Group	
2022	2023		2023	2022
64,023	123,543	Within 1 year	132,242	70,496
538,040	473,990	1 to 5 years	649,813	679,522
<u>155,434</u>	<u>170,129</u>	Over 5 years	<u>259,272</u>	<u>280,844</u>
<u>757,497</u>	<u>767,662</u>		<u>1,041,327</u>	<u>1,030,862</u>

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

Parent			Group	
2022	2023		2023	2022
71,041	127,258	Within 1 year	135,950	77,515
617,087	538,628	1 to 5 years	713,898	758,568
<u>185,997</u>	<u>207,714</u>	Over 5 years	<u>296,782</u>	<u>311,407</u>
<u>874,125</u>	<u>873,600</u>		<u>1,146,630</u>	<u>1,147,490</u>

Repossessed collateral

As at 31 December 2023, the Group held repossessed vehicles with a fair value of \$2.6 million (2022: \$2.1 million). Repossessed vehicles are sold as soon as practical, with the proceeds used to reduce the outstanding indebtedness.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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5. Net investment in leased assets and other instalment loans (continued)***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**Net Investment in Leased Assets**

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 December 2023	692,974	40,598	34,090	767,662
ECL allowance as at 31 December 2023	<u>(6,107)</u>	<u>(907)</u>	<u>(27,635)</u>	<u>(34,649)</u>
Net exposure as at 31 December 2023	<u>686,867</u>	<u>39,691</u>	<u>6,455</u>	<u>733,013</u>
Gross carrying amount as at 31 December 2022	657,390	23,849	76,258	757,497
ECL allowance as at 31 December 2022	<u>(9,736)</u>	<u>(817)</u>	<u>(28,654)</u>	<u>(39,207)</u>
Net exposure as at 31 December 2022	<u>647,654</u>	<u>23,032</u>	<u>47,604</u>	<u>718,290</u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

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

Impairment allowance for leased assets and other instalment loans (continued)

Parent (continued)

Net Investment in Leased Assets (continued)

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	(15,395)	(4,655)	(62,762)	(82,812)
ECL on new instruments issued during the year	(2,283)	–	–	(2,283)
Other credit loss movements, repayments etc.	7,942	3,838	26,534	38,314
Charge-offs and write-offs	–	–	10,194	10,194
Credit loss expense	–	–	(2,620)	(2,620)
At 31 December 2022	(9,736)	(817)	(28,654)	(39,207)
ECL on new instruments issued during the year	(2,565)	(354)	(28)	(2,947)
Other credit loss movements, repayments etc.	6,194	263	3,875	10,332
Credit loss income/(expense)	–	1	(2,828)	(2,827)
At 31 December 2023	(6,107)	(907)	(27,635)	(34,649)

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(Continued)

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

Impairment allowance for leased assets and other instalment loans (continued)

Group

Net Investment in Leased Assets

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 December 2023	948,443	51,263	41,621	1,041,327
ECL allowance as at 31 December 2023	<u>(7,580)</u>	<u>(1,022)</u>	<u>(31,220)</u>	<u>(39,822)</u>
Net exposure as at 31 December 2023	<u>940,863</u>	<u>50,241</u>	<u>10,401</u>	<u>1,001,505</u>
Gross carrying amount as at 31 December 2022	915,432	33,982	81,448	1,030,862
ECL allowance as at 31 December 2022	<u>(10,940)</u>	<u>(1,119)</u>	<u>(31,606)</u>	<u>(43,665)</u>
Net exposure as at 31 December 2022	<u>904,492</u>	<u>32,863</u>	<u>49,842</u>	<u>987,197</u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

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

Impairment allowance for leased assets and other instalment loans (continued)

Group (continued)

Net Investment in Leased Assets (continued)

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	(18,111)	(5,901)	(65,049)	(89,061)
ECL on new instruments issued during the year	(2,283)	–	–	(2,283)
Other credit loss movements, repayments etc.	8,422	4,100	24,045	36,567
Charge-offs and write-offs	1,032	682	12,020	13,734
Credit loss expense	–	–	(2,622)	(2,622)
At 31 December 2022	(10,940)	(1,119)	(31,606)	(43,665)
ECL on new instruments issued during the year	(2,565)	(354)	(28)	(2,947)
Other credit loss movements, repayments etc.	5,766	268	1,567	7,601
Charge-offs and write-offs	159	183	–	342
Credit loss expense	–	–	(1,153)	(1,153)
At 31 December 2023	(7,580)	(1,022)	(31,220)	(39,822)

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

6. Loans and advances

Parent			Group	
2022	2023		2023	2022
				Restated
–	–	Mortgage loans	440,653	415,225
<u>546,404</u>	<u>1,137,785</u>	Other loans and advances	<u>1,718,656</u>	<u>1,099,096</u>
546,404	1,137,785	Performing loans and advances	2,159,309	1,514,321
<u>9,497</u>	<u>8,496</u>	Non-performing loans and advances	<u>120,497</u>	<u>47,805</u>
555,901	1,146,281		2,279,806	1,562,126
<u>(6,982)</u>	<u>(1,517)</u>	Allowance for ECLs	<u>(29,518)</u>	<u>(20,911)</u>
<u>548,919</u>	<u>1,144,764</u>		<u>2,250,288</u>	<u>1,541,215</u>
Sectorial analysis of advances				
2,964	2,786	Personal	715,201	588,599
–	–	Retail/distribution/manufacturing	119,631	139,744
–	–	Hotel and restaurant	11,933	7,524
–	–	Services	104,985	93,544
30,757	28,969	Construction and real estate	76,497	77,587
281,620	243,924	Financial	218,564	256,260
<u>240,560</u>	<u>870,602</u>	Other	<u>1,032,995</u>	<u>398,868</u>
<u>555,901</u>	<u>1,146,281</u>		<u>2,279,806</u>	<u>1,562,126</u>
Loans and advances have the following maturity profile				
238,002	245,257	Within 1 year	420,866	404,074
206,241	705,708	1 to 5 years	981,624	422,880
<u>111,658</u>	<u>195,316</u>	Over 5 years	<u>877,316</u>	<u>735,172</u>
<u>555,901</u>	<u>1,146,281</u>		<u>2,279,806</u>	<u>1,562,126</u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

6. Loans and advances (continued)***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

Other loans and advances	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 December 2023	961,606	176,131	8,544	1,146,281
ECL allowance as at 31 December 2023	<u>(844)</u>	<u>(139)</u>	<u>(534)</u>	<u>(1,517)</u>
Net exposure as at 31 December 2023	<u>960,762</u>	<u>175,992</u>	<u>8,010</u>	<u>1,144,764</u>
Gross carrying amount as at 31 December 2022	508,499	529	46,873	555,901
ECL allowance as at 31 December 2022	<u>(2,421)</u>	<u>–</u>	<u>(4,561)</u>	<u>(6,982)</u>
Net exposure as at 31 December 2022	<u>506,078</u>	<u>529</u>	<u>42,312</u>	<u>548,919</u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

6. Loans and advances (continued)***Impairment allowance for loans and advances*** (continued)**Parent** (continued)**Other loans and advances** (continued)

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	(1,852)	(6)	(9,595)	(11,453)
ECL on new instruments issued during the year	(1,299)	–	–	(1,299)
Other credit loss movements, repayments etc.	730	6	(4,908)	(4,172)
Charge-offs and write-offs	<u>–</u>	<u>–</u>	<u>9,942</u>	<u>9,942</u>
At 31 December 2022	(2,421)	–	(4,561)	(6,982)
ECL on new instruments issued during the year	(1,323)	–	–	(1,323)
Other credit loss movements, repayments etc.	2,900	(139)	2,863	5,624
Charge-offs and write-offs	<u>–</u>	<u>–</u>	<u>1,164</u>	<u>1,164</u>
At 31 December 2023	<u>(844)</u>	<u>(139)</u>	<u>(534)</u>	<u>(1,517)</u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

6. Loans and advances (continued)***Impairment allowance for loans and advances (continued)*****Group**

Other loans and advances	Stage 1	Stage 2	Stage 3	Eliminations	Total
Gross carrying amount as at 31 December 2023	1,838,564	314,078	136,420	(9,256)	2,279,806
ECL allowance as at 31 December 2023	<u>(5,539)</u>	<u>(1,454)</u>	<u>(22,525)</u>	<u>–</u>	<u>(29,518)</u>
Net exposure as at 31 December 2023	<u>1,833,025</u>	<u>312,624</u>	<u>113,895</u>	<u>(9,256)</u>	<u>2,250,288</u>
Gross carrying amount as at 31 December 2022	1,441,742	27,992	101,648	(9,256)	1,562,126
ECL allowance as at 31 December 2022	<u>(4,756)</u>	<u>(130)</u>	<u>(16,025)</u>	<u>–</u>	<u>(20,911)</u>
Net exposure as at 31 December 2022	<u>1,436,986</u>	<u>27,862</u>	<u>85,623</u>	<u>(9,256)</u>	<u>1,541,215</u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

6. Loans and advances (continued)***Impairment allowance for loans and advances*** (continued)**Group** (continued)

Other loans and advances (continued)	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2022	(3,255)	(244)	(19,357)	(22,856)
ECL on new instruments issued during the year	(1,575)	(30)	(3)	(1,608)
Other credit loss movements, repayments etc.	(115)	96	(7,560)	(7,579)
Charge-offs and write-offs	85	48	10,895	11,028
Credit loss income	104	–	–	104
At 31 December 2022	(4,756)	(130)	(16,025)	(20,911)
Translation adjustments				
ECL on new instruments issued during the year	(1,404)	(147)	(534)	(2,085)
Other credit loss movements, repayments etc.	533	(1,182)	(10,853)	(11,502)
Charge-offs and write-offs	88	5	1,796	1,889
Credit loss income	–	–	3,091	3,091
At 31 December 2023	(5,539)	(1,454)	(22,525)	(29,518)

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

7. Investment securities

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

Parent			Group	
2022	2023		2023	2022
Investment securities				
Designated at fair value through				
486,525	340,452	statement of income	796,382	1,779,452
533,926	525,528	Amortised cost	2,723,123	2,330,100
Fair value through other				
41,936	236,843	comprehensive income	872,086	52,437
<u>1,062,387</u>	<u>1,102,823</u>	Total investment securities	<u>4,391,591</u>	<u>4,161,989</u>
Investment securities designated at fair value through statement of income				
22	22	Equity securities	345,300	668,677
388,467	249,894	Managed Funds	294,061	930,973
–	–	Government bonds	28,014	10,133
–	–	State-owned company securities	19,471	48,065
98,036	90,536	Corporate bonds	109,536	121,604
<u>486,525</u>	<u>340,452</u>		<u>796,382</u>	<u>1,779,452</u>
Investment securities measured at amortised cost				
1,415	230	Government bonds	805,489	460,296
45,371	37,828	State-owned company securities	385,233	481,454
487,140	487,470	Corporate bonds	1,532,401	1,388,350
<u>533,926</u>	<u>525,528</u>		<u>2,723,123</u>	<u>2,330,100</u>

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(Continued)

7. **Investment securities** (continued)

Parent			Group	
2022	2023		2023	2022
		Investment securities designated and measured at FVOCI		
20,630	20,779	Equity securities	549,497	–
–	101,012	Government bonds	144,905	5,458
<u>21,306</u>	<u>115,052</u>	Corporate bonds	<u>177,684</u>	<u>46,979</u>
<u>41,936</u>	<u>236,843</u>		<u>872,086</u>	<u>52,437</u>
<u>1,062,387</u>	<u>1,102,823</u>	Total investment securities	<u>4,391,591</u>	<u>4,161,989</u>

Equity securities listed under investment securities designated and measured at fair value through other comprehensive income relates to the Group's's investment in the mutual funds and publicly traded local and regional shares.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

7. Investment securities (continued)***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).

Parent**Investment securities measured at amortised cost**

	Stage 1	Stage 2	Stage 3	Purchase or originated credit- impaired	Total
Gross carrying amount as at 31 December 2023	524,855	6,508	240	–	531,603
ECL allowance as at 31 December 2023	<u>(5,835)</u>	<u>(1)</u>	<u>(239)</u>	<u>–</u>	<u>(6,075)</u>
Net exposure as at 31 December 2023	<u>519,020</u>	<u>6,507</u>	<u>1</u>	<u>–</u>	<u>525,528</u>
Gross carrying amount as at 31 December 2022	547,006	–	471	–	547,477
ECL allowance as at 31 December 2022	<u>(13,086)</u>	<u>–</u>	<u>(465)</u>	<u>–</u>	<u>(13,551)</u>
Net exposure as at 31 December 2022	<u>533,920</u>	<u>–</u>	<u>6</u>	<u>–</u>	<u>533,926</u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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(Continued)

7. Investment securities (continued)

Impairment allowance for investment securities (continued)

Parent (continued)

Investment securities measured at amortised cost (continued)

	Stage 1	Stage 2	Stage 3	Purchase or originated credit- impaired	Total
ECL allowance as at 1 January 2022	(3,371)	(14)	(7,751)	–	(11,136)
ECL on new instruments issued during the year	(271)	–	–	–	(271)
Other credit loss movements, repayments etc.	(9,444)	14	6,524	–	(2,906)
Charge-offs and write-offs	–	–	762	–	762
At 31 December 2022	(13,086)	–	(465)	–	(13,551)
ECL on new instruments issued during the year	(720)	–	–	–	(720)
Other credit loss movements, repayments etc.	7,971	(1)	90	–	8,060
Credit loss income	–	–	136	–	136
At 31 December 2023	(5,835)	(1)	(239)	–	(6,075)

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FOR THE YEAR ENDED 31 DECEMBER 2023

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(Continued)

7. Investment securities (continued)

Impairment allowance for investment securities (continued)

Group

Investment securities measured at amortised cost

	Stage 1	Stage 2	Stage 3	Purchase or originated credit- impaired	Total
Gross carrying amount as at 31 December 2023	2,702,317	12,349	24,426	–	2,739,092
ECL allowance as at 31 December 2023	<u>(10,931)</u>	<u>(99)</u>	<u>(4,939)</u>	<u>–</u>	<u>(15,969)</u>
Net exposure as at 31 December 2023	<u>2,691,386</u>	<u>12,250</u>	<u>19,487</u>	<u>–</u>	<u>2,723,123</u>
Gross carrying amount as at 31 December 2022	2,325,939	11,241	8,723	16,101	2,362,004
ECL allowance as at 31 December 2022	<u>(22,725)</u>	<u>(456)</u>	<u>(8,723)</u>	<u>–</u>	<u>(31,904)</u>
Net exposure as at 31 December 2022	<u>2,303,214</u>	<u>10,785</u>	<u>–</u>	<u>16,101</u>	<u>2,330,100</u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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(Continued)

7. **Investment securities** (continued)*Impairment allowance for investment securities* (continued)**Group** (continued)**Investment securities measured at amortised cost** (continued)

