MERCHANT BANK LIMITED

TOMORROW REIMAGINED

ANNUAL REPORT 2020

MERCHANT BANK LIMITED

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Report of the CHAIRMAN

A. NORMAN SABGA

For the financial year ended December 31, 2020, ANSA Merchant Bank Ltd ("AMBL"), the parent company of our financial services group (including TATIL, TATIL Life and their respective Subsidiaries) performed admirably, in spite of the significant challenges posed by the ongoing COVID-19 pandemic.

The Group's consolidated Operating Income for 2020 declined resulting in a reduction in consolidated Profit Before Tax to $205 million (compared to the prior year's $357 million), primarily due to unrealised non-cash market valuation declines in our investment portfolios.

During the year we continued to accelerate investments in all areas of our operations, particularly in information technology, and we expect to see tangible improvements in customer service in the coming years as a result of the implementation of these initiatives.

I am pleased to announce that, following the close of the financial year, we completed the acquisition of the Bank of Baroda. I am quite encouraged by the new opportunities that this acquisition will bring to our financial services group. We expect to enhance our insurance operations in Barbados upon completion of the integration of the Trident Insurance business, subject to final regulatory approvals.

Given the improved business performance that we have seen over the last two quarters of the 2020 financial year, the Directors have recommended a total dividend of $0.75 per share for the year ended December 31, 2020. This final dividend will be paid on May 21, 2021 to shareholders on the register as at May 7, 2021.

I wish to thank our dedicated staff, loyal customers, and the communities in which we operate, who have all adapted to new ways of working while maintaining the highest safety standards during the pandemic. I also thank our Boards of Directors and our senior executives for their exceptional resilience and leadership over the past year.

A. Norman Sabga

A. Norman Sabga

Chairman

Report of the
MANAGING DIRECTOR

GREGORY N. HILL

For most people in the global community the defining memory of 2020 will be the COVID-19 pandemic, which is, of course, still with us and has had such devastating consequences for the lives and livelihoods of millions around the world.

As the pandemic's effects unfolded, our priorities were clear. We immediately deployed our operational agility in protecting the health and wellbeing of our many employees and customers by implementing protective measures.

Looking at our 2020 results, one thing is clear: our decade-long focus on responsible growth prepared us well for this economic crisis. It allowed us to be a source of stability for our customers and employees during challenging times, to continue supporting the communities in which we work and live, and to continue to deliver consistent results for our shareholders.

During the year, we continued to drive our strategic focus on delivering top tier customer service. We demonstrated this by our continued investment in technology, training and improving our social media presence to deliver improved efficiency in our offerings to our customers.

We are pleased to announce the acquisition of Bank of Baroda as part of the ANSA Merchant Bank Group from March 2021, which will allow us to compete in the commercial banking landscape for the first time. As we work closely on the optimal integration of this acquisition into the ANSA Merchant Bank Group, we expect to broaden the range of services that we can offer to the existing clients of both institutions, as well as expand overall market share.

On January 1, 2021 the Managing Director of Tatil, M. Musa Ibrahim, also assumed the Managing Director position for Tatil Life, Ron Milford having moved to head another company within the Group. We greatly appreciate Mr. Milford's astute leadership over the last decade and thank him for spearheading the company's growth in that time. We look forward to the synergies that Mr. Ibrahim, in his dual role, will harness for the benefit of both companies.

ansa MERCHANT BANK LIMITED

Bank of Baroda (Trinidad and Tobago) Limited

ANSA MERCHANT BANK LIMITED ACQUIRES OPERATIONS OF BANK OF BARODA (TRINIDAD AND TOBAGO) LIMITED

We are pleased to announce ANSA Merchant Bank Limited's acquisition of Bank of Baroda (Trinidad and Tobago) Limited. As such, Monday 1st March 2021 represents the first day of business of Bank of Baroda (Trinidad and Tobago) Limited's operations under the ownership of ANSA Merchant Bank Limited. This transaction commenced via a sales agreement signed on 11th December 2019 and was approved by the Central Bank of Trinidad and Tobago on 20th November 2020. The Bank will continue to operate as Bank of Baroda (Trinidad & Tobago) Limited for the period of one month.

Mr. Elango Balasubramaniam, Chairman, Bank of Baroda (Trinidad & Tobago) Limited, said, "The exit of Bank of Baroda from Trinidad and Tobago was part of the rationalizing of our global network. We have had a long and successful tenure in Trinidad and Tobago spanning 14 years and we appreciate the support of our loyal customers over this period. Due to our commitment to our customers, we have been very careful in the selection of the entity that acquired our business and are confident, going forward, that they will continue to enjoy the level of service to which they have grown accustomed."

Commenting on the transaction, Mr A. Norman Sabga, Chairman of ANSA Merchant Bank, said, "This acquisition signifies our long-term confidence in the economy of Trinidad and Tobago and our willingness to serve citizens in every area of their lives. We look forward to adding new and innovative products and services to the commercial banking landscape which will augment the array of financial services already provided in life and general insurance and merchant banking."

The new Chairman of the Bank will be Mr. David Dulal-Whiteway and the new Managing Director will be Mr. Robert La Hunte. Both are accomplished bankers with over 30 years of international, regional and local banking experience.

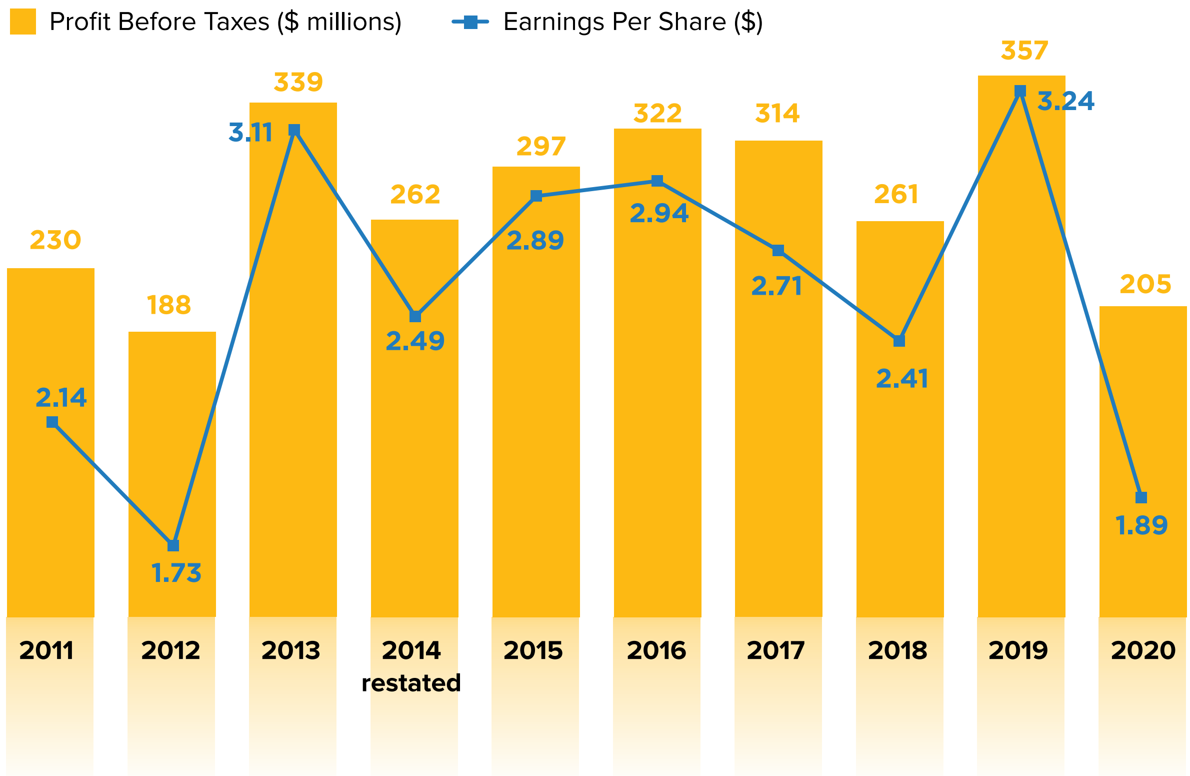
A. Norman Sabga
A. Norman Sabga
Chairman
ANSA Merchant Bank Limited

Elango Balasubramaniam
Elango Balasubramaniam
Chairman
Bank of Baroda (Trinidad and Tobago) Limited