	Stage 1	Stage 2	Stage 3	Purchase or originated credit- impaired	Total
ECL allowance as at 1 January 2022	(9,442)	(657)	(8,174)	–	(18,273)
Translation adjustments	(232)	–	–	–	(232)
ECL on new instruments issued during the year	(757)	–	–	–	(757)
Other credit loss movements, repayments etc.	(10,210)	202	6,569	–	(3,439)
Charge-offs and write-offs	(782)	–	–	–	(782)
Credit loss expense	(1,302)	(1)	(7,118)	–	(8,421)
At 31 December 2022	(22,725)	(456)	(8,723)	–	(31,904)
Translation adjustments	10	11	7	–	28
ECL on new instruments issued during the year	(1,750)	–	(238)	–	(1,988)
Other credit loss movements, repayments etc.	13,390	216	3,868	–	17,474
Charge-offs and write-offs	(2,348)	–	–	–	(2,348)
Credit loss income	2,492	130	147	–	2,769
At 31 December 2023	(10,931)	(99)	(4,939)	–	(15,969)

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(Continued)

7. **Investment securities** (continued)

Impairment allowance for investment securities (continued)

Parent

Investment securities designated and measured at FVOCI

	Stage 1	Stage 2	Stage 3	Purchase or originated credit- impaired	Total
Gross carrying amount as at 31 December 2023	216,064	–	–	–	216,064
ECL allowance as at 31 December 2023	<u>(18)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(18)</u>
Net exposure as at 31 December 2023	<u>216,046</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>216,046</u>
Gross carrying amount as at 31 December 2022	21,306	–	–	–	21,306
ECL allowance as at 31 December 2022	<u>(5)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(5)</u>
Net exposure as at 31 December 2022	<u>21,301</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>21,301</u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

7. **Investment securities** (continued)

Impairment allowance for investment securities (continued)

Parent (continued)

Investment securities designated and measured at FVOCI (continued)

	Stage 1	Stage 2	Stage 3	Purchase or originated credit- impaired	Total
ECL allowance as at 1 January 2022	(6)	–	–	–	(6)
Other credit loss movements, repayments etc.	<u>1</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1</u>
At 31 December 2022	(5)	–	–	–	(5)
ECL on new instruments issued during the year	<u>(13)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(13)</u>
At 31 December 2023	<u>(18)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(18)</u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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(Continued)

7. **Investment securities** (continued)

Impairment allowance for investment securities (continued)

Group

Investment securities designated and measured at FVOCI

	Stage 1	Stage 2	Stage 3	Purchase or originated credit- impaired	Total
Gross carrying amount as at 31 December 2023	322,589	–	–	–	322,589
ECL allowance as at 31 December 2023	<u>(67)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(67)</u>
Net exposure as at 31 December 2023	<u>322,522</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>322,522</u>
Gross carrying amount as at 31 December 2022	52,437	–	–	–	52,437
ECL allowance as at 31 December 2022	<u>(144)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(144)</u>
Net exposure as at 31 December 2022	<u>52,293</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>52,293</u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

7. **Investment securities** (continued)

Impairment allowance for investment securities (continued)

Group (continued)

Investment securities designated and measured at FVOCI (continued)

	Stage 1	Stage 2	Stage 3	Purchase or originated credit- impaired	Total
ECL allowance as at 1 January 2022	(41)	–	–	–	(41)
Other credit loss movements, repayments etc.	(104)	–	–	–	(104)
Credit loss expense	1	–	–	–	1
At 31 December 2022	(144)	–	–	–	(144)
Other credit loss movements, repayments etc.	11	–	–	–	11
Credit loss income	66	–	–	–	66
At 31 December 2023	(67)	–	–	–	(67)

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8. Assets pledged

Parent			Group	
2022	2023		2023	2022
–	–	Cash and short-term funds	3,672	3,686
–	–	Bonds and debentures	18,192	36,415
–	–		21,864	40,101

A statutory fund and deposit is 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. Other debtors and prepayments

Parent			Group	
2022	2023		2023	2022
9,916	15,822	Fees and rent receivable	403	1,337
4,540	6,541	Proceeds from investments	6,541	4,540
1,822	590	Prepayments	14,727	11,794
4,300	7,620	VAT receivable	13,059	10,501
–	–	Client funds receivable	1,627	8,265
–	–	Other related party balances	6,372	12,038
–	–	Other receivables	17,071	8,708
20,578	30,573		59,800	57,183

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10. Investment in subsidiaries

	Parent	
	2023	2022
At beginning of the period	1,039,510	989,510
Capital funding	<u>50,000</u>	<u>50,000</u>
At end of the period	<u>1,089,510</u>	<u>1,039,510</u>

The 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-23	Proportion of issued capital held 31-Dec-22
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%	100%
First Class Services Limited	Trinidad and Tobago	100%	100%
Colonial Fire Insurance Company Limited (Colfire)	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.

On 7 February 2023, Trinidad and Tobago Insurance Limited (TATIL) completed the acquisition of 100% of Colonial Fire & General Insurance Company Limited (Colfire). This was an acquisition of a non-listed company engaged in the underwriting of general insurance policies.

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(Continued)

10. Investment in subsidiaries (continued)

On 23 June 2022, TATIL Life Assurance Limited acquired 100% of First Class Services Limited (FCSL). This was an acquisition which consisted of an investment property.

In February 2020, Trident Insurance Company Limited (TICL) (wholly owned by ANSA McAL (Barbados) Ltd., entered into a business transfer agreement (BTA) with Trinidad and Tobago Insurance Limited (TATIL) to sell, assign and transfer the business, trademark, logo and assets of TICL free and clear of all encumbrances, liens and other restrictions. In December 2021, the Central Bank of Trinidad and Tobago (CBTT) approved the commencement of the renewal of all insurance policies in the name of TATIL trading as Trident Insurance renewing as the policies expired commencing 1 May 2021 via a Scheme of Transfer. They did not, however, approve the transfer of the assets and liabilities to TATIL as at that time. The remaining assets and liabilities of TICL were transferred to the company in December 2023 after the final approval by the CBTT was granted.

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(Continued)

11. Investment properties

Parent		Group	
2022	2023	2023	2022
–	–	147,047	106,112
–	–	–	–
–	–	6,791	34,125
–	–	–	6,810
–	–	153,838	147,047
–	–	15,728	15,061
–	–	15,775	10,193

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

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:

	2023	2022
No later than 1 year	24,610	20,654
Later than 1 year but not later than 5 years	48,617	170,799
Later than 5 years	28,410	53,701
	<u>101,637</u>	<u>245,154</u>

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

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(Continued)

12. Property and equipment

Parent 2023	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Total
Cost					
At beginning of the period	1,791	8,800	1,540	5,302	17,433
Additions	<u>228</u>	<u>370</u>	<u>–</u>	<u>–</u>	<u>598</u>
At end of the period	<u>2,019</u>	<u>9,170</u>	<u>1,540</u>	<u>5,302</u>	<u>18,031</u>
Accumulated depreciation					
At beginning of the period	1,438	7,922	1,093	3,972	14,425
Current depreciation	<u>49</u>	<u>473</u>	<u>100</u>	<u>238</u>	<u>860</u>
At end of the period	<u>1,487</u>	<u>8,395</u>	<u>1,193</u>	<u>4,210</u>	<u>15,285</u>
Net book value	<u><u>532</u></u>	<u><u>775</u></u>	<u><u>347</u></u>	<u><u>1,092</u></u>	<u><u>2,746</u></u>

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(Continued)

12. Property and equipment (continued)

Parent 2022	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Total
Cost					
At beginning of the period	1,776	8,333	1,540	5,092	16,741
Additions	<u>15</u>	<u>467</u>	<u>–</u>	<u>210</u>	<u>692</u>
At end of the period	<u>1,791</u>	<u>8,800</u>	<u>1,540</u>	<u>5,302</u>	<u>17,433</u>
Accumulated depreciation					
At beginning of the period	1,398	7,438	964	3,734	13,534
Current depreciation	<u>40</u>	<u>484</u>	<u>129</u>	<u>238</u>	<u>891</u>
At end of the period	<u>1,438</u>	<u>7,922</u>	<u>1,093</u>	<u>3,972</u>	<u>14,425</u>
Net book value	<u><u>353</u></u>	<u><u>878</u></u>	<u><u>447</u></u>	<u><u>1,330</u></u>	<u><u>3,008</u></u>

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

12. Property and equipment (continued)

Group 2023	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Land & buildings	Leased vehicles & equipment	Total
Cost							
At beginning of the period	27,884	54,947	2,821	31,189	62,917	189,820	369,578
Additions from business combination	25,955	21,704	2,498	428	27,400	–	77,985
Additions	12,606	5,051	951	1,360	1,728	30,010	51,706
Transfers	5,921	(27,450)	(7)	(13,372)	15,793	–	(19,115)
Disposals	(4,154)	(11)	(1,647)	(2,084)	(1,151)	(33,903)	(42,950)
Transfer to investment property	–	–	–	–	(2,868)	–	(2,868)
Exchange differences on translation of foreign operations	(27)	(100)	(33)	(192)	(148)	(7,423)	(7,923)
Other movements	–	–	–	–	–	(2,315)	(2,315)
At end of the period	<u>68,185</u>	<u>54,141</u>	<u>4,583</u>	<u>17,329</u>	<u>103,671</u>	<u>176,189</u>	<u>424,098</u>

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FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

12. Property and equipment (continued)

Group 2023 (continued)

	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Land & buildings	Leased vehicles & equipment	Total
Accumulated depreciation							
At beginning of the period	18,380	36,547	1,954	18,776	5,578	96,341	177,576
Additions from business combination	21,530	15,939	2,062	–	282	–	39,813
Current depreciation	3,264	5,420	368	914	764	25,334	36,064
Disposals	(3,674)	(6)	(1,366)	(1,503)	(221)	(26,441)	(33,211)
Transfers	891	(12,477)	–	(6,899)	–	–	(18,485)
Exchange differences on translation of foreign operations	(122)	(85)	(28)	(187)	(10)	(4,760)	(5,192)
Other movements	–	–	–	–	–	3,817	3,817
At end of the period	<u>40,269</u>	<u>45,338</u>	<u>2,990</u>	<u>11,101</u>	<u>6,393</u>	<u>94,291</u>	<u>200,382</u>
Net book value	<u>27,916</u>	<u>8,803</u>	<u>1,593</u>	<u>6,228</u>	<u>97,278</u>	<u>81,898</u>	<u>223,716</u>

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FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

12. Property and equipment (continued)

Group 2022	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Land & buildings	Leased vehicles & equipment	Total
Cost							
At beginning of the period	26,670	51,458	3,224	37,340	64,922	193,475	377,089
Additions	1,322	3,721	7	9,300	718	26,545	41,613
Disposals	(99)	(226)	(412)	–	–	(31,343)	(32,080)
Transfer to investment property	–	–	–	–	(16,101)	–	(16,101)
Exchange differences on translation of foreign operations	5	3	2	7	5	276	298
Other movements	<u>(14)</u>	<u>(9)</u>	<u>–</u>	<u>(15,458)</u>	<u>13,373</u>	<u>867</u>	<u>(1,241)</u>
At end of the period	<u>27,884</u>	<u>54,947</u>	<u>2,821</u>	<u>31,189</u>	<u>62,917</u>	<u>189,820</u>	<u>369,578</u>

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(Continued)

12. Property and equipment (continued)

Group 2022 (continued)

	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Land & buildings	Leased vehicles & equipment	Total
Accumulated depreciation							
At beginning of the period	17,006	33,972	1,814	17,044	4,829	100,854	175,519
Current depreciation	1,429	2,726	317	1,726	749	20,451	27,398
Disposals	(14)	(153)	(177)	–	–	(25,096)	(25,440)
Exchange differences on translation of foreign operations	(41)	2	–	6	–	132	99
At end of the period	<u>18,380</u>	<u>36,547</u>	<u>1,954</u>	<u>18,776</u>	<u>5,578</u>	<u>96,341</u>	<u>177,576</u>
Net book value	<u>9,504</u>	<u>18,400</u>	<u>867</u>	<u>12,413</u>	<u>57,339</u>	<u>93,479</u>	<u>192,002</u>

As at 31 December 2023, the Parent's gross carrying amount of fully depreciated assets still in use amounted to \$0.6 million (2022: \$0.4 million) and the Group \$67.5 million (2022: \$38.1 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 2023 and at 31 December 2022 for both the Parent and the Group.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

13. Intangible assets

Parent	Computer software & work in progress	Total
2023		
Gross carrying amounts		
At beginning of the period	<u>32,844</u>	<u>32,844</u>
At end of the period	<u>32,844</u>	<u>32,844</u>
Accumulated impairment and amortisation		
At beginning of the period	7,522	7,522
Amortisation for the year	<u>2,095</u>	<u>2,095</u>
At end of the period	<u>9,617</u>	<u>9,617</u>
Net carrying amounts	<u>23,227</u>	<u>23,227</u>
2022		
Gross carrying amounts		
At beginning of the period	<u>32,844</u>	<u>32,844</u>
At end of the period	<u>32,844</u>	<u>32,844</u>
Accumulated impairment and amortisation		
At beginning of the period	5,426	5,426
Amortisation for the year	<u>2,096</u>	<u>2,096</u>
At end of the period	<u>7,522</u>	<u>7,522</u>
Net carrying amounts	<u>25,322</u>	<u>25,322</u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

13. Intangible assets (continued)

Group	Goodwill	Banking license & Customer deposits	Brand & policy renewal	Policy renewal right & distribution relationship	Computer software & work in progress	Total
2023						
Gross carrying amounts						
At beginning of the period	177,617	81,042	–	–	201,130	459,789
Acquisitions during the year	<u>173,358</u>	<u>–</u>	<u>5,980</u>	<u>38,472</u>	<u>75,359</u>	<u>293,169</u>
At end of the period	<u>350,975</u>	<u>81,042</u>	<u>5,980</u>	<u>38,472</u>	<u>276,489</u>	<u>752,958</u>
Accumulated impairment and amortisation						
At beginning of the period	–	4,868	–	–	20,473	25,341
Other movements	–	–	–	–	35	35
Acquisitions during the year	–	–	–	–	17,820	17,820
Amortisation for the year	<u>–</u>	<u>2,655</u>	<u>–</u>	<u>3,081</u>	<u>12,006</u>	<u>17,742</u>
At end of the period	<u>–</u>	<u>7,523</u>	<u>–</u>	<u>3,081</u>	<u>50,334</u>	<u>60,938</u>
Net carrying amounts	<u>350,975</u>	<u>73,519</u>	<u>5,980</u>	<u>35,391</u>	<u>226,155</u>	<u>692,020</u>
2022						
Gross carrying amounts						
At beginning of the period	177,617	81,042	–	–	101,497	360,156
Acquisitions during the year	–	–	–	–	87,065	87,065
Other movements	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>12,568</u>	<u>12,568</u>
At end of the period	<u>177,617</u>	<u>81,042</u>	<u>–</u>	<u>–</u>	<u>201,130</u>	<u>459,789</u>
Accumulated impairment and amortisation						
At beginning of the period	–	2,213	–	–	14,513	16,726
Amortisation for the year	<u>–</u>	<u>2,655</u>	<u>–</u>	<u>–</u>	<u>5,960</u>	<u>8,615</u>
At end of the period	<u>–</u>	<u>4,868</u>	<u>–</u>	<u>–</u>	<u>20,473</u>	<u>25,341</u>
Net carrying amounts	<u>177,617</u>	<u>76,174</u>	<u>–</u>	<u>–</u>	<u>180,657</u>	<u>434,448</u>

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13. Intangible assets (continued)

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.

On 7 February 2023, Trinidad and Tobago Insurance Limited (TATIL) completed the acquisition of 100% of Colonial Fire & General Insurance Company Limited (COLFIRE). The cost of acquisition was \$320 million, resulting in goodwill of \$162 million.

In February 2020, Trident Insurance Company Limited (TICL) (wholly owned by ANSA McAL (Barbados) Ltd., entered into a business transfer agreement (BTA) with the Company to sell, assign and transfer the business, trademark, logo and assets of TICL to the Company free and clear of all encumbrances, liens and other restrictions. In December 2021, the Central Bank of Trinidad and Tobago (CBTT) approved the commencement of the renewal of all insurance policies in the name of TATIL trading as Trident Insurance renewing as the policies expired commencing 1 May 2021 via a Scheme of Transfer. They did not, however, approve the transfer of the assets and liabilities to TATIL as at that time. The remaining assets and liabilities of TICL were transferred to the Group in December 2023 after the final approval by the CBTT was granted.

In accordance with IFRS 3, 'Business Combinations', goodwill acquired through business combinations has been allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the cash-generating units to which goodwill relates.

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(Continued)

13. Intangible assets (continued)

The following table highlights the goodwill and impairment testing information for each cash-generating unit, as well as the assumptions to which the impairment testing were most sensitive:

Acquisitions in 2023	Cash generating unit	Carrying amount of goodwill	Discount (extrapolation rate	Growth rate period)	Year of acquisition
Trident Insurance Scheme of Transfer (Parent Only)	Insurance	11,328	16.00%	6.00%	2021
Limited (Group)	Insurance	<u>162,030</u>	18.80%	2.00%	2023
Group		<u>173,358</u>			

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.

Trade name, policy renewal rights and contracts

Based on the BTA, the Group acquired the following trademarks and tradenames: Trident Insurance - Name and Logo, Trident Road Rescue - Name and Logo, Flexi-Pay from Trident Insurance - Name and Logo, and Flexi-Pay - Logo. Each trademark was registered in Barbados and is therefore protected via legal rights. Using the relief-from-royalty method, with the Group's intention to continue to use the Trident trademark into the foreseeable future, as such the useful life was determined to be indefinite.

The Policy Renewal Rights acquired in the BTA for the different lines of business have similar characteristics in that their contract terms do not differ significantly. The renewal rights associated with the different insurance contracts were valued as one group of contracts. The useful life of the renewal rights was determined to be 15 years.

The Policy Renewal Rights, and Distribution relationship acquired in the acquisition of COLFIRE were identifiable and relates to the value of future profits expected to be earned from the renewal of COLFIRE's direct in-force policies existing as at the acquisition date. The useful life of the renewal rights was determined to be 15 years. The value of the COLFIRE brand was not considered in the acquisition.

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(Continued)

13. Intangible assets (continued)

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 2023 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:

	TICL	TATIL	COLFIRE	ANSA Bank Limited
Carrying amount of Goodwill:	11,328	133,762	162,030	43,855
Basis for recoverable amount:	Value in use	Value in use	Value in use	Value in use
Discount rate:	16.0%	7.4%	18.8%	8.5%
Cash flow projection term:	Five years to perpetuity	Five years to perpetuity	Five years to perpetuity	Five years to perpetuity
Growth rate (extrapolation period):	6%	2%	2.2%	1%

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.

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14. Leases

Parent	Land and building		Total
As at 1 January 2023	8,267		8,267
Addition	2,170		2,170
Charge for the year	<u>(2,069)</u>		<u>(2,069)</u>
As at 31 December 2023	<u>8,368</u>		<u>8,368</u>
As at 1 January 2022	3,397		3,397
Modification	6,359		6,359
Charge for the year	<u>(1,489)</u>		<u>(1,489)</u>
As at 31 December 2022	<u>8,267</u>		<u>8,267</u>
Group	Land and building	Motor vehicles	Total
As at 1 January 2023	19,551	818	20,369
Additions	18,695	1,529	20,224
Charge for the year	(8,354)	(1,004)	(9,358)
Other movements	2,798	–	2,798
Modification	<u>5,683</u>	<u>–</u>	<u>5,683</u>
As at 31 December 2023	<u>38,373</u>	<u>1,343</u>	<u>39,716</u>
As at 1 January 2022	10,811	808	11,619
Additions	8,309	218	8,527
Charge for the year	(4,900)	(208)	(5,108)
Modification	<u>5,331</u>	<u>–</u>	<u>5,331</u>
As at 31 December 2022	<u>19,551</u>	<u>818</u>	<u>20,369</u>

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(Continued)

14. Leases (continued)

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

Parent			Group	
2022	2023		2023	2022
3,701	8,265	As at 1 January	19,153	11,766
–	2,170	Additions	8,738	1,276
–	–	Additions from business combination	293	–
(2,013)	(2,176)	Principal payments	(8,785)	(4,844)
218	316	Interest expense on lease liabilities	895	294
–	–	Other movements	1,528	(952)
6,359	–	Modifications	15,496	11,609
–	–	Exchange differences on translation of foreign operations	(124)	4
<u>8,265</u>	<u>8,575</u>	As at 31 December	<u>37,194</u>	<u>19,153</u>

The maturity analysis of lease liabilities are disclosed in Note 41.

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

Parent			Group	
2022	2023		2023	2022
1,489	2,069	Depreciation expense of right-of-use assets	9,358	5,108
218	316	Interest expense on lease liabilities	895	294
–	–	Expense relating to short term leases	678	727
–	–	Expense relating to leases of low value assets	581	227
<u>1,707</u>	<u>2,385</u>		<u>11,512</u>	<u>6,356</u>

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.

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15. Deferred taxation

Parent	Credit/(charge) to			
	2022	Income	OCI	2023
Employee benefits liability	309	33	(65)	277
Net investment in leased assets	14,035	(10,129)	–	3,906
Provisions	4,512	(1,861)	3	2,654
Total deferred tax assets	<u>18,856</u>	<u>(11,957)</u>	<u>(62)</u>	<u>6,837</u>
Property and equipment	(5,396)	(3,440)	–	(8,836)
Employee benefits asset	(2,403)	(33)	(97)	(2,533)
Unrealised investment gains	–	–	(318)	(318)
Total deferred tax liabilities	<u>(7,799)</u>	<u>(3,473)</u>	<u>(415)</u>	<u>(11,687)</u>

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(Continued)

15. **Deferred taxation** (continued)

Parent	2021	Credit/(charge) to		Prior period adjustment	2022
		Income	OCI		
Employee benefits liability	279	–	30	–	309
Net investment in leased assets	22,922	(8,887)	–	–	14,035
Provisions	<u>9,362</u>	<u>(3,719)</u>	<u>–</u>	<u>(1,131)</u>	<u>4,512</u>
Total deferred tax assets	<u>32,563</u>	<u>(12,606)</u>	<u>30</u>	<u>(1,131)</u>	<u>18,856</u>
Property and equipment	(5,236)	(252)	92	–	(5,396)
Employee benefits asset	(2,820)	–	417	–	(2,403)
Provisions	<u>(92)</u>	<u>92</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total deferred tax liabilities	<u>(8,148)</u>	<u>(160)</u>	<u>509</u>	<u>–</u>	<u>(7,799)</u>

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15. Deferred taxation (continued)

Group	2022 Restated	Credit/(charge) to				2023
		Additions from business combination	Other movements	Income	OCI	
Employee benefits liability	2,005	(7)	–	(1,973)	1,904	1,929
Property and equipment	1,159	–	–	420	2,875	4,454
Net investment in leased assets	14,197	–	–	(5,288)	–	8,909
Tax losses	6,018	3,142	–	9,745	–	18,905
Unrealised investment and foreign exchange losses	–	–	13	5,501	675	6,189
Provisions	9,144	–	–	(534)	3	8,613
Total deferred tax assets	<u>32,523</u>	<u>3,135</u>	<u>13</u>	<u>7,871</u>	<u>5,457</u>	<u>48,999</u>
Unrealised foreign exchange losses	–	–	–	319	–	319
Employee benefits asset	(41,012)	(8,791)	(95)	(1,830)	3,637	(48,091)
Property and equipment	(16,724)	(1,767)	–	(6,687)	–	(25,178)
Net investment in leased assets	–	–	–	(7,797)	–	(7,797)
Unrealised investment gains	(46,210)	–	–	(13,142)	14,740	(44,612)
Total deferred tax liabilities	<u>(103,946)</u>	<u>(10,558)</u>	<u>(95)</u>	<u>(29,137)</u>	<u>18,377</u>	<u>(125,359)</u>

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15. Deferred taxation (continued)

Group	2021	Credit/(charge) to				2022 Restated
		Prior period adjustment	Other movements	Income	OCI	
Employee benefits liability	1,864	–	–	81	60	2,005
Property and equipment	1,138	–	–	21	–	1,159
Net investment in leased assets	23,164	–	–	(8,967)	–	14,197
Tax losses	6,366	–	–	(348)	–	6,018
Provisions	13,373	(1,131)	–	(3,098)	–	9,144
Total deferred tax assets	<u>45,905</u>	<u>(1,131)</u>	<u>–</u>	<u>(12,311)</u>	<u>60</u>	<u>32,523</u>
Employee benefits asset	(42,580)	–	–	(1,722)	3,290	(41,012)
Property and equipment	(10,220)	–	–	(6,504)	–	(16,724)
Unrealised investment gains	(68,164)	(1,556)	7,809	15,609	92	(46,210)
Total deferred tax liabilities	<u>(120,964)</u>	<u>(1,556)</u>	<u>7,809</u>	<u>7,383</u>	<u>3,382</u>	<u>(103,946)</u>

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(Continued)

16. Employee benefits

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

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

a) Amounts recognised in the statement of financial position

	Defined benefit pension plan		Post-retirement health benefits	
	2023	2022	2023	2022
Parent				
Present value of				
defined benefit obligation	24,442	26,444	914	1,019
Fair value of plan assets	<u>(32,878)</u>	<u>(34,450)</u>	<u>—</u>	<u>—</u>
(Asset)/liability recognised in the statement of financial position	<u>(8,436)</u>	<u>(8,006)</u>	<u>914</u>	<u>1,019</u>
Group				
Present value of				
defined benefit obligation	229,200	137,294	9,268	9,250
Fair value of plan assets	<u>(410,001)</u>	<u>(291,261)</u>	<u>—</u>	<u>—</u>
(Asset)/liability recognised in the statement of financial position	<u>(180,801)</u>	<u>(153,967)</u>	<u>9,268</u>	<u>9,250</u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

16. Employee benefits (continued)

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

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

Parent	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post- employment medical benefits
Balance at 1 January 2023	<u>26,444</u>	<u>(34,450)</u>	<u>(8,006)</u>	<u>1,019</u>
<i>Pension cost charged to statement of income</i>				
Current service cost	1,430	–	1,430	108
Net interest cost/(credit)	1,244	(1,638)	(394)	52
Administrative expenses	<u>30</u>	<u>–</u>	<u>30</u>	<u>–</u>
Total charge/(credit) to statement of income	<u>2,704</u>	<u>(1,638)</u>	<u>1,066</u>	<u>160</u>
<i>Experience (gains)/losses in OCI</i>				
Experience gains				
- demographic	(1,415)	–	(1,415)	(215)
Experience (gains)/losses				
- financial	<u>(1,145)</u>	<u>2,238</u>	<u>1,093</u>	<u>–</u>
Total (credit)/charge to OCI	<u>(2,560)</u>	<u>2,238</u>	<u>(322)</u>	<u>(215)</u>
<i>Other movements</i>				
Contributions by employee	1,174	(1,174)	–	–
Contributions by employer	–	(1,174)	(1,174)	–
Transfers	(2,454)	2,454	–	–
Administrative expenses	(31)	31	–	–
Benefits paid	<u>(835)</u>	<u>835</u>	<u>–</u>	<u>(50)</u>
Total other movements	<u>(2,146)</u>	<u>972</u>	<u>(1,174)</u>	<u>(50)</u>
Balance at 31 December 2023	<u>24,442</u>	<u>(32,878)</u>	<u>(8,436)</u>	<u>914</u>

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

16. Employee benefits (continued)

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

Group	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post-employment medical benefits
Balance at 1 January 2023	137,294	(291,260)	(153,967)	9,250
Assets and obligations acquired in business combination	106,182	(138,411)	(32,230)	–
	<u>243,476</u>	<u>(429,671)</u>	<u>(186,197)</u>	<u>9,250</u>
<i>Pension cost charged to statement of income</i>				
Current service cost	7,791	–	7,791	563
Net interest cost/(credit)	13,819	(26,005)	(12,186)	535
Administrative expenses	31	719	750	–
Total charge/(credit) to statement of income	<u>21,641</u>	<u>(25,286)</u>	<u>(3,645)</u>	<u>1,098</u>
<i>Experience (gains)/losses in OCI</i>				
Experience (gains)/losses - demographic	(15,443)	11,250	(4,193)	(211)
Experience (gains)/losses - financial	(3,272)	23,077	19,805	(389)
Total (credit)/charge to OCI	<u>(18,715)</u>	<u>34,327</u>	<u>15,612</u>	<u>(600)</u>
<i>Other movements</i>				
Contributions by employee	4,330	(4,330)	–	–
Contributions by employer	–	(7,722)	(7,722)	–
Transfers	(2,291)	2,635	344	–
Administrative expenses	(31)	94	63	62
Exchange differences	(728)	1,471	743	(97)
Benefits paid	(18,482)	18,482	–	(445)
Total other movements	<u>(17,202)</u>	<u>10,630</u>	<u>(6,572)</u>	<u>(480)</u>
Balance at 31 December 2023	<u>229,200</u>	<u>(410,000)</u>	<u>(180,802)</u>	<u>9,268</u>

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(Continued)

16. Employee benefits (continued)

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

Parent	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post- employment medical benefits
Balance at 1 January 2022	<u>21,533</u>	<u>(30,929)</u>	<u>(9,396)</u>	<u>918</u>
<i>Pension cost charged to statement of income</i>				
Current service cost	1,267	–	1,267	95
Net interest cost/(credit)	1,224	(1,685)	(461)	46
Administrative expenses	<u>33</u>	<u>–</u>	<u>33</u>	<u>–</u>
Total charge/(credit) to statement of income	<u>2,524</u>	<u>(1,685)</u>	<u>839</u>	<u>141</u>
<i>Experience losses in OCI</i>				
Experience losses				
- demographic	25	–	25	22
Experience losses				
- financial	<u>–</u>	<u>1,462</u>	<u>1,462</u>	<u>–</u>
Total charge to OCI	<u>25</u>	<u>1,462</u>	<u>1,487</u>	<u>22</u>
<i>Other movements</i>				
Contributions by employee	936	(936)	–	–
Contributions by employer	–	(936)	(936)	–
Transfers	2,220	(2,220)	–	(13)
Administrative expenses	(33)	33	–	–
Benefits paid	<u>(761)</u>	<u>761</u>	<u>–</u>	<u>(49)</u>
Total other movements	<u>2,362</u>	<u>(3,298)</u>	<u>(936)</u>	<u>(62)</u>
Balance at 31 December 2022	<u>26,444</u>	<u>(34,450)</u>	<u>(8,006)</u>	<u>1,019</u>