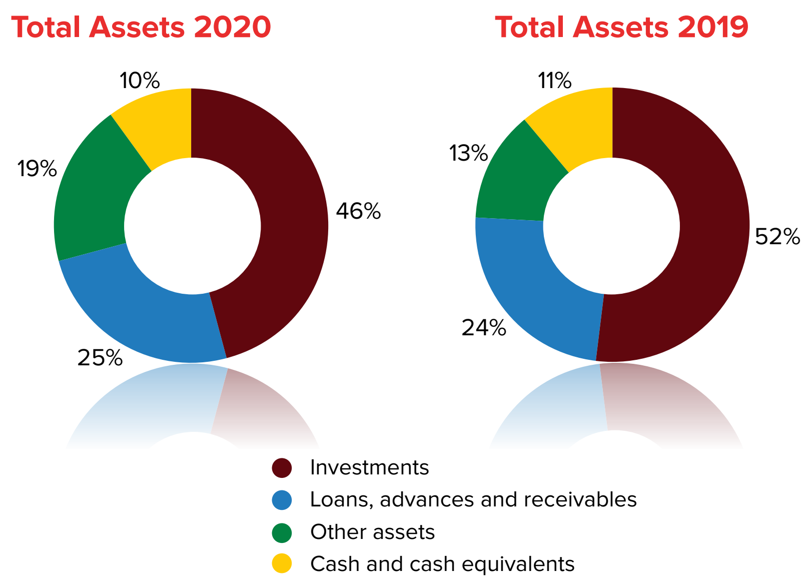
THIS NOTICE IS PUBLISHED PURSUANT TO SECTION 64(1)(b) OF THE SECURITIES ACT

At the official signing of the Bank of Baroda (Trinidad and Tobago) acquisition agreement on December 11, 2019. Chairman A. Norman Sabga (seated centre) with executives of ANSA Merchant Bank including Managing Director Gregory N. Hill (standing centre with other Directors of the Bank); Deputy Chairman Ray A. Sumairsingh; Corporate Secretary Robert Ferreira (seated). Executives of Bank of Baroda (Trinidad and Tobago Limited) were Chairperson Elango Balasubramaniam (seated 2nd from left) and Managing Director Kare Nagabhushana Rao (seated left).

10-Year Growth in Profitability and EPS

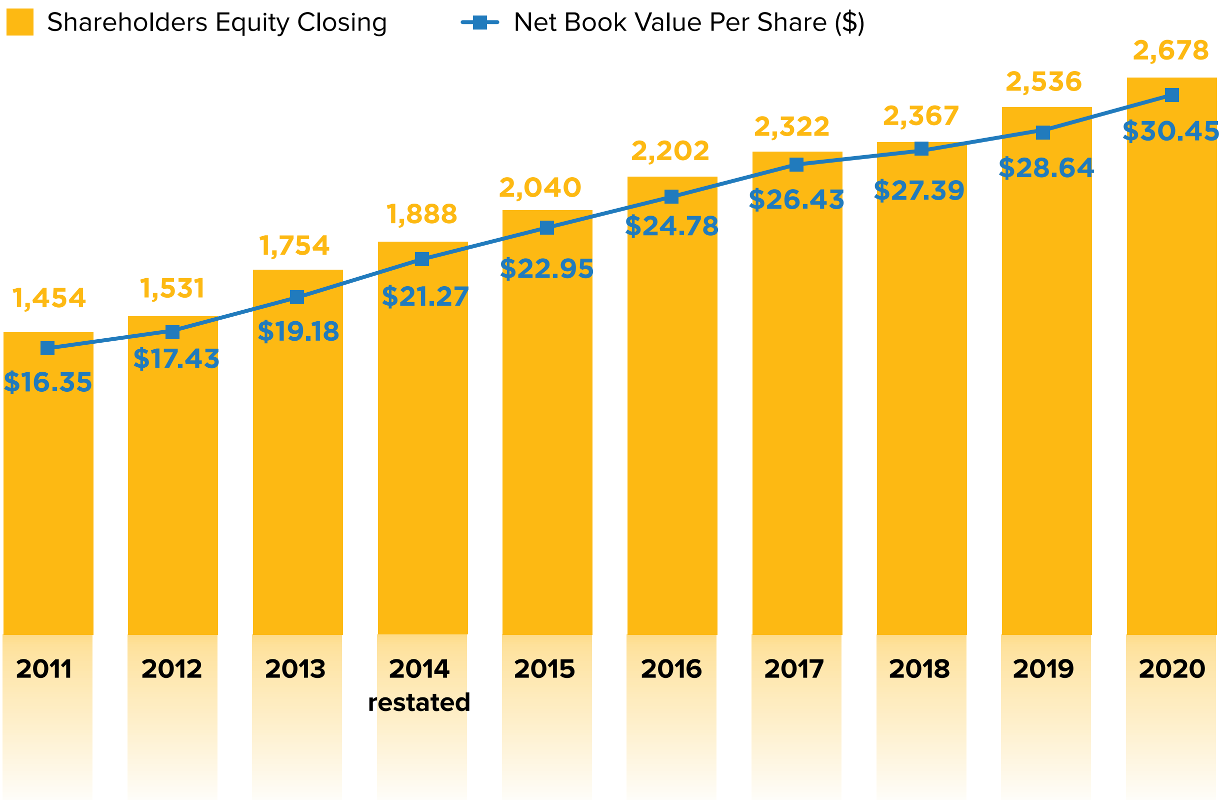


ANSA Merchant Bank and its operating subsidiaries, TATIL, TATIL Life, Brydens and CFC, earned $205 million in Profit Before Tax on Total Operating Income of $904 million in 2020—just shy of the $1 billion mark. Our results were adversely affected primarily by unrealized non-cash mark to market valuation declines in our investment portfolios. On the whole we have delivered admirable results despite the expected detrimental effects of the pandemic on all of our businesses. We remain confident in the sustainability of our financial performance and the soundness of our capital base. Total Assets ended 2020 at $8 billion, whilst the Total Equity of the Bank Group grew to $2.68 billion in 2020, which represented a 6% increase over the prior year.



Consistent with our strategic direction, our assets are managed closely via a risk-based philosophy, where prudent diversification, liquidity and credit risk management are at the forefront of our tactical decision-making. Our investments portfolio moved from 52% to 46% of total assets as we decided to protect our portfolios against the volatility in the market caused by the pandemic. Cash and Cash Equivalents remained stable, comprising 19% of Total Assets in 2020, and 13% in 2019. Loans, Advances and Receivables comprised 25% of Total Assets at $1.4 billion. Our Capital Adequacy (Basel II) remains best in class at 19.25% as we continue to build our Balance Sheet for the future.

Shareholder Value Growth



Despite the harsh economic environment, we continued to deliver for our shareholders in 2020 as can be seen in the graph above showing the growth in shareholder value.

This portrait of consistency should give our shareholders, clients and regulators comfort in the stability of our company through all the possible ebbs and flows in the economic environment.

Banking

ANSA Merchant Bank Limited

The performance of the parent company of the Bank Group, ANSA Merchant Bank Limited, ("Bank"), has, for reasons mentioned above, been greatly affected by the external events of 2020. The Bank produced Profit Before Taxation in 2020 of $128 million, a decrease from the record $209 million of 2019 in an operating environment more uncertain and challenging than any in recent memory.

Our **Treasury and Foreign Exchange** trading business performed quite well, innovating to find ways to compete in a smaller market size, and was able to generate record revenue of $46 million, up 16% over the prior year.

Despite a weak lending market, especially in auto financing where new vehicle sales continued to fall in 2020, income earned by the **Retail & Commercial Banking** department held at $95 million in 2020 versus $101 million in 2019. We continued to deploy innovative marketing initiatives to drive our core lending business lines without sacrificing credit quality, and our results benefitted from these strategies. Our focus was also on maintaining our high levels of customer service geared towards satisfying the needs of all our loyal clients.

Robert Le Hunte
Managing Director
ANSA Bank

Given our drive to expand into the commercial banking arena, ANSA Merchant Bank Limited acquired Bank of Baroda (Trinidad and Tobago) Limited under an agreement which was finalised in November 2020. March 1, 2021 was the first day of operations under our ownership and the new **ANSA Bank** brand was launched on April 6. We are now able to deepen our array of retail and commercial banking products to all of our clients.

Our **Investment Banking** arm produced yet another solid year of innovative transactions in the domestic capital market. Many institutional investors entrusted us to satisfy their investment and finance-raising requirements and we have executed transaction volumes exceeding $34 billion since the inception of this business line as we continue to deepen the capital market. In 2021 we expect to continue to be a major arranger of financing in the domestic and regional capital markets.

Our **Investment Services** department produced a commendable performance during the year despite the significant deterioration and volatility in the global bond market. Our investment philosophy continues to guide our investment strategies to provide enhanced returns to our investors, whilst remaining diversified in high quality rated portfolios. Our Investment Services team also delivered attractive returns on our Mutual Funds' portfolios, exceeding the performance of many of our competitors.

Our **Private Wealth Management Service**, located on the 5th Floor of the TATIL building, gained further momentum in the market, complementing our Institutional Investment Services, and we are quite encouraged by the market's favourable response to our service. We continue to invest in people and technology in our Investment Services and Wealth Management businesses with the expectation of strong results in the years to come.