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 (Continued)

16. Employee benefits (continued)

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

Group	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post- employment medical benefits
Balance at 1 January 2022	<u>132,214</u>	<u>(293,122)</u>	<u>(160,908)</u>	<u>8,616</u>
<i>Pension cost charged to statement of income</i>				
Current service cost	3,607	–	3,607	563
Net interest cost/(credit)	6,940	(15,170)	(8,230)	510
Administrative expenses	<u>33</u>	<u>262</u>	<u>295</u>	<u>–</u>
Total charge/(credit) to statement of income	<u>10,580</u>	<u>(14,908)</u>	<u>(4,328)</u>	<u>1,073</u>
<i>Experience (gains)/losses in OCI</i>				
Experience gains				
- demographic	(741)	–	(741)	(60)
Experience losses				
- financial	<u>–</u>	<u>14,284</u>	<u>14,284</u>	<u>–</u>
Total credit to OCI	<u>(741)</u>	<u>14,284</u>	<u>13,543</u>	<u>(60)</u>
<i>Other movements</i>				
Contributions by employee	2,179	(2,179)	–	–
Contributions by employer	–	(2,321)	(2,321)	–
Transfers	(878)	878	–	(13)
Administrative expenses	(33)	33	–	–
Exchange differences	8	39	47	(1)
Benefits paid	<u>(6,035)</u>	<u>6,035</u>	<u>–</u>	<u>(365)</u>
Total other movements	<u>(4,759)</u>	<u>2,485</u>	<u>(2,274)</u>	<u>(379)</u>
Balance at 31 December 2022	<u>137,294</u>	<u>(291,260)</u>	<u>(153,967)</u>	<u>9,250</u>

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(Continued)

16. Employee benefits (continued)

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

	Defined benefit pension plan		Post-retirement health benefits	
	2023	2022	2023	2022
Parent				
Net (asset)/liability at the start of the year	(8,006)	(9,396)	1,019	918
Net expense recognised in the statement of income	1,066	839	160	141
Net (income)/expense recognised in the statement of other comprehensive income	(322)	1,487	(215)	22
Contributions paid	<u>(1,174)</u>	<u>(936)</u>	<u>(50)</u>	<u>(62)</u>
Net (asset)/liability recognised at the end of the year	<u>(8,436)</u>	<u>(8,006)</u>	<u>914</u>	<u>1,019</u>
Group				
Net (asset)/liability at the start of the year (after opening adjustment)	(153,967)	(160,908)	9,250	8,616
Net asset acquired in business combination	(32,229)	–	–	–
Net (income)/expense recognised in the statement of income	(3,645)	(4,328)	1,098	1,073
Net expense/(income) recognised in the statement of other comprehensive income	15,612	13,543	(600)	(60)
Contributions paid	<u>(6,572)</u>	<u>(2,274)</u>	<u>(480)</u>	<u>(379)</u>
Net (asset)/liability recognised at the end of the year	<u>(180,801)</u>	<u>(153,967)</u>	<u>9,268</u>	<u>9,250</u>

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(Continued)

16. Employee benefits (continued)

d)	Actual return on plan assets	2023	2022
	Parent	<u>(600)</u>	<u>223</u>
	Group	<u>2,963</u>	<u>889</u>
e)	Major categories of plan assets as a percentage of total plan assets		
		Defined benefit pension plan	
	Parent and Group	2023	2022
	Local equities	32%	32%
	Local bonds	40%	31%
	Foreign investments	21%	23%
	Real estate/mortgages	2%	2%
	Short-term securities	<u>5%</u>	<u>12%</u>
		<u>100%</u>	<u>100%</u>
f)	Principal actuarial assumptions		
		Defined benefit pension plan	
	Parent and Group	2023	2022
	Discount rate	5%	5%
	Future salary increases	3%	3%
	Medical costs trend rates	3%	3%

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

Parent						
	Discount rate		Future salary increases		Future medical claims inflation	
Assumptions	+1%	-1%	+1%	-1%	+1%	-1%
Sensitivity level						
At 31 December 2023	(1,785)	2,195	541	(494)	102	(82)
At 31 December 2022	(2,581)	3,251	1,034	(918)	116	(92)

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16. Employee benefits (continued)

g) Principal actuarial assumptions (continued)

Group Assumptions Sensitivity level	Discount rate		Future salary increases		Future medical claims inflation	
	+1%	-1%	+1%	-1%	+1%	-1%
At 31 December 2023	(12,999)	9,894	1,642	(1,466)	677	(549)
At 31 December 2022	(13,352)	16,409	3,668	(3,238)	1,246	(997)

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 \$7.3 million to its defined benefit plan in 2024 and the average duration of the defined benefit obligation at the end of the reporting period is 11 years (2022: 12 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	
2022	2023	2023	2022
<u>50</u>	<u>97</u>	<u>6,314</u>	<u>712</u>

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17. Accrued interest and other payables

Parent			Group	
2022	2023		2023	2022
				Restated
18,838	27,286	Interest payable	32,062	21,647
10,192	6,862	Accrued expenses	28,014	20,240
3,629	4,920	Client funds held for investment	135,368	113,370
(326)	(94)	Due (from)/to statutory authorities	34,065	24,379
–	–	Distributions payable	962	992
–	–	Deferred fee income	2,145	100
524	520	Unapplied premiums	1,735	1,320
–	–	Commissions payable	2,876	4,000
9,560	10,092	Stale-dated cheques	17,855	12,117
–	–	Due to reinsurers	–	56,264
(5,050)	(9,311)	Asset finance promotional items	(9,311)	1,003
38,757	50,179	Related party balances	34,989	9,821
–	–	Insurance-related liabilities	–	5,109
7,295	7,590	Other creditors	88,156	115,540
<u>83,419</u>	<u>98,044</u>		<u>368,916</u>	<u>385,902</u>

18. Customers' deposits and other funding instruments

Sectorial analysis of customers' deposits and other funding instruments:

Parent			Group	
2022	2023		2023	2022
79,370	41,059	Individuals	948,654	914,765
629,972	894,614	Pension funds/credit unions/ trustees	974,885	707,521
1,228,814	1,216,897	Private companies/estates/ financial institutions	2,160,675	1,981,158
<u>1,938,156</u>	<u>2,152,570</u>		<u>4,084,214</u>	<u>3,603,444</u>

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19. Debt securities in issue

Parent			Group	
2022	2023		2023	2022
<u>600,000</u>	<u>600,000</u>	Medium and long-term notes	<u>600,000</u>	<u>600,000</u>
<u>600,000</u>	<u>600,000</u>		<u>600,000</u>	<u>600,000</u>

TT\$ denominated notes

In April 2022, the Bank issued a TT\$600 million sub-ordinated medium-term note maturing on 20 April 2029. Interest was set at a fixed rate of 5.375% per annum.

20. Investment contract liabilities

	Group	
	2023	2022
		Restated
At the beginning of year	272,774	263,829
Premiums received	25,324	20,375
Interest credited	11,570	12,186
Liabilities realised for payment on death, surrender and other terminations in the year	(19,265)	(22,267)
Other movements	<u>(1,393)</u>	<u>(1,349)</u>
	<u>289,010</u>	<u>272,774</u>

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

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21. Insurance and reinsurance contracts

The group disaggregates information to provide disclosure in respect of major lines of business. This disaggregation has been determined based on how the group is managed. The breakdown of portfolios of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	Group 2023		Group 2022 Restated		Group 2021	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Insurance contracts issued						
Life insurance contracts	–	1,485,838	–	1,406,818	–	1,380,784
General health and group life insurance contracts	–	552,733	–	288,308	–	247,026
Total insurance contracts issued	–	2,038,571	–	1,695,126	–	1,627,810
Life insurance contracts	32,525	–	26,010	–	16,742	–
General health and group life insurance contracts	219,613	–	141,530	–	102,744	–
Total reinsurance contracts held	252,138	–	167,540	–	119,486	–

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21. Insurance and reinsurance contracts (continued)

Insurance contracts (Group)					2023
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 01/01	1,499,821	13,788	171,217	11,620	1,696,446
Insurance contract assets as at 01/01	(1,344)	–	24	–	(1,320)
Net insurance contract liabilities as at 01/01	1,498,477	13,788	171,241	11,620	1,695,126
Acquired in business combination	99,677	–	78,041	6,332	184,050
	1,598,154	13,788	249,282	17,952	1,879,176
Insurance revenue	(1,045,867)	–	–	–	(1,045,867)
Insurance service expenses:					
Incurred claims and other expenses	–	(2,342)	446,508	7,972	452,138
Amortisation of insurance acquisition cashflows	85,199	–	–	–	85,199
Losses on onerous contracts and reversals of those losses	–	10,768	–	–	10,768
Par fund	3,303	–	–	–	3,303
Investment component and premium refunds	(86,283)	–	86,283	–	–
Changes to liabilities for incurred claims	–	–	46,202	(2,620)	43,582
Insurance service result	(1,043,648)	8,426	578,993	5,352	(450,877)
Insurance finance expenses	58,421	1,155	2,013	–	61,589
Total changes in the statement of comprehensive income	(985,227)	9,581	581,006	5,352	(389,288)
Cash flows:					
Premium received	1,196,920	–	–	–	1,196,920
Claims and other expenses paid	–	–	(549,316)	–	(549,316)
Insurance acquisition cash flows	(98,919)	–	–	–	(98,919)
Total cash flows	1,098,001	–	(549,316)	–	548,685
Insurance contract liabilities as at 31/12	1,713,535	23,369	280,956	23,304	2,041,164
Insurance contract assets as at 31/12	(2,608)	–	15	–	(2,593)
Net insurance contract liabilities as at 31/12	1,710,927	23,369	280,971	23,304	2,038,571

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21. Insurance and reinsurance contracts (continued)

Insurance contracts (Group)					2022
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 01/01	1,443,199	–	169,885	14,726	1,627,810
Insurance contract assets as at 01/01	–	–	–	–	–
Net insurance contract liabilities as at 01/01	1,443,199	–	169,885	14,726	1,627,810
Insurance revenue	(716,032)	–	–	–	(716,032)
Insurance service expenses:					
Incurred claims and other expenses	–	(412)	307,945	4,946	312,479
Amortisation of insurance acquisition cashflows	89,251	–	–	–	89,251
Losses on onerous contracts and reversals of those losses	–	14,131	–	–	14,131
Changes to liabilities for incurred claims	(9,235)	–	(17,978)	(8,051)	(35,264)
Investment component and premium refunds	(81,657)	–	81,657	–	–
Insurance service result	(717,673)	13,719	371,624	(3,105)	(335,434)
Insurance finance expenses	31,651	68	8,440	–	40,159
Total changes in the statement of comprehensive income	(686,022)	13,787	380,064	(3,105)	(295,276)
Cash flows:					
Claims and other expenses paid	828,840	–	–	–	828,840
Insurance acquisition cash flows	–	–	(368,457)	–	(368,457)
Total cash flows	828,840	–	(368,457)	–	460,383
Insurance contract liabilities as at 31/12	1,499,822	13,788	171,217	11,620	1,696,447
Insurance contract assets as at 31/12	(1,344)	–	23	–	(1,321)
Net insurance contract liabilities/(assets) as at 31/12	1,498,478	13,788	171,240	11,620	1,695,126

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(Continued)

21. Insurance and reinsurance contracts (continued)

Reinsurance contracts held (Group)					2023
	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 01/01	(116,229)	(1,519)	(42,140)	(7,652)	(167,540)
Reinsurance contract liabilities as at 01/01	–	–	–	–	–
Net reinsurance contract assets as at 01/01	(116,229)	(1,519)	(42,140)	(7,652)	(167,540)
Acquired in business combination	49,753	–	(6,111)	(2,629)	41,013
	(66,476)	(1,519)	(48,252)	(10,281)	(126,528)
An allocation of reinsurance premium	538,356	–	–	–	538,356
Amounts recoverable from reinsurers for incurred					
Amounts recoverable for incurred claims and other expenses	–	204	(87,108)	(2,661)	(89,565)
Loss-recovery on onerous underlying contracts and adjustments	–	(142)	–	–	(141)
Changes to amounts recoverable for incurred claims	–	–	(44,048)	(4,239)	(48,287)
Net income or expense from reinsurance contracts held	538,356	62	(131,156)	(6,900)	400,362
Reinsurance finance income	396	202	(626)	–	(28)
Effect of changes in non-performance of reinsurers	–	–	–	4,239	4,239
Total changes in the statement of comprehensive income	538,752	263	(131,782)	(2,661)	404,573
Cash flows:					
Premium paid	612,038	–	–	–	612,038
Amounts received	–	–	(83,974)	(2,120)	(86,094)
Total cash flows	612,038	–	(83,974)	(2,120)	525,944
Reinsurance contract assets as at 31/12	139,763	1,254	96,060	15,061	252,138
Reinsurance contract liabilities as at 31/12	–	–	–	–	–
Net reinsurance contract assets as at 31/12	139,763	1,254	96,060	15,061	252,138

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(Continued)

21. Insurance and reinsurance contracts (continued)

Reinsurance contracts held (Group)	2022				Total
	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 01/01	67,210	–	44,388	7,888	119,486
Reinsurance contract liabilities as at 01/01	–	–	–	–	–
Net reinsurance contract assets as at 01/01	67,210	–	44,388	7,888	119,486
An allocation of reinsurance premium	(381,838)	–	–	–	(381,838)
Amounts recoverable from reinsurers for incurred					
Amounts recoverable for incurred claims and other expenses	–	(168)	49,320	3,036	52,188
Loss-recovery on onerous underlying contracts and adjustments	–	1,694	–	–	1,694
Changes to amounts recoverable for incurred claims	–	–	(9,255)	(1,685)	(10,940)
Net income or expense from reinsurance contracts held	(381,838)	1,526	40,065	1,351	(338,896)
Reinsurance finance income	393	(6)	323	–	710
Total changes in the statement of comprehensive income	(381,445)	1,520	40,388	1,351	(338,186)
Cash flows:					
Premium paid	430,464	–	–	–	430,464
Amounts received	–	–	(42,636)	(1,588)	(44,224)
Total cash flows	430,464	–	(42,636)	(1,588)	386,240
Reinsurance contract assets as at 31/12	116,229	1,520	42,140	7,651	167,540
Reinsurance contract liabilities as at 31/12	–	–	–	–	–
Net reinsurance contract assets as at 31/12	116,229	1,520	42,140	7,651	167,540

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

21. Insurance and reinsurance contracts (continued)

Roll-forward of the net asset or liability for individual life insurance and annuity contracts showing estimates the present value of future cash flows, risk adjustment, and CSM

	2023			
	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
Life insurance and annuity contract liabilities as at 01/01	1,301,354	49,116	57,669	1,408,139
Life insurance and annuity contract assets as at 01/01	(5,330)	1,047	2,962	(1,321)
Net life and annuity insurance contract (assets)/liabilities as at 01/01	1,296,024	50,163	60,631	1,406,818
Changes that relate to current services				
Contractual service margin recognised for service provided	–	–	(7,475)	(7,475)
Risk adjustment recognised for the risk expired	–	(4,751)	–	(4,751)
Experience adjustments	10,607	–	–	10,607
Changes that relate to future services				
Contracts initially recognised in the period	(4,552)	5,057	8,609	9,114
Changes in estimates that adjust the contractual service margin	1,213	2,322	(3,535)	–
Changes in estimates that do not adjust the contractual service margin	1,280	374	–	1,654
Insurance service result	8,547	3,002	(2,401)	9,148
Insurance finance expenses	58,686	–	890	59,576
Total changes in the statements of income and OCI	67,233	3,002	(1,511)	68,724