Consolidated Finance Co. Limited

Consolidated Finance Co. Limited (CFC)—our Barbados Banking subsidiary—produced a satisfactory Operating Income performance, comprising net interest income, net lease rental income, foreign exchange and fee income of BDS$12.9 million in 2020, a 3.3% decline on 2019. Net Interest Income remained on par at BDS$6.9 million, reflecting strong management of the portfolio and sustained growth despite the impact of the pandemic on the economy.

IFRS9 impairment for credit losses, primarily as a result of the impact of COVID-19, totalled BDS$2.4 million (2% of the portfolio), compared to BDS$1.6 million in fiscal 2019. This resulted in a decline in Income Before Taxation to BDS$0.9 million compared to BDS$1.9 million during the previous fiscal year.

CFC remains one of ANSA Merchant Bank's best-capitalised operations, with a strong capital of BDS$53.1 million and a capital adequacy ratio of 30%, which is well above the regulatory requirement of 8%. This reflects the strength of our business in Barbados.

COVID-19 had a significant adverse impact on the Barbados business during fiscal 2020, as job losses and lock downs led to stunted economic growth. However, we continued to focus on building our core Asset Finance business and deepening our presence in the Corporate and Commercial Banking and Treasury spaces. We look ahead with enthusiasm as we continue to transform and diversify our product offerings to better serve our clients in the future.

Victor Boyce
Managing Director
Consolidated Finance Co. Limited

TATIL 2020

Notwithstanding market and economic challenges of COVID-19, TATIL weathered the storm and experienced a positive 2020, delivering Profit Before Tax of $71 million. This achievement was based on a solid operating performance in both Trinidad and Tobago and Barbados.

In 2020, we continued our trend and improved our previous record of Gross Written Premium Income. Our refreshed focus on client retention, claims cost management and our never-ending pursuit of expense management propelled us to double-digit percentage improvements in our Underwriting profits over 2019.

Our Barbados branch continues to perform well and has experienced another successful year of profitability as we continue to increase revenue and manage both our claims costs and overheads.

Looking forward, the regulatory approvals for our acquisition of Trident Insurance Limited in Barbados have been finalised and the integration of operations of our existing Barbados branch, Brydens Insurance, with those of Trident Insurance, is underway. David Alleyne, the General Manager of Brydens, will assume leadership of the new entity which will retain the Trident brand name. We are enthusiastic about the opportunities this expanded footprint in the Barbados market will afford our stakeholders.

TATIL Life 2020

Despite the challenges the Life Industry faced in 2020 with the abatement of face-to-face traditional selling, TATIL Life showed growth in Insurance Revenues of 11% over the previous year.

This growth was due to the company being able to quickly adapt to new market changes and focus on revenue growth via non-traditional methods, supported by the expansion of our agents' field force.

M. Musa Ibrahim
Managing Director
TATIL and TATIL Life

Although we were negatively impacted by unrealised mark-to-market losses from our local equity portfolio, our overall positive investment returns, together with our improved premium income and management of expenses, allowed the company to achieve another year of profitability.

I am very pleased to report that the Boards of Directors of both TATIL and TATIL Life have approved the replacement of our core insurance "legacy" systems in each company. This investment will be the largest capital investment in our company's history, will redefine and reshape how we conduct business, and will bring significant efficiencies and improvements to our processes.

Our reaffirmed A- (Excellent) rating by international rating agency A. M. Best, along with our continued focus on our core businesses and investment in technology, will set the stage for future growth in both our Life and our Property and Casualty businesses.

Looking ahead

The diversity in our operating models gives us balance, financial strength and resilience, but we are also anxious to grow our businesses, despite the continuing impact of the COVID-19 pandemic on the global economy for an unknown duration.

We will continue to build on our role as a major participant in the domestic and regional capital markets, where companies, institutions and governments can drive economic growth by continuing to issue securities, facilitated and underwritten by solid financial institutions such as ANSA Merchant Bank.

We will also accelerate the roll out of our commercial banking offerings. Our goal is to create a highly responsive retail bank where our customers find innovative financial solutions tailored to their circumstances in an easy and seamless manner. Our customers will enjoy digital business and products that are in line with international standards. We have seen how the importance of digital offerings has been magnified due to the pandemic.

We will invest in the domestic expansion of our wealth management business. Central to this is the extension of access to world-class investment tools and reporting, and advisory services to eligible customers. With our in-house knowledge and expertise in investments we plan to become a major provider to more clients as they plan for the future by investing in more attractive asset classes.

Our diversified model has proved its value, and we have a clear view of our business priorities going forward. We are determined to shape our own future as a company, and we will seek to leverage our pioneering spirit to serve our customers, clients and the communities in which we live and work to the best of our abilities.

Gregory N. Hill

Gregory N. Hill

Managing Director

CORPORATE VALUES

OUR STRENGTHS

RESPONSIBILITY

STABILITY

EXPERTISE

OUR DRIVING FORCES

AGILITY

CLIENT SATISFACTION

COMPLIANCE CULTURE

A. Norman Sabga
LLD (Hon.) UWI; (h.c.) UTT
(Chairman)

Gregory N. Hill
(Managing Director)

Ray A. Sumairsingh
(Deputy Chairman)

David Dulal-Whiteway

BOARD OF DIRECTORS

Larry Howai

Timothy Hamel-Smith

M. Musa Ibrahim

Nigel Romano

Ian E. Welch

Jeremy Matouk

CORPORATE INFORMATION

ANSA MERCHANT BANK LIMITED

BOARD OF DIRECTORS

Dr. A. Norman Sabga, LLD (Hon.) UWI; (h.c.) UTT (Chairman)
Gregory N. Hill (Managing Director)
Ray A. Sumairsingh (Deputy Chairman)
David Dulal-Whiteway*
Timothy Hamel-Smith*
Larry Howai*
M. Musa Ibrahim
Jeremy Matouk*
Nigel Romano*
Ian E. Welch*

*Denotes independent Directors
12 Board meetings were held in 2020

CORPORATE SECRETARY

Robert I. Ferreira

MANAGEMENT TEAM

Andrew Boissiere	–	Head of Origination
Glenn Cheong	–	Head of Finance and Administration
Ian N. Chin	–	Head of Sales and Trading
Randy Cyrus	–	Chief Risk Officer
Kevin Doodnath	–	Head of Acquisition and Integration
Kathleen Galy	–	Head of Retail & Commercial Lending/Banking
Robert I. Ferreira	–	Head of Compliance
A. Nigel Sabga	–	Head of Investments
Renee Lewis	–	Head of Wealth Management
Reaaz Shah	–	Head of Treasury and Trading
Edmund Joachim	–	Executive/Head of Business Development
Aaron Armoogam	–	Manager, San Fernando
Arnand Ramlal	–	Manager, Grand Bazaar
Sheldon Ramharack	–	Manager, IT
Christian Rodriguez	–	Manager, Asset Finance
Kennedy Sammy	–	Manager, Collections

REGISTRAR & TRANSFER OFFICE

The Trinidad and Tobago Central Depository Ltd.
10th Floor, Nicholas Tower
63-65 Independence Square
PORT OF SPAIN

REGISTERED OFFICE/HEAD OFFICE

ANSA Centre
11A Maraval Road
PORT OF SPAIN
Tel: 868-623-8672
Website: www.ansabank.com

BRANCH OFFICES
ANSA McAL Centre
25 Royal Road
SAN FERNANDO
Tel: 868-657-1452

Building L. First Floor
Grand Bazaar
VALSAYN
Tel: 868-623-8672

CLASSES OF BUSINESS
1. Confirming House/Acceptance House
2. Finance House/Finance Company
3. Leasing Corporation
4. Mortgage Institution
5. Merchant Bank
6. Trust Company
7. Unit Trust
8. Financial Services
9. Wealth Management Services

AUDITORS
Ernst & Young
5/7 Sweet Briar Road
PORT OF SPAIN

PRINCIPAL BANKERS
Republic Bank Limited
59 Independence Square
PORT OF SPAIN

ATTORNEYS AT LAW
M. Hamel-Smith & Co.
Eleven Albion, Cor. Dere and Albion Streets
PORT OF SPAIN

J.D. Sellier & Co.
129-131 Abercromby Street
PORT OF SPAIN

AUDIT COMMITTEE
Nigel Romano (Chairman)*
Timothy Hamel-Smith*
Jeremy Matouk*

*Denotes independent Directors
5 Audit Committee meetings were held in 2020

CONSOLIDATED FINANCE CO. LIMITED

BOARD OF DIRECTORS
Gregory N. Hill (Chairman)
Rolf Phillips (President/CEO),
up to October 2020
Victor Boyce (Managing Director),
appointed March 1, 2021
Stephen Edghill*
Jeffrey Gellineau*
Mary Mahabir*

*Denotes Independent Directors
6 Board Meetings were held in 2020

CORPORATE SECRETARY
Dana Selman, effective February 17, 2021

MANAGEMENT TEAM

Frances Parravicino	–	Head, Asset Finance & Business Banking
Sean Yearwood	–	Treasury Manager
Darrell Wilson	–	Head, Corporate and Commercial Credit
Cheryl Brewster	–	Manager, Credit Administration
Dana Selman	–	Risk & Compliance Manager/Corporate Secretary
Dionne Walthrus	–	Manager, Business Development

REGISTERED OFFICE/HEAD OFFICE Hastings Main Road CHRIST CHURCH Tel: 246-467-2350 Website: www.consolidated-finance.com	**BRANCH OFFICE** One Welches Welches ST. THOMAS Tel: 246-537-4082
CLASSES OF BUSINESS 1. Finance House/Finance Company 2. Leasing Corporation 3. Mortgage Institution 4. Merchant Bank 5. Commercial Lending 6. Financial Services 7. Foreign Exchange Trading	**AUDITORS** Ernst & Young One Welches Welches ST. THOMAS
PRINCIPAL BANKERS Bank of Nova Scotia Broad Street, BRIDGETOWN	**ATTORNEYS AT LAW** Lex Caribbean Worthing Corporate Centre Worthing CHRIST CHURCH
AUDIT COMMITTEE Jeffery Gellineau (Chairman)* Gregory N. Hill Stephen Edghill* Mary Mahabir* *Denotes Independent Directors 3 Audit Committee meetings	
TATIL AND TATIL LIFE ASSURANCE LIMITED	
BOARD OF DIRECTORS Ray A. Sumairsingh (Chairman) M. Musa Ibrahim (Managing Director, TATIL, TATIL Life) Michal Andrews* W. David Clarke* Dr. Terrence Farrell * Nabeel Hadeed Gregory N. Hill Larry Howai* Charles A. Mouttet* Franklyn Parsotan* Nigel Smith* *Denotes Independent Directors 12 Board Meetings were held in 2020	**CORPORATE SECRETARY** Daran Soondarsingh (TATIL) Michelle Newallo (TATIL Life)

CORPORATE INFORMATION (CONTINUED)

MANAGEMENT TEAM – TATIL

Nabeel Hadeed	–	Executive Director
Daran Soondarsingh	–	Executive Operations/Company Secretary
Neil Mohammed	–	General Manager Claims
Vijay Seudath	–	Technical Manager
Salisha Rajnarinesingh	–	Underwriting Manager
Sarita Parsad	–	Legal and Compliance
Ricardo St Cyr	–	Manager, Strategy
Padma Ramesh	–	Manager, Accident and Health
Mokesh Saroop	–	Manager, Sales and Agents Compliance
Derek Jimdar	–	Manager, Group Risk
Nicholas Sonnylal	–	Manager, Direct Sales

MANAGEMENT TEAM – TATIL LIFE

Michelle Newallo	–	Chief Financial Officer/Company Secretary
Jeffrey Dalton-Brown	–	Manager, Compliance & Risk
Claudine Allert	–	Life Office Manager
Luanna Rahman	–	Manager, Pensions
Allison Seales	–	Manager, Sales Administration
David St. Cyr	–	Manager, Actuarial
Thelma Cross	–	Manager, Underwriting

AUDIT COMMITTEE
Franklyn Parsotan (Chairman)*
Michal Andrews*
W. David Clarke*
Dr. Terrence Farrell*
Larry Howai*

*Denotes Independent Directors
5 Audit Committee Meetings were held in 2020

REGISTERED OFFICE
11A Maraval Road
PORT OF SPAIN
Tel: 868-628-2845
Website: www.tatil.co.tt

AUDITORS
Ernst & Young
5/7 Sweet Briar Road
PORT OF SPAIN

PRINCIPAL BANKERS
Republic Bank Limited
59 Independence Square
PORT OF SPAIN

BRANCH OFFICES
Cor. Green and Cocorite Streets, ARIMA
Mid Centre Mall, CHAGUANAS
Grand Bazaar, VALSAYN
13A Quenca Street, SAN FERNANDO
25 Royal Road, SAN FERNANDO
ANSA McAL Building, Milford Road, TOBAGO

All Tel: 868-628-2845

ATTORNEYS AT LAW
J. D. Sellier & Co.
129-131 Abercromby Street
PORT OF SPAIN

Pollonais, Blanc, de La Bastide & Jacelon
17-19 Pembroke Street
PORT OF SPAIN

Report of the DIRECTORS

The Directors present their report and Statement of Accounts for the year ended December 31, 2020.

FINANCIAL RESULTS FOR THE YEAR	2020 $000
Profit attributable to shareholders	162,011
Other comprehensive income	(8,247)
Transfers to statutory reserves	(8,637)
Other life insurance movements	42
	145,169
Retained profits at the start of the year	1,557,912
Retained profits at the end of the year	1,703,081

Dividends

The Directors have declared a final dividend of 75¢. The total dividend paid for the year is 75¢.

Directors

Pursuant to paragraph 4.4 of By-Law No. 1 of the Bank, Messrs. A. Norman Sabga, LLD (Hon.) UWI; (h.c) UTT, Ray A. Sumairsingh, David Dulal-Whiteway, Timothy Hamel-Smith, Larry Howai, Jeremy Matouk, M. Musa Ibrahim, Nigel Romano and Ian E. Welch retire, and being eligible, offer themselves for re-election.

Auditors

Auditors, Ernst & Young, have expressed their willingness to continue in office and offer themselves for re-election.

BY ORDER OF THE BOARD

Robert I. Ferreira

Robert I. Ferreira
Corporate Secretary
ANSA Centre,
11A Maraval Road,
Port of Spain
April 16, 2021

DIRECTORS' AND SUBSTANTIAL INTERESTS

Directors' Interests

	MARCH 31, 2021 Beneficial	MARCH 31, 2020 Beneficial
A. Norman Sabga	0	0
Gregory N. Hill	0	0
Ray A. Sumairsingh	2,000	2,000
David Dulal-Whiteway	0	0
Timothy Hamel-Smith	0	0
Larry Howai	2,397	2,397
M. Musa Ibrahim	0	0
Jeremy Matouk	3,202	3,202
Nigel Romano	0	0
Ian E. Welch	0	0

(a) Mr. A. Norman Sabga has a beneficial interest in MASA Investments Ltd. and ANSA Investments Limited, which is the major shareholder of ANSA McAL Limited.

(b) Norman Finance Development Co. Ltd. and The ANSA McAL Foundation, connected persons to Mr. A. Norman Sabga, hold 848,090 and 530,820 shares in ANSA Merchant Bank Limited respectively.

Substantial Interests – Top 10 Shareholding of ANSA Merchant Bank Limited

Shareholder Name	Shares held as at December 31, 2020
ANSA McAL Limited	70,605,263
MASA Investments Limited	2,573,793
Republic Bank Limited – 1162 (Trustee)	1,752,215
T&T Unit Trust Corporation - FUS	1,302,755
Norman Finance Development Co. Limited	848,090
The ANSA McAL Foundation	530,820
Guardian Life of the Caribbean Limited	463,293
Guardian Life of the Caribbean Limited - PFP	370,473
TATIL Life Assurance Limited A/C B	300,426
T&T Unit Trust Corporation – Calypso Macro Index Fund	292,608

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Forty-third Annual Meeting of Shareholders of ANSA MERCHANT BANK LIMITED is scheduled to take place on Thursday May 27, 2021.

In keeping with the Company's commitment to ensuring the safety and well-being of our shareholders, employees and other stakeholders, facilities will not be available for shareholders to attend in person. The Annual Meeting will, however, take place in a virtual only format via online webcast.

Shareholders and duly appointed proxyholders who wish to attend, participate and vote at the meeting are requested to pre-register by providing their full name (as listed on the Share Register), address, identification number, contact number and e-mail address by May 20, 2021 via email at ansamerchant@ansamcal.com. Please head your e-mail "**Registration for AGM**". Once pre-registered, the credentials to join the meeting will be provided on or before May 24, 2021.

The meeting is being held for the following purposes:

Ordinary Business:

1. To receive and consider the audited Financial Statements for the year ended December 31, 2020 and the report of the Directors and Auditors thereon.
2. To re-elect Directors.
3. To re-appoint Auditors and to authorise the Directors to fix their remuneration in respect of the period ending at the conclusion of the next Annual Meeting.