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(Continued)

21. Insurance and reinsurance contracts (continued)

Roll-forward of the net asset or liability for individual life insurance and annuity contracts showing estimates the present value of future cash flows, risk adjustment, and CSM (continued)

	2023			
	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
Cash flows				
Premiums received	177,031	–	–	177,031
Claims and other expenses paid (including investment components and premium refunds)	(150,570)	–	–	(150,570)
Insurance acquisition cash flows	(16,165)	–	–	(16,165)
Total cash flows	10,296	–	–	10,296
Net life insurance and annuity contract (assets)/liabilities as at 31/12	1,373,554	53,165	59,120	1,485,838
Life insurance and annuity contract liabilities as at 31/12	1,384,551	50,939	52,940	1,488,429
Life insurance and annuity contract assets as at 31/12	(10,997)	2,226	6,180	(2,591)
Net life insurance and annuity contract liabilities as at 31/12	1,373,554	53,165	59,120	1,485,838

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

21. Insurance and reinsurance contracts (continued)

Roll-forward of the net asset or liability for individual life insurance and annuity contracts showing estimates the present value of future cash flows, risk adjustment, and CSM (continued)

	2022			
	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
Life insurance and annuity contract liabilities as at 01/01	1,289,211	48,495	43,078	1,380,784
Life insurance and annuity contract assets as at 01/01	–	–	–	–
Net life insurance and annuity contract liabilities as at 01/01	1,289,211	48,495	43,078	1,380,784
Changes that relate to current services				
Contractual service margin recognised for service provided	–	–	(6,860)	(6,860)
Risk adjustment recognised for the risk expired	–	(4,947)	–	(4,947)
Experience adjustments	15,109	–	–	15,109
Changes that relate to future services				
Contracts initially recognised in the period	(1,109)	4,444	5,961	9,296
Changes in estimates that adjust the contractual service margin	(20,119)	1,815	18,304	–
Changes in estimates that do not adjust the contractual service margin	4,479	356	–	4,835
Insurance service result	(1,640)	1,668	17,405	17,432
Insurance finance expenses	38,906	–	148	39,055
Total changes in the statements of income and OCI	37,266	1,668	17,553	56,487

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(Continued)

21. Insurance and reinsurance contracts (continued)

Roll-forward of the net asset or liability for individual life insurance and annuity contracts showing estimates the present value of future cash flows, risk adjustment, and CSM (continued)

	2022			
	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
Cash flows				
Premiums received	141,209	–	–	141,209
Claims and other expenses paid (including investment components and premium refunds)	(158,564)	–	–	(158,564)
Insurance acquisition cash flows	(13,098)	–	–	(13,098)
Total cash flows	(30,453)	–	–	(30,453)
Net life insurance contract (assets)/liabilities as at 31/12	1,296,025	50,163	60,631	1,406,818
Life insurance and annuity contract liabilities as at 31/12	1,301,354	49,116	57,669	1,408,139
Life insurance and annuity contract assets as at 31/12	(5,330)	1,047	2,962	(1,321)
Net life insurance and annuity contract liabilities as at 31/12	1,296,025	50,163	60,631	1,406,818

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

21. Insurance and reinsurance contracts (continued)

Roll-forward of the net asset or liability for reinsurance contracts held showing estimates the present value of future cash flows, risk adjustment, and CSM (continued)

	2023			
	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
Reinsurance contract assets as at 01/01	(12,597)	(7,979)	(5,829)	(26,405)
Reinsurance contract liabilities as at 01/01	297	(21)	119	395
Net reinsurance contract (assets)/liabilities as at 01/01	(12,300)	(7,999)	(5,710)	(26,010)
Changes that relate to current services				
Contractual service margin recognised for service received	–	–	1,428	1,428
Risk adjustment recognised for the risk expired	–	686	–	686
Experience adjustments	5,303	–	–	5,303
Changes that relate to future services				
Contracts initially recognised in the period	(1,441)	(629)	1,318	(751)
Changes in estimates that adjust the contractual service margin	5,471	(111)	(5,360)	–
Changes in the contractual service margin due to reversal of a loss-recovery component from onerous underlying contracts	–	–	509	509
Changes in estimates that do not adjust the contractual service margin	(361)	(16)	–	(377)

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

21. Insurance and reinsurance contracts (continued)**Roll-forward of the net asset or liability for reinsurance contracts held showing estimates the present value of future cash flows, risk adjustment, and CSM** (continued)

				2023
	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
Changes that relate to past services				
Changes in amounts recoverable arising from changes in liability for incurred claims	(7,700)	–	–	(7,700)
Reinsurance finance income	659	–	(61)	598
Total changes in the statement of profit or loss and OCI	1,930	(69)	(2,165)	(304)
Cash flows				
Premiums and similar expenses paid	(14,111)	–	–	(14,111)
Amounts received	7,900	–	–	7,900
Total cash flows	(6,211)	–	–	(6,211)
Net life insurance contract (assets)/liabilities as at 31/12	(16,581)	(8,068)	(7,875)	(32,525)
Reinsurance contract assets as at 31/12	(16,535)	(7,881)	(9,192)	(33,608)
Reinsurance contract liabilities as at 31/12	(47)	(187)	1,317	1,083
Net life insurance contract (assets)/liabilities as at 31/12	(16,581)	(8,068)	(7,875)	(32,525)

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

21. Insurance and reinsurance contracts (continued)

Roll-forward of the net asset or liability for reinsurance contracts held showing estimates the present value of future cash flows, risk adjustment, and CSM (continued)

	2022			
	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
Reinsurance contract assets as at 01/01	(8,588)	(7,146)	(1,291)	(17,025)
Reinsurance contract liabilities as at 01/01	266	3	14	283
Net reinsurance contract (assets)/liabilities as at 01/01	(8,323)	(7,143)	(1,276)	(16,742)
Changes that relate to current services				
Contractual service margin recognised for service received	–	–	760	760
Risk adjustment recognised for the risk expired	–	684	–	684
Experience adjustments	7,031	–	–	7,031
Changes that relate to future services				
Contracts initially recognised in the period	371	(525)	(1,655)	(1,808)
Changes in estimates that adjust the contractual service margin	4,583	(948)	(3,635)	–
Changes in the contractual service margin due to reversal of a loss-recovery component from onerous underlying contracts	–	–	109	109
Changes in estimates that do not adjust the contractual service margin	(172)	(68)	–	(239)
Changes that relate to past services				
Changes in amounts recoverable arising from changes in liability for incurred claims	(7,597)	–	–	(7,597)

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

21. Insurance and reinsurance contracts (continued)

Roll-forward of the net asset or liability for reinsurance contracts held showing estimates the present value of future cash flows, risk adjustment, and CSM (continued)

	2022			
	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
Reinsurance finance income	(374)	–	(13)	(387)
Total changes in the statement of profit or loss and OCI	3,843	(856)	(4,434)	(1,448)
Cash flows				
Premiums and similar expenses paid	(13,341)	–	–	(13,341)
Amounts received	5,521	–	–	5,521
Total cash flows	(7,820)	–	–	(7,820)
Net life insurance contract (assets)/liabilities as at 31/12	(12,300)	(7,999)	(5,710)	(26,010)
Reinsurance contract assets as at 31/12	(12,597)	(7,979)	(5,829)	(26,405)
Reinsurance contract liabilities as at 31/12	297	(21)	119	395
Net life insurance contract (assets)/liabilities as at 31/12	(12,300)	(7,999)	(5,710)	(26,010)

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

21. Insurance and reinsurance contracts (continued)**Impact on the current period of the transition approaches adopted to establishing CSMs for individual life insurance and annuity contracts**

				2023
	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total
Contractual service margin as at 01/01	–	53,260	7,370	60,631
Changes that relate to current services				
Contractual service margin recognised for services provided	–	(5,751)	(1,725)	(7,476)
Changes that relate to future services				
Contracts initially recognised in the period	–	–	8,610	8,610
Changes in estimates that adjust the contractual service margin	–	(2,719)	(816)	(3,535)
Insurance service result	–	(8,470)	6,069	(2,401)
Insurance finance expenses	–	685	205	890
Total changes in the statements of income and OCI	–	(7,785)	6,274	(1,511)
Other movements				
Contractual service margin as at 31/12	–	45,476	13,644	59,120

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

21. Insurance and reinsurance contracts (continued)**Impact on the current period of the transition approaches adopted to establishing CSMs for individual life insurance and annuity contracts**

(continued)

				2022
	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total
Contractual service margin as at 01/01	–	43,078	–	43,078
Changes that relate to current services				
Contractual service margin recognised for services provided	–	(6,026)	(834)	(6,860)
Changes that relate to future services				
Contracts initially recognised in the period	–	–	5,961	5,961
Changes in estimates that adjust the contractual service margin	–	16,079	2,225	18,304
Changes in estimates that do not adjust the contractual service margin				
Insurance service result	–	10,053	7,352	17,405
Insurance finance expenses	–	130	18	148
Total changes in the statements of income and OCI	–	10,183	7,370	17,553
Other movements				
Contractual service margin as at 31/12	–	53,260	7,370	60,631

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

21. Insurance and reinsurance contracts (continued)**Impact on the current period of the transition approaches adopted to establishing CSMs for reinsurance contracts held**

				2023
	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total
Contractual service margin as at 01/01	–	(2,487)	(3,224)	(5,710)
Changes that relate to current services				
Contractual service margin recognised for services received	–	809	620	1,428
Changes that relate to future services				
Contracts initially recognised in the period	–	–	1,318	1,318
Changes in estimates that adjust the contractual service margin	–	(2,746)	(2,104)	(4,851)
Insurance finance income	–	(34)	(26)	(61)
Total changes in the statements of income and OCI	–	(1,972)	(193)	(2,165)
Other movements				
Contractual service margin as at 31/12	–	(4,459)	(3,416)	(7,875)

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

21. Insurance and reinsurance contracts (continued)**Impact on the current period of the transition approaches adopted to establishing CSMs for reinsurance contracts held** (continued)

				2022
	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total
Contractual service margin as at 01/01	–	(1,276)	–	(1,276)
Changes that relate to current services				
Contractual service margin recognised for services received	–	331	429	760
Changes that relate to future services				
Contracts initially recognised in the period	–	–	(1,655)	(1,655)
Changes in estimates that adjust the contractual service margin	–	(1,535)	(1,990)	(3,526)
Insurance finance income	–	(6)	(8)	(13)
Total changes in the statements of income and OCI	–	(1,210)	(3,224)	(4,434)
Other movements				
Contractual service margin as at 31/12	–	(2,487)	(3,224)	(5,710)

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

21. Insurance and reinsurance contracts (continued)

Components of new business for individual life insurance and annuity contracts issued

Individual life insurance and annuity contract liabilities

Estimate of present value of future cash outflows, excluding insurance acquisition cash flows

Estimate of insurance acquisition cash flows

Estimate of present value of future cash outflows

Estimate of present value of future cash inflows

Risk adjustment

CSM

Losses on onerous contracts at initial recognition

Individual life insurance and annuity contract liabilities

Estimate of present value of future cash outflows, excluding insurance acquisition cash flows

Estimate of insurance acquisition cash flows

Estimate of present value of future cash outflows

Estimate of present value of future cash inflows

Risk adjustment

CSM

Losses on onerous contracts at initial recognition

	2023		
	Profitable contracts issued	Onerous contracts issued	Total
	–	–	–
	90,672	54,334	145,006
	4,734	8,006	12,740
	95,406	62,340	157,746
	(106,462)	(55,837)	(162,299)
	2,446	2,611	5,057
	8,610	–	8,610
	–	9,114	9,114
	2022		
	Profitable contracts issued	Onerous contracts issued	Total
	–	–	–
	52,910	37,471	90,381
	4,121	8,818	12,939
	57,030	46,289	103,320
	(64,647)	(39,781)	(104,429)
	1,655	2,788	4,444
	5,961	–	5,961
	–	9,296	9,296

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(Continued)

21. Insurance and reinsurance contracts (continued)**Disclosure of when the CSM is expected to be in profit or loss in future years**

	2023					Total
	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years	
Insurance contracts issued	7,686	6,503	5,321	5,320	34,290	59,120
Reinsurance contracts held	(1,024)	(866)	(709)	(709)	(4,567)	(7,875)
	2022					Total
	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years	
Insurance contracts issued	9,095	7,882	6,669	6,063	30,922	60,631
Reinsurance contracts held	(856)	(742)	(628)	(571)	(2,913)	(5,710)
2023 CSM run off	13%	11%	9%	9%	58%	
2022 CSM run off	15%	13%	11%	10%	51%	

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(Continued)

21. Insurance and reinsurance contracts (continued)

General insurance - Claims development table - Group

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

Insurance claims

Accident year - Gross	2018	2019	2020	2021	2022	2023	Total
Estimate of undiscounted ultimate claims costs:							
– at end of accident year	306,388	288,424	249,413	268,882	301,608	264,959	–
– one year later	327,741	292,294	245,359	267,945	308,478	–	–
– two years later	325,307	287,712	242,072	273,391	–	–	–
– three years later	316,126	282,790	203,170	–	–	–	–
– four years later	309,638	271,208	–	–	–	–	–
– five years later	282,291	–	–	–	–	–	–
Current estimate of cumulative claims incurred	282,291	271,208	203,170	273,391	308,478	264,071	1,602,609
Cumulative payments to date	(288,428)	(260,753)	(189,592)	(257,855)	(283,757)	(181,768)	(1,462,154)
Effect of discounting and risk adjustment	404	431	382	646	675	5,858	8,395
Liability recognised in the separate statement of financial position	(5,733)	10,886	13,959	16,181	25,396	88,161	148,850
Liability in respect of prior years							<u>105,679</u>
Total gross liabilities for incurred claims							<u>254,530</u>

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(Continued)

21. Insurance and reinsurance contracts (continued)

General insurance - Claims development table - Group (continued)

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

	Group						
Insurance claims							
Accident year - Net	2018	2019	2020	2021	2022	2023	Total
Estimate of ultimate claims costs:							
– at end of accident year	256,088	269,284	211,103	241,778	272,578	223,046	–
– one year later	255,690	270,670	208,239	233,295	278,542	–	–
– two years later	251,146	264,431	203,104	225,013	–	–	–
– three years later	251,776	256,319	187,006	–	–	–	–
– four years later	250,646	250,900	–	–	–	–	–
– five years later	246,975	–	–	–	–	–	–
Current estimate of cumulative claims incurred	246,975	250,900	187,006	225,013	278,542	223,046	1,411,482
Cumulative payments to date	(238,543)	(241,185)	(175,517)	(211,547)	(256,864)	(167,526)	(1,291,183)
Effect of discounting and risk adjustment	288	315	294	301	473	2,002	3,674
Liability recognised in the separate statement of financial position	8,719	10,030	11,783	13,767	22,152	57,522	123,973
Liability in respect of prior years							40,124
Total net liabilities for incurred claims							164,097