Dated this 16th day of April, 2021

By Order of the Board

Robert I. Ferreira

Robert I. Ferreira
Corporate Secretary

NOTES:

1. A member entitled to attend and vote may appoint one or more proxies to attend and vote instead of him. A proxy need not also be a member. No service contracts were entered into between the Company and any of its Directors.
2. A shareholder which is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its directors or its governing body to represent it at the Annual Meeting.
3. The Directors of the Company have not fixed a record date for the determination of shareholders who are entitled to receive notice of the Annual Meeting. In accordance with Section 111(a)(i) of the Companies Act, Chap. 81:01, the statutory record date applies. Only shareholders of record at the close of business on Friday April 15, 2021, the last business date immediately preceding the date on which the Notice is given, are entitled to receive Notice of the Annual Meeting.

MANAGEMENT PROXY CIRCULAR

1. **Name of Company: ANSA Merchant Bank Limited**
   Company No.: A-350(c)

2. **Particulars of Meeting:**
   The Forty-third Annual Meeting of the Company is to be held by way of virtual meeting on Thursday, 27th May 2021 at 10.00 am.

3. **Solicitation:**
   It is intended to vote the Proxy solicited hereby (unless the Shareholder(s) directs otherwise) in favour of all resolutions therein.

4. **Any Director's Statement submitted pursuant to Section 76(2):**
   No statement has been received from any Director pursuant to Section 76(2) of The Companies Act, 1995.

5. **Any Auditor Statement submitted pursuant to Section 171(1):**
   No statement has been received from the Auditor of the Company pursuant to Section 171 (1) of The Companies Act, 1995.

6. **Any Shareholder's Proposal and/or statement submitted pursuant to Sections 116(a) and 117(2):**
   No proposal has been received from any shareholder pursuant to Sections (116 (a) and 117(2) of The Companies Act, 1995.

Date	Name and Title	Signature
April 16, 2021	Robert I. Ferreira Corporate Secretary	Robert I. Ferreira

FINANCIAL HIGHLIGHTS

2019 – 2020

FINANCIAL HIGHLIGHTS

	Dec-20	Dec-19
Profit Before Taxation ($'000)	**204,752**	357,383
Profit After Taxation ($'000)	**162,014**	277,659
Total Assets ($'000)	**7,960,735**	8,081,936
Actual Number of Issued Shares	**85,605**	85,605
Weighted Average Number of Shares	**85,605**	85,605
Return on Average Assets	**2.02%**	3.48%
Return on Average Shareholders' Equity	**6.21%**	11.32%
Dividends ($'000)	**64,204**	102,726
Earnings Per Share ($)	**1.89**	3.24
Dividends Per Share ($)	**0.75**	1.20
Net Book Value Per Share ($)	**31.28**	29.63
ANSA MERCHANT BANK (PARENT)		
Net Operating Income ($'000)	**184,100**	265,473
Efficiency Ratio	**30.34%**	21.17%
Capital Adequacy Ratio	**20.91%**	29.72%
TATIL		
Net Premium Income ($'000)	**239,148**	253,919
Underwriting Profit ($'000)	**53,395**	46,772
Net retention	**48.30%**	52.50%
Claim Ratio	**45.17%**	49.38%
Combined ratio	**87.49%**	90.32%
TATIL LIFE		
# Field force agents	**105**	120
API ($'000)	**16,707**	23,322
Avg API / Agent ($'000)	**159**	194
Persistency	**85%**	92%

WEALTH MANAGEMENT

AMBL Wealth Management is dedicated to improving the financial well-being of our clients by helping them achieve their goals at every life stage.

WHO WE ARE

AMBL Wealth Management is a boutique investment advisory service that provides a comprehensive package for high net worth individuals and families to protect and grow their wealth. We build a relationship with each of our clients to understand their specific wishes for their family, future, and extended aspirations such as retirement and estate planning. Our clients then select an investment approach, from entrusting the management of the portfolio (discretionary) to directing the approach backed by our expertise (advisory). This allows us to create an individualised investment strategy that meets their financial goals.

Whichever approach is selected, be assured that we will always abide by our core principles:

- **Confidentiality** We treat our clients' business with the utmost respect and confidentiality, recognising the importance of discretion.
- **Trust** We abide by our clients' wishes, and adhere to their stated risk tolerance in the deployment of their funds.
- **Sound risk management** We protect our clients' wealth in unfavourable markets, and create growth in favourable times.

In short, we aim to be our clients' trusted advisors.

COVID-19 RESPONSE

In 2020, expert financial planning became more important to people everywhere. Nothing was more important to our Wealth Advisors than providing reassurance to our clients that we there for them and had the tools to support them in any economy. As a result of this commitment and our proactive measures, we safeguarded our clients' portfolios from significant decline.

As economies enter the expected 12-24 month gradual recovery, investors with liquidity and preserved capital are well placed to take advantage of current market conditions.

REASONS TO INVEST WITH US

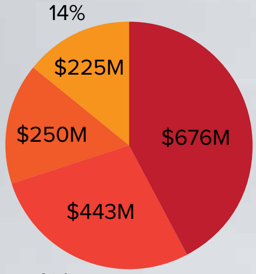
- Our investment capabilities include access to developed and emerging markets and many asset classes
- Exciting opportunities in Fintech, block chain technology and Chinese markets
- Options to trade in multiple currencies
- Our focus is value creation and capital preservation
- We attract and retain exceptional talent who will develop with us over time to provide consistent client attention
- Handle our client's wealth like it's our own

CORPORATE AND INVESTMENT BANKING ACTIVITIES

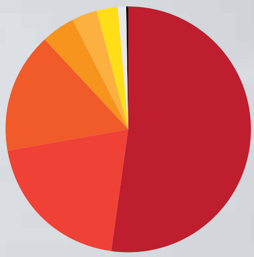
The Corporate and Investment Banking Unit of ANSA Merchant Bank Limited rose to the new challenges that 2020 presented by delivering another strong financial performance.

In the face of a sharp decline in economic activity brought about by measures to control the pandemic, the Bank maintained its reputation in the Primary Markets as an Arranger of choice for multiple Issuers, spanning several industries which included Airline, Energy, Medical Care and Mortgage Finance, as we delivered on their local and international funding needs. The Secondary Market Bond Trading Desk played a critical role in helping our clients rebalance their portfolios given the uncertainty in the markets, both locally and internationally. The overall result was another strong performance for the Corporate and Investment Banking Unit that aligned with the Bank's growth strategy.

VOLUME ARRANGED BY INDUSTRY 2020 (TT$)



VOLUME TRADED BY INDUSTRY 2020 (TT$)



Sovereign	52.31%
Eurobond	20.13%
Other Services	15.63%
Financial Services	4.58%
Housing	3.40%
Utilities	2.73%
Telecommunications	0.96%
Insurance	0.24%
Commerce	0.03%

FUND FACTS

ANSA TT$ INCOME FUND

TOP 10 HOLDINGS - DECEMBER 31, 2020

SECURITY	% OF PORTFOLIO
MORGAN STANLEY EQUITY LINKED NOte 8.25% DUE 2026	6.67%
WASA Zero Coupon due 2023	6.34%
GHL 7.975% Due 2023	5.71%
GOLDMAN SACHS EQUITY LINKED NOTE 9.2% DUE 2024	4.46%
FIRST CITIZENS BANK LTD USD 90.4MM 4.25% FRB DUE 2023	3.53%
GOLDMAN SACHS EQUITY LINKED NOTE FLOATING RATE BOND DUE 2023	3.53%
CLICO Investment Fund EQUITY SHARES	2.97%
TRINIDAD AND TOBAGO NATURAL GAS LIMITED EQUITY SHARES	2.90%
TRINIDAD GEN UNLTD (TRNGEN) 5.25% BOND DUE 2027	2.70%
TTMF 4.62% FIXED RATE BOND DUE 2021	2.61%

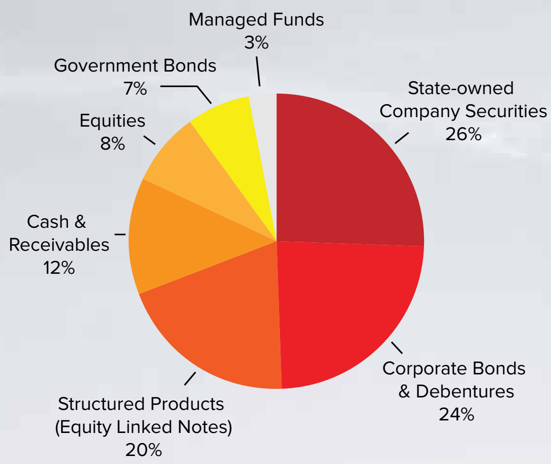
CUMULATIVE RETURNS AS AT DECEMBER 31, 2020

12 Month	1.77%
3 Year	8.69%
5 Year	15.37%
Since Inception	31.17%

HISTORICAL PERFORMANCE

2013	4.98%
2014	1.23%
2015	-0.71%
2016	2.59%
2017	3.76%
2018	2.11%
2019	4.70%
2020	1.77%