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22. Stated capital

Parent			Group	
2022	2023		2023	2022
		Authorised		
		An unlimited number of shares		
		Issued and fully paid		
		2023: 85,605,263 (2022: 85,605,263)		
<u>667,274</u>	<u>667,274</u>	ordinary shares of no par value	<u>667,274</u>	<u>667,274</u>

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23. Insurance service result	Group	
	2023	2022
Insurance revenue	1,045,867	716,032
Insurance service expense	<u>(594,990)</u>	<u>(380,597)</u>
Insurance service result before reinsurance contracts held	450,877	335,435
Net expense from reinsurance contracts held	<u>(400,362)</u>	<u>(338,896)</u>
Net insurance service result	<u>50,515</u>	<u>(3,461)</u>

24. Insurance financial result	Group	
	2023	2022
Insurance finance expenses for insurance contracts issued	(61,589)	(40,159)
Reinsurance finance (expense)/income for reinsurance contracts held	<u>(28)</u>	<u>710</u>
	<u>(61,617)</u>	<u>(39,449)</u>

25. Finance charges, loan fees and other interest income

Parent		Group	
2022	2023	2023	2022
53,656	58,964	81,057	77,259
34,976	45,492	91,432	71,539
<u>17,937</u>	<u>12,006</u>	<u>19,901</u>	<u>22,905</u>
<u>106,569</u>	<u>116,462</u>	<u>192,390</u>	<u>171,703</u>

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26. Investment income/(loss)

Parent			Group	
2022	2023		2023	2022
				Restated
		Interest income from investments designated at fair value through statement of income	14,260	6,891
405	4,432			
		Interest income from investments designated at fair value through statement of comprehensive income	4,715	517
517	4,715			
		Interest income on impaired financial assets	587	364
–				
		Interest income from financial assets measured at amortised cost	156,382	120,615
24,589	30,971			
33,255	32,682	Dividend income	19,702	21,708
		Realised (losses)/gains on sale of investment securities	18,876	(38,030)
(18,047)	4,236			
		Unrealised (losses)/gains on investments held at year-end designated at fair value through statement of income	49,307	(146,030)
<u>(4,696)</u>	<u>22,859</u>		<u>49,307</u>	<u>(146,030)</u>
<u>36,023</u>	<u>99,895</u>		<u>263,829</u>	<u>(33,965)</u>

27. Revenue from contracts with customers

Parent			Group	
2022	2023		2023	2022
11,827	14,421	Arrangement fees	14,422	11,827
13,450	20,338	Investment management fees	4,832	3,637
<u>1,377</u>	<u>1,172</u>	Other	<u>1,937</u>	<u>2,060</u>
<u>26,654</u>	<u>35,931</u>		<u>21,191</u>	<u>17,524</u>

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28. Other income

Parent			Group	
2022	2023		2023	2022
				Restated
294	92	Administrative fees and commissions	3,659	22,415
37,797	43,187	Foreign exchange trading and gains	46,195	34,731
–	46	Lease sales and recoveries	5,204	7,671
–	–	Property rental	55,199	51,665
–	–	Trustee and other fiduciary fees	10,012	10,103
871	2,075	Other	(1,721)	8,241
<u>38,962</u>	<u>45,400</u>		<u>118,548</u>	<u>134,826</u>

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29. Interest expense

Parent			Group	
2022	2023		2023	2022
				Restated
26,430	54,164	Customers' deposits	75,478	45,316
218	316	Lease liabilities (Note 14)	895	294
<u>28,995</u>	<u>32,250</u>	Debt securities in issue	<u>32,250</u>	<u>28,995</u>
<u>55,643</u>	<u>86,730</u>		<u>108,623</u>	<u>74,605</u>

30. Credit loss recovery

Parent			Group	
2022	2023		2023	2022
(36,031)	(7,385)	Net investment in leased assets	(4,654)	(34,284)
5,471	(4,301)	Loans and advances	13,587	9,187
3,178	(7,340)	Investment securities	(15,486)	4,428
<u>–</u>	<u>–</u>	Insurance receivables	<u>253</u>	<u>377</u>
<u>(27,382)</u>	<u>(19,026)</u>		<u>(6,300)</u>	<u>(20,292)</u>

31. Marketing expenses

Parent			Group	
2022	2023		2023	2022
				Restated
–	–	Agents and brokers commissions	9	–
–	–	Agents allowance and bonus	5	–
–	–	Agents policy expenses	–	–
–	–	Asset finance promotional expense	353	297
<u>3,829</u>	<u>2,860</u>	Advertising costs	<u>7,819</u>	<u>6,287</u>
<u>3,829</u>	<u>2,860</u>		<u>8,186</u>	<u>6,584</u>

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32. Personnel expenses

Parent			Group	
2022	2023		2023	2022
				Restated
42,882	37,544	Salaries and bonus	98,658	88,390
–	–	Health, life and pension benefits	2,206	(1,083)
<u>1,108</u>	<u>1,053</u>	Other staff cost	<u>5,093</u>	<u>4,253</u>
<u>43,990</u>	<u>38,597</u>		<u>105,957</u>	<u>91,560</u>

33. General administrative expenses

Parent			Group	
2022	2023		2023	2022
				Restated
5,050	6,233	Professional insurance	15,542	8,754
1,206	1,272	Property related expenses	18,982	12,477
896	796	Subscriptions & donations	8,503	4,833
2,508	2,478	Finance charges	3,078	3,298
518	948	Travel & entertainment	7,816	5,618
		Communications, printing &		
1,302	1,633	stationery	8,499	9,646
<u>9,836</u>	<u>10,098</u>	General expenses	<u>38,143</u>	<u>22,046</u>
<u>21,316</u>	<u>23,458</u>		<u>100,563</u>	<u>66,672</u>

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34. Taxation

Parent			Group	
2022	2023		2023	2022
12,604	22,071	Corporation tax	63,138	17,416
		Under provision to		
1,604	6,180	prior year tax charge	7,674	1,963
86	10	Withholding tax	66	138
12,766	15,430	Deferred tax (Note 15)	21,267	4,928
–	–	Provision for other taxes	(25,369)	2,150
<u>833</u>	<u>1,219</u>	Green Fund levy and other taxes	<u>4,598</u>	<u>2,530</u>
<u>27,893</u>	<u>44,910</u>		<u>71,374</u>	<u>29,125</u>
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:				
<u>104,176</u>	<u>155,909</u>	Net profit/(loss) before taxation	<u>200,667</u>	<u>(16,212)</u>
31,253	46,773	Tax at applicable statutory tax rates	138,465	14,294
		Tax effect of items that are adjustable in determining taxable profit:		
(10,178)	(12,315)	Tax exempt income	(112,607)	(10,580)
7,214	4,244	Non-deductible expenses	5,711	27,348
(6,163)	(8,604)	Allowable deductions	(17,378)	(13,710)
1,604	6,180	Adjustment to prior year tax charge	7,674	1,963
3,244	7,403	Other temporary differences	44,845	7,142
<u>919</u>	<u>1,229</u>	Provision for Green Fund levy and other taxes	<u>4,664</u>	<u>2,668</u>
<u>27,893</u>	<u>44,910</u>	Total taxation	<u>71,374</u>	<u>29,125</u>

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35. Segmental information

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

Banking services	Asset financing, Commercial banking, Merchant banking, Investment services, Securities trading and Foreign exchange trading.
Mutual funds	ANSA Secured Fund, ANSA US\$ Secured Fund, ANSA TT\$ Income Fund and ANSA US\$ Income Fund. 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 2023 or 2022.

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(Continued)

35. Segmental information (continued)

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	Eliminations	Total
2023						
Total operating income/(expense)	429,543	21,850	209,907	1,394,219	(413,722)	1,641,797
Total operating expense	(99,867)	(8,757)	(136,651)	(920,289)	–	(1,165,564)
Credit loss (expense)/recovery	(1,780)	2,024	866	5,190	–	6,300
Selling and administration expense	<u>(189,975)</u>	<u>(15,445)</u>	<u>(36,684)</u>	<u>(126,251)</u>	<u>86,489</u>	<u>(281,866)</u>
Profit/(loss) before taxation	137,921	(328)	37,438	352,869	(327,233)	200,667
Taxation	<u>(36,885)</u>	<u>–</u>	<u>(23,552)</u>	<u>(10,937)</u>	<u>–</u>	<u>(71,374)</u>
Profit/(loss) after taxation	<u>101,036</u>	<u>(328)</u>	<u>13,886</u>	<u>341,932</u>	<u>(327,233)</u>	<u>129,293</u>
Total assets	6,831,297	606,287	2,542,029	1,915,257	(1,594,454)	10,300,416
Total liabilities	4,750,746	605,800	1,908,471	676,035	(362,816)	7,578,236
Purchase of property and equipment	40,731	–	6,452	4,523	–	51,706
Depreciation and amortisation	(39,950)	–	(1,791)	(15,686)	(5,737)	(63,164)

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35. Segmental information (continued)

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

	Banking services	Mutual funds	Life insurance operations	General insurance operations	Eliminations	Total
2022						
Restated						
Total operating income/(expense)	328,744	(92)	49,575	719,109	(90,506)	1,006,830
Total operating expense	(65,406)	(9,909)	(122,897)	(630,847)	(5,198)	(834,257)
Credit loss recovery/(expense)	21,038	(842)	575	(479)	–	20,292
Selling and administration expense	<u>(159,762)</u>	<u>(10,298)</u>	<u>(68,203)</u>	<u>(88,528)</u>	<u>117,714</u>	<u>(209,077)</u>
Profit/(loss) before taxation	124,614	(21,141)	(140,950)	(745)	22,010	(16,212)
Taxation	<u>(30,592)</u>	<u>–</u>	<u>6,105</u>	<u>(4,638)</u>	<u>–</u>	<u>(29,125)</u>
Profit/(loss) after taxation	<u>94,022</u>	<u>(21,141)</u>	<u>(134,845)</u>	<u>(5,383)</u>	<u>22,010</u>	<u>(45,337)</u>
Total assets	6,330,744	664,818	2,788,756	1,166,873	(1,505,644)	9,445,547
Total liabilities	4,290,351	664,836	1,830,576	353,212	(445,540)	6,693,436
Purchase of property and equipment	32,104	–	585	8,924	–	41,613
Depreciation and amortisation	(29,743)	–	(1,822)	(6,901)	(2,655)	(41,121)

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(Continued)

35. Segmental information (continued)

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

	Domestic services	Regional	International	Eliminations	Total
2023					
Total operating income/(expense)	1,698,989	326,491	30,039	(413,722)	1,641,797
Total operating expense	(940,455)	(225,107)	(2)	–	(1,165,564)
Credit loss recovery/(expense)	10,174	(3,495)	(379)	–	6,300
Selling and administration expense	<u>(285,292)</u>	<u>(82,447)</u>	<u>(616)</u>	<u>86,489</u>	<u>(281,866)</u>
Profit/(loss) before taxation	483,416	15,442	29,042	(327,233)	200,667
Taxation	<u>(69,536)</u>	<u>(1,838)</u>	<u>–</u>	<u>–</u>	<u>(71,374)</u>
Profit/(loss) after taxation	<u>413,880</u>	<u>13,604</u>	<u>29,042</u>	<u>(327,233)</u>	<u>129,293</u>
Total assets	8,170,703	1,222,266	2,501,901	(1,594,454)	10,300,416
Total liabilities	7,228,402	708,261	4,389	(362,816)	7,578,236
Purchase of property and equipment	18,311	33,395	–	–	51,706
Depreciation and amortisation	(27,335)	(30,092)	–	(5,737)	(63,164)

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(Continued)

35. Segmental information (continued)

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

	Domestic services	Regional	International	Eliminations	Total
2022					
Restated					
Total operating income/(expense)	1,069,862	116,720	(89,246)	(90,506)	1,006,830
Total operating expense	(784,503)	(43,844)	(712)	(5,198)	(834,257)
Credit loss recovery	15,149	3,805	1,338	–	20,292
Selling and administration expense	<u>(240,606)</u>	<u>(74,956)</u>	<u>(11,229)</u>	<u>117,714</u>	<u>(209,077)</u>
Profit/(loss) before taxation	59,902	1,725	(99,849)	22,010	(16,212)
Taxation	<u>(26,899)</u>	<u>(2,226)</u>	<u>–</u>	<u>–</u>	<u>(29,125)</u>
Profit/(loss) after taxation	<u>33,003</u>	<u>(501)</u>	<u>(99,849)</u>	<u>22,010</u>	<u>(45,337)</u>
Total assets	7,104,229	1,388,940	2,458,022	(1,505,644)	9,445,547
Total liabilities	6,333,757	800,376	4,843	(445,540)	6,693,436
Purchase of property and equipment	14,058	27,555	–	–	41,613
Depreciation and amortisation	(15,886)	(22,580)	–	(2,655)	(41,121)

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36. Related party transactions and balances

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

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

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

Parent			Group	
2022	2023		2023	2022
Loans, investments and other assets				
44,596	50,067	ANSA McAL Group	233,636	151,198
199,549	66,010	Subsidiaries	–	–
		Directors and key management		
2,066	2,066	personnel	13,586	12,084
<u>114,353</u>	<u>165,975</u>	Other related parties	<u>190,419</u>	<u>152,620</u>
<u>360,564</u>	<u>284,118</u>		<u>437,641</u>	<u>315,902</u>
Deposits and other liabilities				
233,782	245,341	ANSA McAL Group	507,268	640,509
94,028	183,106	Subsidiaries	–	–
		Directors and key management		
–	–	personnel	62,777	62,221
<u>–</u>	<u>–</u>	Other related parties	<u>156,656</u>	<u>143,387</u>
<u>327,810</u>	<u>428,447</u>		<u>726,701</u>	<u>846,117</u>

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36. Related party transactions and balances (continued)

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

Parent			Group	
2022	2023		2023	2022
Interest and other income				
14,281	15,224	ANSA McAL Group	55,988	37,898
17,210	21,202	Subsidiaries	–	–
		Directors and key management		
83	90	personnel	572	698
<u>221</u>	<u>1,380</u>	Other related parties	<u>4,608</u>	<u>3,440</u>
<u>31,795</u>	<u>37,896</u>		<u>61,168</u>	<u>42,036</u>
Interest and other expense				
5,788	8,202	ANSA McAL Group	35,259	14,789
596	2,062	Subsidiaries	–	–
		Directors and key management		
–	–	personnel	3,338	3,327
<u>–</u>	<u>–</u>	Other related parties	<u>2,203</u>	<u>1,546</u>
<u>6,384</u>	<u>10,264</u>		<u>40,800</u>	<u>19,662</u>

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

Key management compensation

Parent			Group	
2022	2023		2023	2022
10,283	11,857	Short-term benefits	49,212	22,861
		Contribution to defined		
105	122	contribution plans	183	176
<u>220</u>	<u>253</u>	Post employment benefits	<u>253</u>	<u>220</u>
<u>10,608</u>	<u>12,232</u>		<u>49,648</u>	<u>23,257</u>

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37. Fair value of financial instruments

(i) Carrying amounts and fair values

The tables in the following pages summarise the carrying amounts and the fair values of the Parent's and the Group's financial assets and liabilities for 2023 and 2022.