ASSET MIX 2020



ANSA US$ INCOME FUND

TOP 10 HOLDINGS - DECEMBER 31, 2020

SECURITY	% OF PORTFOLIO
GOLDMAN SACHS EQUITY LINKED NOTE 8.0% DUE 2028	10.81%
GOLDMAN SACHS EQUITY LINKED NOTE 9.2% DUE 2024	10.45%
UBS AG 5.125% FRB DUE 2024	5.45%
COMMERZBANK AG FRANKFURT MEDIUM TERM NOTE 8.125% DUE 2023	5.44%
VERIZON COMMUNICATIONS INC 4.15% DUE 2024	5.03%
COMISION FED DE ELECTRICIDAD 4.875% DUE 2021	5.01%
TRINIDAD GEN UNLTD (TRNGEN) 5.25% BOND DUE 2027	5.00%
INSTIT COSTA DE ELECTRIC (COSICE) 6.95% FRB DUE 2021	4.94%
CAL FIXED RATE LOAN 5.875% USD 64.2M DUE 2029	4.60%
BHARTI AIRTEL INTL 5.125% DUE 2023	4.03%

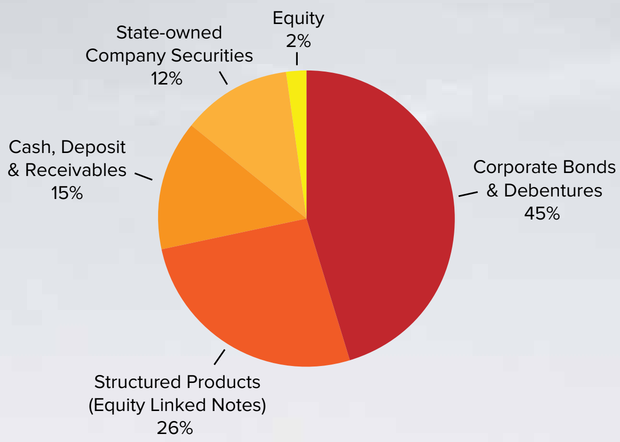
CUMULATIVE RETURNS AS AT DECEMBER 31, 2020

12 Month	3.36%
3 Year	9.09%
5 Year	15.88%
Since Inception	23.55%

HISTORICAL PERFORMANCE

2013	-2.41%
2014	0.93%
2015	-0.11%
2016	2.60%
2017	3.85%
2018	0.20%
2019	5.47%
2020	3.36%

ASSET MIX 2020



CORPORATE EVENTS AND SOCIAL RESPONSIBILITY

ansa MERCHANT BANK

ANNUAL GENERAL MEETING 2020

The Annual General Meeting was held virtually, from the Board Room of ANSA McAL, on September 28, 2020.

Above L-R: Managing Director Gregory N. Hill, Chairman A. Norman Sabga and Corporate Secretary Robert Ferreira at the end of the Virtual AGM.

Left: Chairman A. Norman Sabga calls the shareholders' meeting to order.

STAFF HAMPER DONATION

The Retail & Commercial Banking staff of ANSA Merchant Bank were deeply sympathetic of the negative impact of COVID-19 on people's lives as businesses temporarily shut their doors. Through their interaction with customers and the wider public in the communities in which they live and the Bank operates, the team decided to help in the most effective way possible. Its staff made a donation which the Bank matched. This was used towards the purchase of food items. Loaded with 46 substantial hampers, the team delivered them to the office of the Mayor of Chaguanas, Her Worship Vandana Mohit.

L-R: Arnand Ramlal, Branch Manager - Grand Bazaar; Darius K. Persad, Corporate Manager, Retail and Commercial Banking; Ricky Bhowram from the Chaguanas Mayor's Office; Reyvaan Rampersad, Sales Supervisor Retail & Commercial Banking.

SANITIZER DONATION

ANSA Merchant Bank made a bulk delivery of hand sanitizers for workers in the Ministry of Energy and Energy Industries who provided continuous service during the COVID-19 lockdown.

The Ministry's Permanent Secretary Penelope Bradshaw Niles, during a handover ceremony, said Petroleum Inspectors provide an essential service in the sector and the hand sanitizers will support their necessary interaction with energy stakeholders.

L-R: Director of the Petroleum Management Operation Division Marc Rudder; ANSA Merchant Bank Head of Business Development Edmund Joachim; Ministry of Energy and Energy Industries Permanent Secretary Penelope Bradshaw Niles; ANSA Merchant Bank Managing Director Gregory N. Hill; and Deputy Permanent Secretary Sandra Fraser.

CHRISTMAS HAMPER GIVEAWAY

As is customary every Christmas, ANSA Merchant Bank staff united in creating huge hampers for families in need.

L-R: Accounting Assistant Shayne Emmanuel; Credit Analyst Gizelle Dass, Customer Experience Co-ordinator Denise Paponette; Associate Investment Banking Mykel Khan; Business Development Officer Steffani Jattan.

CORPORATE EVENTS AND SOCIAL RESPONSIBILITY (CONTINUED)

Tatil
... where people are people

TATIL LIFE
Guaranteed Protection

WORLD DIABETES DAY - NOVEMBER 14TH

The iconic TATIL Building was illuminated in blue, which was visible for miles.

Every year TATIL and TATIL Life focus the month of November on CSR programmes under the theme "Diabetes: A Family Concern".

November 14 is World Diabetes Day. The companies commemorated it in different ways.

Chairman of TATIL and TATIL Life, Ray Sumairsingh, Managing Director of TATIL, M. Musa Ibrahim and Managing Director of TATIL Life, Ronald Milford hoisted the TATIL and TATIL Life Diabetes flag at the TATIL Building.

Staff at the various branches supported the events in their unique ways.

CORPORATE EVENTS AND SOCIAL RESPONSIBILITY (CONTINUED)

WORLD DIABETES DAY - NOVEMBER 14TH

On World Diabetes Day, staff started the day with fresh fruits. The new array of Diabetes brochures, which are available for clients and visitors to all TATIL and TATIL Life branches were ready for collection. Demand for these informative publications, which deal with the different aspects of Types 1 and 2 Diabetes and promote healthy lifestyle activities, was very high.

CORPORATE EVENTS AND SOCIAL RESPONSIBILITY (CONTINUED)

Consolidated FINANCE

DEAL OF THE DAY

CFC's End of Year Car Sale included various car makes and models at greatly discounted prices. Head, Asset Finance & Business Banking, Frances Parravicino, directs customers to the "Deal of the Day" at the sale event, a 2015 Lexus IS 300 F Sport discounted by 50%.

LIVE ON AIR

Dionne Walthrus, Business Development Manager, and Natalya Peters from Starcom Barbados, live on air chatting about CFC's End of Year Car Sale, a three-hour event offering excellent finance packages for pre-owned vehicles.

ONLINE CAR SHOPPING AT CFC

Tshepang Matlapeng, car salesman of Carmax, poses next to one of CFC's used vehicles. The Mazda BT-50 is one of the many vehicles showcased on Consolidated Finance's online marketplace. The online platform allows for potential customers to view vehicles on our lot online.

CUSTOMER EXPERIENCE DAY

CFC showed their appreciation to customers through an Instagram competition. Followers were asked a number of questions, where the most appropriately answered and fastest responses took the prize of a new Lenova IdeaPad 320-15IAP. Business Development Manager Dionne Walthrus presents the grand prize to the lucky winner.

CORPORATE EVENTS AND SOCIAL RESPONSIBILITY (CONTINUED)

BIM LAUNCH

Head, Asset Finance & Business Banking, Frances Parravicino, welcomes the audience and introduces them to the BIM product. BIM (Buy Insure Maintain) is a collaboration between three companies within the Group: Brydens Insurance, Consolidated Finance and ANSA Motors Barbados.

BIM - WORRY FREE VEHICLE OWNERSHIP

President/CEO Rolf Phillips explains the benefits of the BIM product, which leverages the strength of our Group through finance, vehicle dealership and insurance and provides tremendous value to our customers.

THE TEAM AT THE BIM EVENT

Team members at the BIM launch.

CORPORATE EVENTS AND SOCIAL RESPONSIBILITY (CONTINUED)

END ENDO

Rhonda Durant, Dionne Walthrus and Christina Lewis bring awareness to endometriosis by wearing yellow. End Endometriosis and Take Action!

CONSOL LOVES....

CFC team members during a social media brand building campaign which, during the month of February, encouraged customers to post pictures of themselves holding our Consol signs (as shown above) and tagging us in their photos. The reposted pictures increased social media following and brought awareness to the "fully loaded" team members.

#GoHamConsol

Business Development Manager, Dionne Walthrus, presents a ham to one of the four lucky winners in the company's Instagram competition #GoHamConsol.

The competition attracted much attention and participation during the Christmas Season.

WORDS OF ADVICE

Rolf Phillips, President/CEO, and Darrell Wilson, Head, Corporate and Commercial Credit, in discussion during intermission at the sponsored event: Different Strokes - The Polo Edition.

AFRICAN AWARENESS MONTH

Team members in support of African Awareness Month (Frances Parravicino, Dionne Walthrus and Harriet Garcia) in their African garb.

FINANCIAL STATEMENTS

2020

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 Company") and its subsidiaries ("the Group") which comprise the separate and consolidated statement of financial position as at 31 December 2020, the separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

Gregory N. Hill	Glenn Cheong
Gregory N. Hill	Glenn Cheong
Director	Head of Finance & Administration
22 March 2021	22 March 2021

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 2020, and the separate and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Parent and Group as at 31 December 2020 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 (continued)

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
Estimates used in the calculation of Insurance Contracts' Liabilities Refer to Notes 2xix, 22 and 23. The Group has significant insurance liabilities of $1.59 billion representing 30% of the Group's total liabilities. The valuation of insurance contract liabilities involves extensive judgement and is dependent on a number of subjective assumptions, including primarily the timing and ultimate settlement value of long-term policyholder liabilities as well as the estimation of claims incurred, whether reported or not, for short-term insurance contracts. Various economic and non-economic key assumptions are being used to estimate the long-term liabilities. Specifically, the Group estimates the expected number and timing of deaths, persistency, future expenses and future investment income arising from the assets backing long-term insurance contracts and the potential negative effects of COVID-19 (the pandemic). For short-term insurance contracts, in calculating the estimated cost of unpaid claims (both reported and incurred but not reported (IBNR)), the Group uses a combination of loss-ratio-based estimates and estimates based upon actual claims experience. The Group uses valuation models to support the calculations of these insurance contract liabilities. The complexity of the models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models. Considering the significance of the insurance contracts' liabilities and the complexity and estimates involved in the actuarial valuations, we determined this to be a key audit matter in our audit of the consolidated financial statements.	We involved our EY actuarial specialists to assist us in performing our audit procedures in this area, which included among others: • Assessment of the key assumptions applied including consideration of emerging trends and studies on mortality and morbidity, voluntary terminations, persistency, interest rate, capital gains, policy maintenance and administrative expenses, inflation, tax and lapse rates and the possible impact of the pandemic on these factors. • Recalculation of technical provisions produced by the models on a sample basis. • An assessment of the internal controls regarding the maintenance of the policyholder database. • An analysis of the movements in insurance liabilities during the year. We assessed whether the movements are in line with changes in assumptions adopted by the Group, our understanding of developments in the business and our expectations derived from market experience. • We considered whether the Group's disclosures in the consolidated financial statements in relation to insurance contact liabilities were compliant with IFRS.

Independent Auditor's Report (continued)

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**
Allowance for Expected Credit Losses (ECLs) Refer to Notes 2vi(b), 3, 5, 6, 7 and 40. Net investments in leased assets, loans and advances and other financial assets not held at fair value through statement of income (FVSI) represent 63% of the total assets of the Group (Parent: 55%) amounting to $5 billion (Parent: $2 billion). IFRS 9 'Financial Instruments' requires the Group to record an allowance for Expected Credit Losses (ECLs) for all loans and other debt financial assets not held at FVSI, together with investment in leased assets. The appropriateness of ECLs is a highly subjective area due to the level of judgement applied by management, involving various assumptions and factors, such as the estimate of the likelihood of default and the potential loss given default. Management also applied adjustments, or overlays, where they believe the data driven parameters and calculations were not appropriate, either due to emerging trends or models not capturing the risks in the portfolios, as well as assessing the impact of the pandemic. These overlays required significant judgement. Other significant areas of judgement included: • the interpretation of the requirements to determine impairment under the application of IFRS 9, which is reflected in the Group's ECL models; • the application of assumptions where there was limited or incomplete data; • the identification of exposures with a significant deterioration in credit quality; • assumptions used in the ECL model such as the financial condition of the counterparty or valuation of security; • the need to apply overlays, the quantification of which can be highly subjective, to reflect current or future external factors that are not appropriately captured by the ECL model, including the effects of the pandemic; and • additional credit risk that could stem from the impact of the pandemic, on the ability of the Group's customers/ investors to meet their financial commitments. Given the combination of inherent subjectivity in the valuation, and the material nature of the balance, we considered the measurement of ECLs to be a key audit matter in our audit of the separate and consolidated financial statements.	We understood and critically assessed the methodology and assumptions used by the Group in its ECL models while evaluating its compliance with IFRS 9 requirements. We tested the completeness and accuracy of the inputs used within the models, including the Probabilities of Default (PDs), recoveries and the associated Loss Given Defaults (LGDs) and Exposures At Default (EADs). We also considered whether all relevant risks were reflected in the ECL calculation, and where this was not, whether overlays appropriately reflected those risks, particularly those stemming from the pandemic. The aging of the portfolios and other qualitative factors were assessed to determine the staging and thus indication of a significant deterioration in credit risk in accordance with IFRS 9. Independent testing on PD and LGD inputs was performed through validation to international external credit rating agencies, where these were used, as well as typical collateral, historical loss trends and other borrower characteristics. In determining the reasonableness of the ECL overlay applied on the net investment in leased assets, we reviewed in detail Management's risk assessment of the high-risk industries and customer groups in its portfolio in addition to customers who were offered a moratorium during the period due to the pandemic. For ECLs calculated on an individual basis, we tested the factors underlying the impairment identification and quantification including forecasts of the amount and timing of future cash flows, valuation of assigned collateral and estimates of recovery on default. We utilised our EY valuation specialists to assess the appropriateness of the key assumptions used in the models, together with the overlay. Finally we focused on the adequacy of the Group's financial statement disclosures as to whether it appropriately reflected the requirements of the IFRSs.

Independent Auditor's Report (continued)

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

Key Audit Matters (continued)

<table>
<tr><th>Key Audit Matters (continued)</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Fair value measurement of investments securities and related disclosures

Refer to Notes 2vii, 3, 7 and 39. The Group invests in various investment securities, of which $784 million (Parent: $150 million) is carried at fair value in the statement of financial position. Additionally, the fair values are disclosed for $2.9 billion (Parent: $684 million) of investment securities carried at amortised cost in the statement of financial position. Of these assets, $2.3 billion (Parent: $610 million) are related to investments for which no published prices in active markets are available and have been classified as Level 2 and Level 3 assets within the IFRS fair value hierarchy.

Valuation techniques for these investments can be subjective in nature and involve various assumptions regarding pricing factors, particularly in a potentially distressed macro-economic environment stemming from the possible current and future negative effects of the pandemic. Associated risk management disclosure is complex and dependent on high quality data. A specific area of audit focus includes the determination of fair value of Level 2 and Level 3 assets where valuation techniques are applied in which unobservable inputs are used.

For Level 2 assets, these techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analyses making maximum use of market inputs, such as the market risk free yield curve.

Included in the Level 3 category are financial assets that are not quoted as there are no active markets to determine a price. The fair value of these assets cannot be measured reliably and are therefore held at cost, being the fair value of the consideration paid on acquisition. These assets are regularly assessed for impairment.

As the determination of the fair value for certain investments securities is a key source of estimation uncertainty, is subject to differing underlying assumptions, could be substantially impacted by the pandemic and represents a material balance and disclosure, we deemed this to be a key audit matter in our audit of the separate and consolidated financial statements.</td><td>We independently tested the pricing on quoted securities, and we used our valuation specialists to assess the appropriateness of pricing models used by the Group. This included:

• An assessment of the pricing model methodologies and assumptions against industry practice and valuation guidelines, especially with the added estimation uncertainty brought on by the pandemic.
• Testing of the inputs used, including cash flows and other market based data.
• An evaluation of the reasonableness of other assumptions applied such as credit spreads and the volatility in the market.
• The re-performance of valuation calculations on a sample basis of internally priced securities that were classified as higher risk and estimation.
• An assessment of management's impairment analysis, including underlying indicators resulting from the pandemic.