2023

Parent				Group		
Carrying values	Fair values	Unrecognised gain/(loss)	Financial assets	Carrying values	Fair values	Unrecognised (loss)/gain
			Net investment in leased assets and other			
733,013	733,013	–	instalment loans	1,001,505	960,622	(40,883)
1,144,764	1,144,764	–	Loans and advances	2,250,288	2,158,605	(91,683)
<u>1,102,823</u>	<u>1,103,892</u>	<u>1,069</u>	Investment securities	<u>4,391,591</u>	<u>4,411,817</u>	<u>20,226</u>
<u>2,980,600</u>	<u>2,981,669</u>	<u>1,069</u>		<u>7,643,384</u>	<u>7,531,044</u>	<u>(112,340)</u>
			Financial liabilities			
			Customers' deposits and other			
2,152,570	2,152,570	–	funding instruments	4,084,214	4,119,758	(35,544)
<u>600,000</u>	<u>630,714</u>	<u>(30,714)</u>	Debt securities in issue	<u>600,000</u>	<u>630,714</u>	<u>(30,714)</u>
<u>2,752,570</u>	<u>2,783,284</u>	<u>(30,714)</u>		<u>4,684,214</u>	<u>4,750,472</u>	<u>(66,258)</u>

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

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37. Fair value of financial instruments (continued)**(i) Carrying amounts and fair values** (continued)

2022

Parent				Group		
Carrying values	Fair values	Unrecognised loss		Carrying values	Fair values	Unrecognised loss
			Financial assets			
			Net investment in leased assets and other			
718,290	718,290	–	instalment loans	987,197	987,197	–
548,919	548,919	–	Loans and advances	1,541,215	1,541,215	–
<u>1,062,387</u>	<u>1,014,414</u>	<u>(47,973)</u>	Investment securities	<u>4,161,989</u>	<u>4,047,380</u>	<u>(114,609)</u>
<u>2,329,596</u>	<u>2,281,623</u>	<u>(47,973)</u>		<u>6,690,401</u>	<u>6,575,792</u>	<u>(114,609)</u>
			Financial liabilities			
			Customers' deposits and other			
1,938,156	1,938,156	–	funding instruments	3,603,444	3,603,444	–
<u>600,000</u>	<u>632,382</u>	<u>(32,382)</u>	Debt securities in issue	<u>600,000</u>	<u>632,382</u>	<u>(32,382)</u>
<u>2,538,156</u>	<u>2,570,538</u>	<u>(32,382)</u>		<u>4,203,444</u>	<u>4,235,826</u>	<u>(32,382)</u>

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

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(Continued)

37. Fair value of financial instruments (continued)

(ii) Determination of fair value and fair value hierarchies

2023	Level 1	Level 2	Level 3	POCI	Total
Parent					
Investment securities designated at FVSI					
Equity securities	22	–	–	–	22
Managed Funds	172,698	77,196	–	–	249,894
Corporate bonds	–	90,536	–	–	90,536
	<u>172,720</u>	<u>167,732</u>	<u>–</u>	<u>–</u>	<u>340,452</u>
Investment securities measured at amortised cost for which fair values are disclosed					
Government bonds	–	246	–	–	246
State-owned company securities	–	42,878	–	–	42,878
Corporate bonds	378,818	104,655	–	–	483,473
	<u>378,818</u>	<u>147,779</u>	<u>–</u>	<u>–</u>	<u>526,597</u>
Investment securities measured at FVOCI					
Equity securities	–	20,779	–	–	20,779
Government bonds	101,012	–	–	–	101,012
Corporate bonds	115,052	–	–	–	115,052
	<u>216,064</u>	<u>20,779</u>	<u>–</u>	<u>–</u>	<u>236,843</u>

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(Continued)

37. Fair value of financial instruments (continued)

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

2023 Group	Level 1	Level 2	Level 3	POCI	Total
Investment securities designated at FVSI					
Equity securities	269,941	75,359	–	–	345,300
Managed Funds	185,379	108,682	–	–	294,061
Government bonds	3,084	24,930	–	–	28,014
State-owned company securities	–	19,471	–	–	19,471
Corporate bonds	<u>12,333</u>	<u>97,203</u>	<u>–</u>	<u>–</u>	<u>109,536</u>
	<u>470,737</u>	<u>325,645</u>	<u>–</u>	<u>–</u>	<u>796,382</u>
Investment securities measured at amortised cost for which fair values are disclosed					
Government bonds	83,224	707,743	–	16,304	807,271
State-owned company securities	–	411,989	–	–	411,989
Corporate bonds	<u>621,380</u>	<u>901,284</u>	<u>1,425</u>	<u>–</u>	<u>1,524,089</u>
	<u>704,604</u>	<u>2,021,016</u>	<u>1,425</u>	<u>16,304</u>	<u>2,743,349</u>
Investment securities measured at FVOCI					
Equity securities	548,439	–	1,058	–	549,497
Government bonds	139,375	5,530	–	–	144,905
Corporate bonds	<u>177,684</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>177,684</u>
	<u>865,498</u>	<u>5,530</u>	<u>1,058</u>	<u>–</u>	<u>872,086</u>

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(Continued)

37. Fair value of financial instruments (continued)

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

2022	Level 1	Level 2	Level 3	POCI	Total
Parent					
Investment securities designated at FVSI					
Equity securities	22	–	–	–	22
Managed funds	28,741	359,726	–	–	388,467
Government bonds	–	98,036	–	–	98,036
	<u>28,763</u>	<u>457,762</u>	<u>–</u>	<u>–</u>	<u>486,525</u>
Investment securities measured at amortised cost for which fair values are disclosed					
Government bonds	1,417	493	–	–	1,910
State-owned company securities	–	55,985	–	–	55,985
Corporate bonds	77,702	350,354	2	–	428,058
	<u>79,119</u>	<u>406,832</u>	<u>2</u>	<u>–</u>	<u>485,953</u>
Investment securities measured at FVOCI					
Equity securities	–	20,630	–	–	20,630
Corporate bonds	21,306	–	–	–	21,306
	<u>21,306</u>	<u>20,630</u>	<u>–</u>	<u>–</u>	<u>41,936</u>

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

37. Fair value of financial instruments (continued)

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

2022 Group	Level 1	Level 2	Level 3	POCI	Total
Investment securities designated at FVSI					
Equity securities	667,619	–	1,058	–	668,677
Managed funds	367,754	563,219	–	–	930,973
Government bonds	5,319	4,814	–	–	10,133
State-owned company securities	–	48,065	–	–	48,065
Corporate bonds	16,896	104,708	–	–	121,604
	<u>1,057,588</u>	<u>720,806</u>	<u>1,058</u>	<u>–</u>	<u>1,779,452</u>
Investment securities measured at amortised cost for which fair values are disclosed					
Government bonds	37,467	414,238	93	16,101	467,899
State-owned company securities	–	516,903	–	–	516,903
Corporate bonds	242,524	986,525	1,640	–	1,230,689
	<u>279,991</u>	<u>1,917,666</u>	<u>1,733</u>	<u>16,101</u>	<u>2,215,491</u>
Investment securities measured at FVOCI					
Government bonds	–	5,458	–	–	5,458
Corporate bonds	46,979	–	–	–	46,979
	<u>46,979</u>	<u>5,458</u>	<u>–</u>	<u>–</u>	<u>52,437</u>

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37. Fair value of financial instruments (continued)

(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 no transfers from level 1 to level 2 for the year ended 31 December 2023 (2022: no transfers from level 1 to level 2).

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

37. Fair value of financial instruments (continued)

(iv) Movements in Level 3 financial instruments

Parent					Group	
2022	2023			2023	2022	
Assets						
2	2	Balance at 1 January		2,791	3,596	
–	–	Gains recognised		(288)	(805)	
–	–	Purchases		(18)	–	
–	–	Transfers out of Level 3		–	–	
–	(2)	Disposal		(2)	–	
<u>2</u>	<u>–</u>			<u>2,483</u>	<u>2,791</u>	

38. Risk management

Introduction

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

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

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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(Continued)

38. Risk management (continued)

Risk management structure (continued)

Treasury management

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

Concentrations of risk

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

Market risk

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

Credit risk management

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

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

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(Continued)

38. Risk management (continued)

Credit risk management (continued)

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

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

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

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

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

Parent			Group	
2022	2023		2023	2022
				Restated
705,070	272,033	Cash and short-term funds	943,136	1,495,579
–	–	Fixed deposits	8,496	8,528
		Net investment in leased assets		
718,290	733,013	and other instalment loans	1,001,505	987,197
548,919	1,144,764	Loans and advances	2,250,288	1,541,215
1,041,735	1,082,022	Investment securities	3,496,794	3,493,312
3,021	5,313	Interest receivable	28,015	18,237
–	–	Reinsurance contract assets	252,138	167,540
<u>3,017,035</u>	<u>3,237,145</u>	Total	<u>7,980,372</u>	<u>7,711,608</u>

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(Continued)

38. Risk management (continued)**Credit risk management** (continued)**Maximum exposure to credit risk without taking account of any collateral and other credit enhancements** (continued)

Parent			Group	
2022	2023		2023	2022
				Restated
3,017,035	3,237,145	Total	7,980,372	7,711,608
–	–	Undrawn commitments	1,528	13,902
–	–	Contingent liabilities	839	1,511
<u>3,017,035</u>	<u>3,237,145</u>		<u>7,982,739</u>	<u>7,727,021</u>

The main types of collateral obtained are as follows:

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

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(Continued)

38. Risk management (continued)

Credit risk management (continued)

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 and other loans, 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.

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(Continued)

38. Risk management (continued)

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

Stage 1	Group			
2023	Net investment in leased assets	Loans and advances	Investment securities	Total
Gross balance	948,443	1,838,564	3,024,906	5,811,913
ECL	<u>(7,580)</u>	<u>(5,539)</u>	<u>(10,998)</u>	<u>(24,117)</u>
	<u>940,863</u>	<u>1,833,025</u>	<u>3,013,908</u>	<u>5,787,796</u>
ECL as a % of Gross balance	0.80%	0.30%	0.36%	0.41%

Stage 1	Group			
2022	Net investment in leased assets	Loans and advances	Investment securities	Total
Gross balance	915,432	1,441,742	2,378,376	4,735,549
ECL	<u>(10,940)</u>	<u>(4,756)</u>	<u>(22,869)</u>	<u>(38,565)</u>
	<u>904,492</u>	<u>1,436,986</u>	<u>2,355,507</u>	<u>4,696,985</u>
ECL as a % of Gross balance	1.20%	0.33%	0.96%	0.81%

The ECL percentage for Net investment in leased assets and Loans and advances decreased as a result of lower PDs and LGDs used in the Group's calculation for the current year. The ECL percentage for Investment securities decreased as a result of lower PDs utilised.

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(Continued)

38. Risk management (continued)

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

Stage 2	Group			
2023	Net investment in leased assets	Loans and advances	Investment securities	Total
Gross balance	51,263	314,078	12,349	377,690
ECL	<u>(1,022)</u>	<u>(1,454)</u>	<u>(99)</u>	<u>(2,575)</u>
	<u>50,241</u>	<u>312,624</u>	<u>12,250</u>	<u>375,115</u>
ECL as a % of Gross balance	1.99%	0.46%	0.80%	0.68%
Stage 2	Group			
2022	Net investment in leased assets	Loans and advances	Investment securities	Total
Gross balance	33,982	27,992	11,241	73,215
ECL	<u>(1,119)</u>	<u>(130)</u>	<u>(456)</u>	<u>(1,705)</u>
	<u>32,863</u>	<u>27,862</u>	<u>10,785</u>	<u>71,510</u>
ECL as a % of Gross balance	3.29%	0.46%	4.05%	2.33%

The decrease in ECL percentage for Stage 2 Net investment in leased assets while the percentage for Loans and advances remained unchanged, both were impacted by an increase in the gross balance and lower PD and LGDs. There was a decrease in the ECL percentage as a result of movements in the PDs and LGDs between current and prior years for Investment securities.

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(Continued)

38. Risk management (continued)

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

Stage 3	Group			
2023	Net investment in leased assets	Loans and advances	Investment securities	Total
Gross balance	41,621	136,420	24,426	202,466
ECL	<u>(31,220)</u>	<u>(22,525)</u>	<u>(4,939)</u>	<u>(58,684)</u>
	<u>10,401</u>	<u>113,895</u>	<u>19,487</u>	<u>143,782</u>
ECL as a % of Gross balance	75.01%	16.51%	20.22%	28.98%
Stage 3	Group			
2022	Net investment in leased assets	Loans and advances	Investment securities	Total
Gross balance	81,448	101,648	8,723	191,819
ECL	<u>(31,606)</u>	<u>(16,025)</u>	<u>(8,723)</u>	<u>(56,354)</u>
	<u>49,842</u>	<u>85,623</u>	<u>–</u>	<u>135,465</u>
ECL as a % of Gross balance	38.81%	15.77%	100.00%	29.38%

The ECL percentage for Net investment in leased assets increased as a result of lower gross balances and Loans and advances percentages increased as a result of higher gross balances and movement in PDs and LGDs used in the Group's calculation for the current year. The ECL percentage for Investment securities decreased as a result of changes in PDs utilised.

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(Continued)

38. Risk management (continued)

Reinsurance assets

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

Interest rate risk

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

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(Continued)

38. Risk management (continued)

Interest rate risk (continued)

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 2023 and 2022.

Change in basis points	Sensitivity of income	
	2023	2022
Parent		
+ 100	20	28
- 100	(20)	(28)
Group		
+ 100	21	29
- 100	(21)	(29)

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 2023 and 2022 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.

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(Continued)

38. Risk management (continued)**Currency risk (continued)**

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

Parent	TTD	USD	EURO	OTHER	TOTAL
2023					
Cash and short-term funds	176,916	88,592	4,681	1,844	272,033
Loans and advances	724,629	420,135	–	–	1,144,764
Investment securities	113,437	989,146	–	240	1,102,823
Interest receivable	5,313	–	–	–	5,313
Total financial assets	<u>1,020,295</u>	<u>1,497,873</u>	<u>4,681</u>	<u>2,084</u>	<u>2,524,933</u>
Customers' deposits and other funding instruments	1,635,445	517,125	–	–	2,152,570
Debt securities in issue	600,000	–	–	–	600,000
Total financial liabilities	<u>2,235,445</u>	<u>517,125</u>	<u>–</u>	<u>–</u>	<u>2,752,570</u>
Net currency risk exposure		<u>980,748</u>	<u>4,681</u>	<u>2,084</u>	
Reasonably possible change in currency rate		5%	5%	5%	
Effect on profit before taxation		<u>49,037</u>	<u>234</u>	<u>104</u>	<u>49,375</u>

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(Continued)

38. Risk management (continued)**Currency risk (continued)**

Parent (continued)	TTD	USD	EURO	OTHER	TOTAL
2022					
Cash and short-term funds	398,444	292,086	8,192	6,348	705,070
Loans and advances	213,577	335,342	–	–	548,919
Investment securities	113,765	948,622	–	–	1,062,387
Interest receivable	1,337	1,684	–	–	3,021
Total financial assets	<u>727,123</u>	<u>1,577,734</u>	<u>8,192</u>	<u>6,348</u>	<u>2,319,397</u>
Customers' deposits and other funding instruments	1,106,748	831,408	–	–	1,938,156
Debt securities in issue	600,000	–	–	–	600,000
Total financial liabilities	<u>1,706,748</u>	<u>831,408</u>	<u>–</u>	<u>–</u>	<u>2,538,156</u>
Net currency risk exposure		<u>746,326</u>	<u>8,192</u>	<u>6,348</u>	
Reasonably possible change in currency rate		5%	5%	5%	
Effect on profit before taxation		<u>37,316</u>	<u>410</u>	<u>317</u>	<u>38,043</u>

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(Expressed in thousands of Trinidad and Tobago dollars)

(Continued)

38. Risk management (continued)**Currency risk (continued)****Group**

2023	TTD	USD	BDS	EURO	OTHER	TOTAL
Cash and short-term funds	569,414	256,607	59,849	8,028	49,238	943,136
Fixed deposits	–	–	3,672	–	4,824	8,496
Net investment in leased assets and other instalment loans	729,084	–	272,421	–	–	1,001,505
Loans and advances	1,666,475	420,174	163,639	–	–	2,250,288
Investment securities	1,472,149	2,891,147	28,055	–	240	4,391,591
Interest receivable	18,828	8,760	212	–	215	28,015
Other debtors and prepayments	43,281	9,186	7,333	–	–	59,800
Reinsurance assets	172,980	(4,389)	83,547	–	–	252,138
Total financial assets	4,672,211	3,581,485	618,728	8,028	54,517	8,934,969
Customers' deposits and other funding instruments	2,979,732	659,713	444,769	–	–	4,084,213
Debt securities in issue	600,000	–	–	–	–	600,000
Total financial liabilities	3,579,732	659,713	444,769	–	–	4,684,213
Net currency risk exposure		2,921,772	173,959	8,028	54,517	
Reasonably possible change in currency rate		5%	5%	5%	5%	
Effect on profit before taxation		146,089	8,698	401	2,726	157,914

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(Continued)

38. Risk management (continued)**Currency risk (continued)****Group (continued)**

2022	TTD	USD	BDS	EURO	OTHER	TOTAL
Restated						
Cash and short-term funds	880,363	417,381	142,931	8,228	46,676	1,495,579
Fixed deposits	–	–	3,686	–	4,842	8,528
Net investment in leased assets and other instalment loans	714,073	–	273,124	–	–	987,197
Loans and advances	1,062,881	338,315	140,019	–	–	1,541,215
Investment securities	1,088,229	2,839,075	51,760	–	182,925	4,161,989
Interest receivable	12,343	4,530	320	–	1,044	18,237
Other debtors and prepayments	33,915	4,754	18,514	–	–	57,183
Reinsurance contract assets	167,540	–	–	–	–	167,540
Total financial assets	3,959,344	3,604,055	630,354	8,228	235,487	8,437,468
Customers' deposits and other funding instruments	2,105,518	1,040,604	457,322	–	–	3,603,444
Debt securities in issue	600,000	–	–	–	–	600,000
Total financial liabilities	2,705,518	1,040,604	457,322	–	–	4,203,444
Net currency risk exposure		2,563,451	173,032	8,228	235,487	
Reasonably possible change in currency rate		5%	5%	5%	5%	
Effect on profit before taxation		128,173	8,652	411	11,774	149,010

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(Continued)

38. Risk management (continued)

Liquidity risk

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

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

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

Analysis of financial liabilities by remaining contractual maturities

The tables below summarise the maturity profile of the Parent's and Group's financial liabilities as at 31 December 2023 and 2022, based on contractual repayment obligations, over the remaining life of those liabilities.

Parent	Up to one year	One to five years	Over five years	Total
2023				
Customers' deposits and other funding instruments	2,174,112	29,407	–	2,203,519
Debt securities in issue	38,610	129,000	609,765	777,375
Lease liabilities	2,275	6,785	204	9,264
Bank overdraft	17,789	–	–	17,789
	<u>2,232,786</u>	<u>165,192</u>	<u>609,969</u>	<u>3,007,947</u>

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38. Risk management (continued)**Liquidity risk** (continued)*Analysis of financial liabilities by remaining contractual maturities* (continued)

Parent	Up to one year	One to five years	Over five years	Total
2022				
Customers' deposits and other funding instruments	1,940,669	24,739	5,683	1,971,091
Debt securities in issue	38,504	161,181	609,850	809,535
Lease liabilities	1,972	7,017	–	8,989
Bank overdraft	3,840	–	–	3,840
	<u>1,984,985</u>	<u>192,937</u>	<u>615,533</u>	<u>2,793,455</u>
Group				
2023				
Customers' deposits and other funding instruments	3,556,906	566,000	10,736	4,133,642
Undrawn commitments	1,528	–	–	1,528
Debt securities in issue	38,610	129,000	609,765	777,375
Lease liabilities	14,733	21,216	10,845	46,794
Bank overdraft	17,789	–	–	17,789
Investment contracts	289,010	–	–	289,010
	<u>3,918,576</u>	<u>716,216</u>	<u>631,346</u>	<u>5,266,138</u>
2022				
Restated				
Customers' deposits and other funding instruments	3,386,331	242,411	6,472	3,635,214
Undrawn commitments	13,902	–	–	13,902
Debt securities in issue	38,504	161,181	609,850	809,535
Lease liabilities	3,807	13,555	3,197	20,559
Bank overdraft	3,840	–	–	3,840
Investment contracts	272,774	–	–	272,774
	<u>3,719,158</u>	<u>417,147</u>	<u>619,519</u>	<u>4,755,824</u>

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 (Continued)

38. Risk management (continued)

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 2023 and 2022 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	
		2023 +/-	2022 +/-
Parent			
TTSE	+/- 3	–	–
Group			
TTSE	+/- 3	1,152	16,262
S&P 500	+/- 8	36,362	7,184

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
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38. Risk management (continued)

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.

Sensitivities

The table 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 the 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 these assumptions are non-linear and larger or smaller impacts cannot easily be gleaned from these results.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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(Continued)

38. Risk management (continued)**Insurance risk (continued)****Group****2023**

	Change in assump- tions	Impact on fulfilment cash flows - Gross	Impact on fulfilment cash flows - Net	Impact on CSM - Gross	Impact on CSM - Net	Impact on profit before tax	Impact on profit after tax
Expenses	+10%	23,077	23,057	(18,515)	(18,915)	(4,142)	(3,521)
Expenses	-10%	(23,004)	(22,981)	18,470	18,859	4,122	3,504
Mortality/ Morbidity	+10%	18,293	7,447	(15,182)	(4,904)	(2,543)	(2,162)
Mortality/ Morbidity	-10%	(18,730)	(7,500)	15,513	4,847	2,653	2,255
Longevity	+10%	(8,126)	(8,126)	7,226	7,226	900	765
Longevity	-10%	8,865	8,865	(7,889)	(7,889)	(977)	(830)
Lapses	+10%	(853)	(2)	134	(694)	696	592
Lapses	-10%	1,001	79	(229)	667	(746)	(634)
Observable interest rates	+1%	(79,786)	(77,756)	–	–	77,756	66,093
Observable interest rates	-1%	96,884	94,549	–	–	(94,549)	(80,367)
2022							
Expenses	+10%	21,797	21,774	(19,318)	(19,661)	(2,113)	(1,796)
Expenses	-10%	(21,720)	(21,696)	19,260	19,599	2,098	1,783
Mortality/ Morbidity	+10%	18,114	7,529	(16,017)	(6,082)	(1,447)	(1,230)
Mortality/ Morbidity	-10%	(18,509)	(7,588)	16,351	6,086	1,502	1,277
Longevity	+10%	(7,196)	(7,196)	6,869	6,869	327	278
Longevity	-10%	7,850	7,850	(7,497)	(7,497)	(353)	(300)
Lapses	+10%	(568)	200	341	(281)	81	69
Lapses	-10%	697	(138)	(460)	209	(71)	(60)
Observable interest rates	+1%	(72,124)	(70,225)	–	–	70,225	59,692
Observable interest rates	-1%	89,699	87,551	–	–	(87,551)	(74,418)

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39. Business combinations

Acquisition Colonial Fire & General Insurance Limited

On 7 February 2023, the Bank through its subsidiary, Trinidad and Tobago Insurance Limited (TATIL), completed the acquisition of 100 percent of the total issued and outstanding shares held in Colonial Fire & General Insurance Limited (COLFIRE), a non-listed company based in Trinidad and Tobago engaged in the underwriting of general insurance policies.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the Bank as at the date of acquisition were:

	Fair value recognised on acquisition
Assets	
Financial assets	275,996
Property and equipment	39,604
Retirement benefit asset	28,054
Other assets	52,291
Cash and short term deposits	42,998
	<u>438,943</u>
Liabilities	
Insurance liability	221,083
Other liabilities	98,300
	<u>319,383</u>
Net asset value	119,560
Fair value adjustments	–
Intangible assets:	
Policy renewal rights	23,904
Distribution relationship	14,568
	<u>38,472</u>
Fair value of net assets acquired	158,032

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 (Continued)

39. Business combinations (continued)

Assets acquired and liabilities assumed (continued)

Goodwill arising on acquisition	<u>162,030</u>
Purchase consideration transferred	<u>320,062</u>
Net cash and cash equivalents acquired	<u>(32,917)</u>
Net cash outflow on acquisition	<u>287,145</u>

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.

The goodwill arising on acquisition of \$162 million is allocated entirely to the banking and insurance segment of the Group and comprises other intangible benefits acquired that do not qualify for separate recognition.

From the date of acquisition, the Company contributed \$235.6 million towards other income of the Group and recorded a profit before tax of \$9.5 million during 2023.

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40. 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 2023 and 2022, 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.

NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

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(Continued)

41. 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	2023			2022		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Assets						
Cash and short-term funds	272,033	–	272,033	705,070	–	705,070
Net investment in leased assets and other instalment loans	113,168	619,845	733,013	54,706	663,584	718,290
Loans and advances	245,187	899,577	1,144,764	237,215	311,704	548,919
Investment securities	599,026	503,797	1,102,823	546,113	516,274	1,062,387
Interest receivable	5,313	–	5,313	3,021	–	3,021
Other debtors and prepayments	30,573	–	30,573	20,578	–	20,578
Taxation recoverable	15,353	–	15,353	21,532	–	21,532
Investment in subsidiaries	–	1,089,510	1,089,510	–	1,039,510	1,039,510
Property and equipment	–	2,746	2,746	–	3,008	3,008
Intangible assets	–	23,227	23,227	–	25,322	25,322
Right-of-use assets	–	8,368	8,368	–	8,267	8,267
Deferred tax assets	–	6,837	6,837	–	18,856	18,856
Employee benefits asset	–	8,436	8,436	–	8,006	8,006
Total assets	1,280,653	3,162,343	4,442,996	1,588,235	2,594,531	4,182,766

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(Continued)

41. Maturity analysis of assets and liabilities (continued)

Parent (continued)	2023			2022		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Liabilities						
Customers' deposits and other funding instruments	2,124,115	28,455	2,152,570	1,910,574	27,582	1,938,156
Lease liabilities	1,995	6,580	8,575	1,700	6,565	8,265
Bank overdraft	17,789	–	17,789	3,840	–	3,840
Accrued interest and other payables	98,044	–	98,044	83,419	–	83,419
Debt securities in issue	–	600,000	600,000	–	600,000	600,000
Taxation payable	3,751	–	3,751	–	–	–
Deferred tax liabilities	–	11,687	11,687	–	7,799	7,799
Employee benefits liability	–	914	914	–	1,019	1,019
Total liabilities	<u>2,245,694</u>	<u>647,636</u>	<u>2,893,330</u>	<u>1,999,533</u>	<u>642,965</u>	<u>2,642,498</u>

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(Continued)

41. Maturity analysis of assets and liabilities (continued)

Group	2023			Restated 2022		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Assets						
Cash and short-term funds	943,136	–	943,136	1,495,579	–	1,495,579
Fixed deposits	8,496	–	8,496	8,528	–	8,528
Net investment in leased assets and other instalment loans	120,274	881,231	1,001,505	59,694	927,503	987,197
Loans and advances	393,733	1,856,555	2,250,288	390,239	1,150,976	1,541,215
Investment securities	2,190,244	2,201,347	4,391,591	1,946,622	2,215,367	4,161,989
Interest receivable	28,015	–	28,015	18,237	–	18,237
Other debtors and prepayments	58,459	1,341	59,800	54,783	2,400	57,183
Reinsurance assets	212,151	39,987	252,138	135,960	31,580	167,540
Taxation recoverable	26,310	47	26,357	27,559	164	27,723
Investment properties	–	153,838	153,838	–	147,047	147,047
Property and equipment	–	223,716	223,716	–	192,002	192,002
Intangible assets	–	692,020	692,020	–	434,448	434,448
Right-of-use assets	–	39,716	39,716	–	20,369	20,369
Deferred tax assets	–	48,999	48,999	–	32,523	32,523
Employee benefits asset	–	180,801	180,801	–	153,967	153,967
Total assets	3,980,818	6,319,598	10,300,416	4,137,201	5,308,346	9,445,547

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41. Maturity analysis of assets and liabilities (continued)

Group (continued)	2023			Restated 2022		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Liabilities						
Customers' deposits and other funding instruments	3,508,106	576,108	4,084,214	3,356,776	246,668	3,603,444
Lease liabilities	4,244	32,950	37,194	3,366	15,787	19,153
Bank overdraft	17,789	–	17,789	3,840	–	3,840
Accrued interest and other payables	360,714	8,202	368,916	383,184	2,718	385,902
Debt securities in issue	–	600,000	600,000	–	600,000	600,000
Taxation payable	7,915	–	7,915	–	–	–
Deferred tax liabilities	–	125,359	125,359	–	103,946	103,946
Employee benefits liability	–	9,268	9,268	–	9,250	9,250
Investment contract liabilities	289,010	–	289,010	272,774	–	272,774
Insurance contract liabilities	222,671	1,815,900	2,038,571	43,755	1,651,371	1,695,126
Total liabilities	<u>4,410,449</u>	<u>3,167,787</u>	<u>7,578,236</u>	<u>4,063,695</u>	<u>2,629,740</u>	<u>6,693,435</u>

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42. Capital commitments

Parent			Group	
2022	2023		2023	2022
<u>8,655</u>	<u>13,363</u>	Capital expenditure	<u>28,418</u>	<u>71,910</u>

43. 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	
2022	2023		2023	2022
<u>—</u>	<u>—</u>		<u>839</u>	<u>1,511</u>

44. Dividends

Dividends paid are analysed as follows:

	2023	2022
Final dividend for 2022 – \$1.00 per share (2021: \$1.00 per share)	85,605	85,605
Interim dividend for 2023 – \$0.20 per share (2022: \$0.20 per share)	<u>17,121</u>	<u>17,121</u>
	<u>102,726</u>	<u>102,726</u>

On 25 March 2024, the Board of Directors declared a final dividend of \$1.00 (2022: \$1.00) per share for the year ended 31 December 2023. This dividend amounting to \$85,605,263 (2022: \$85,605,263) is not recorded as a liability in the statement of financial position as at 31 December 2023.

45. Events after the reporting period

There were no material events after the statement of financial position date of 31 December 2023 which required recording for disclosure in the financial statements of the Bank or its subsidiaries as at 25 March 2024.