Finally, we assessed whether the financial statement disclosures, including sensitivity to key inputs and the IFRS fair value hierarchy, appropriately reflect the Group's exposure to financial instrument valuation risk.</td></tr>
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Independent Auditor's Report (continued)

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

Other information included in the Parent's and Group's 2020 Annual Report

Other information consists of the information included in the Parent's and Group's 2020 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 2020 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

The Audit Committee is responsible for overseeing the Parent's and Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (continued)

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

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

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

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

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

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

EY

Port of Spain

TRINIDAD

22 March 2021

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

Parent			Notes	Group	
31 Dec 2019	31 Dec 2020			31 Dec 2020	31 Dec 2019
		Assets			
591,132	654,031	Cash and short-term funds	4	1,499,031	1,068,831
–	–	Fixed deposits		8,409	47,787
1,086,086	1,039,286	Net investment in leased assets and other instalment loans	5	1,337,135	1,423,966
151,349	199,679	Loans and advances	6	479,805	405,809
1,018,082	834,237	Investment securities	7	3,683,430	4,155,392
9,204	6,410	Interest receivable		28,034	34,218
–	–	Insurance receivables	9	63,944	46,955
27,332	30,795	Other debtors and prepayments	10	40,282	39,426
–	–	Reinsurance assets	22	151,401	172,565
7,636	7,726	Taxation recoverable		9,535	9,506
810,320	810,320	Investment in subsidiaries	11	–	–
–	–	Investment properties	12	120,027	117,471
2,865	2,729	Property and equipment	13	179,557	198,967
30,766	29,513	Intangible assets	14	179,270	183,368
1,890	5,142	Right-of-use assets	15	11,382	9,482
22,254	22,309	Deferred tax assets	16	31,232	30,775
7,428	7,201	Employee benefits asset	17	138,261	137,418
3,766,344	**3,649,378**	**Total assets**		**7,960,735**	**8,081,936**
		Liabilities			
1,427,306	1,176,051	Customers' deposits and other funding instruments	19	2,213,836	2,554,492
1,919	5,458	Lease liabilities	15	10,008	7,855
–	–	Bank overdraft	4	–	–
84,285	126,114	Accrued interest and other payables	18	240,581	206,032
802,871	802,836	Debt securities in issue	20	802,836	802,871
–	–	Taxation payable		3,173	1,355
8,965	7,010	Deferred tax liabilities	16	146,744	162,402
804	850	Employee benefits liability	17	8,916	8,259
–	–	Investment contract liabilities	21	265,923	269,061
–	–	Insurance contract liabilities	22	1,591,148	1,533,153
2,326,150	**2,118,319**	**Total liabilities**		**5,283,165**	**5,545,480**

Separate and Consolidated Statement of Financial Position (continued)

AS AT 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

Parent			Notes	Group	
2019	**2020**			**2020**	**2019**
		Equity			
667,274	667,274	Stated capital	24	667,274	667,274
206,493	215,898	Statutory reserve fund		231,841	222,436
4,302	489	Fair value reserve/(deficit)		(369)	3,764
–	–	Statutory surplus reserve		66,539	66,539
5,074	5,596	General loan loss reserve		13,906	14,674
1,118	1,142	Foreign currency reserve/(deficit)		(5,351)	3,211
555,933	640,660	Retained earnings		1,703,081	1,557,912
1,440,194	1,531,059	Equity attributable to the equity holders of the parent		2,676,921	2,535,810
–	–	Non-controlling interest		649	646
1,440,194	**1,531,059**	**Total equity**		**2,677,570**	**2,536,456**
3,766,344	**3,649,378**	**Total liabilities and equity**		**7,960,735**	**8,081,936**

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 19th March, 2021 and signed on its behalf by:

A. Norman Sabga
A. Norman Sabga
Director

Gregory N. Hill
Gregory N. Hill
Director

SEPARATE AND CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

Parent 2019	Parent 2020		Notes	Group 2020	Group 2019
–	–	Net insurance revenue	25	418,201	426,254
171,357	123,264	Finance charges, loan fees and other interest income	26	152,985	203,218
118,672	59,638	Investment income	27	162,195	326,053
29,034	23,421	Revenue from contracts with customers	28	6,609	13,673
44,531	48,085	Other income	29	163,705	136,672
363,594	254,408	**Total operating income**		903,695	1,105,870
–	–	Net insurance benefits and claims incurred	30	(314,839)	(314,769)
(67,925)	(57,176)	Interest expense	31	(86,993)	(99,819)
(30,196)	(13,132)	Credit loss expense on net investment in leased assets, loans and advances, and investments	32	(23,436)	(33,506)
265,473	184,100	**Net operating income**		478,427	657,776
(5,040)	(3,486)	Marketing and policy expenses	33	(62,941)	(73,379)
(29,404)	(30,225)	Personnel expenses	34	(101,879)	(100,616)
(3,670)	(4,435)	Depreciation and amortisation	13, 14, 15	(41,612)	(45,060)
(2,160)	(2,160)	Management fees		(7,764)	(8,862)
(15,922)	(15,588)	General administrative expenses	35	(59,479)	(72,476)
(56,196)	(55,894)	**Total selling and administration expenses**		(273,675)	(300,393)
209,277	128,206	**Net profit before taxation**		204,752	357,383
(50,379)	(34,155)	Taxation	36	(42,738)	(79,724)
158,898	94,051	**Profit for the year**		162,014	277,659
		Profit attributable to:			
158,898	94,051	Equity holders of the Parent		162,011	277,604
–	–	Non-controlling interest		3	55
158,898	94,051			162,014	277,659
		Basic and diluted earning per share ($ per share)		1.89	3.24
		Weighted average number of shares ('000)		85,605	85,605

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

SEPARATE AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

Parent 2019	Parent 2020		Notes	Group 2020	Group 2019
158,898	94,051	**Profit for the year**		162,014	277,659
		Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
(67)	24	Net loss on investment securities at fair value through other comprehensive income		24	(67)
(776)	132	Other movements		(5,749)	(4,688)
(211)	(359)	Experience losses on defined benefit plans	17(b)	(4,219)	(1,571)
63	107	Income tax effect	16	989	525
(148)	(252)			(3,230)	(1,046)
(991)	(96)			(8,955)	(5,801)
		Other comprehensive income that may be reclassified subsequently to profit and loss, net of tax			
		Debt instruments at fair value through other comprehensive income			
9,575	(3,813)	Net change in fair value during the year		(4,132)	9,234
597	105	Changes in allowance for expected credit losses		90	581
(5,573)	618	Income tax effect	16	618	(5,562)
4,599	(3,090)			(3,424)	4,253
–	–	Exchange differences on translation of foreign operations		(8,522)	4,437
162,506	90,865	**Total comprehensive income for the year, net of tax**		141,113	280,548
		Attributable to:			
162,506	90,865	Equity holders of the Parent		141,110	280,493
–	–	Non-controlling interest		3	55
162,506	90,865			141,113	280,548

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

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

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 2018	667,274	190,603	5,796	(5,273)	1,185	520,829	1,380,414
Profit for the year	–	–	–	–	–	158,898	158,898
Other comprehensive income/(loss) for the year	–	–	–	9,575	(67)	(5,900)	3,608
Transfer from general loan loss reserve	–	–	(722)	–	–	722	–
Transfer to statutory reserve fund	–	15,890	–	–	–	(15,890)	–
Dividends (Final 2018 and Interim 2019)	–	–	–	–	–	(102,726)	(102,726)
Balance as at 31 December 2019	667,274	206,493	5,074	4,302	1,118	555,933	1,440,194
Balance as at 31 December 2019	667,274	206,493	5,074	4,302	1,118	555,933	1,440,194
Profit for the year	–	–	–	–	–	94,051	94,051
Other comprehensive (loss)/income for the year	–	–	–	(3,813)	24	603	(3,186)
Transfer to general loan loss reserve	–	–	522	–	–	(522)	–
Transfer to statutory reserve fund	–	9,405	–	–	–	(9,405)	–
Balance as at 31 December 2020	667,274	215,898	5,596	489	1,142	640,660	1,531,059

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

Group	Stated capital	Statutory reserve fund	Statutory surplus reserve	General loan loss reserve	Fair value (deficit)/ reserve	Foreign currency (deficit)/ reserve	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance as at 31 December 2018	667,274	206,546	66,539	14,081	(5,470)	(1,245)	1,419,137	2,366,862	591	2,367,453
Profit for the year	–	–	–	–	–	–	277,604	277,604	55	277,659
Other comprehensive income/(loss) for the year	–	–	–	–	9,234	4,437	(10,782)	2,889	–	2,889
Other life insurance reserve movements	–	–	–	–	–	–	(8,841)	(8,841)	–	(8,841)
Transfer to general loan loss reserve	–	–	–	590	–	–	(590)	–	–	–
Transfer to statutory reserve fund	–	15,890	–	–	–	–	(15,890)	–	–	–
Dividends (Final 2018 and Interim 2019)	–	–	–	–	–	–	(102,726)	(102,726)	–	(102,726)
Other reserve movements	–	–	–	3	–	19	–	22	–	22
Balance as at 31 December 2019	667,274	222,436	66,539	14,674	3,764	3,211	1,557,912	2,535,810	646	2,536,456
Balance as at 31 December 2019	667,274	222,436	66,539	14,674	3,764	3,211	1,557,912	2,535,810	646	2,536,456
Profit for the year	–	–	–	–	–	–	162,011	162,011	3	162,014
Other comprehensive loss for the year	–	–	–	–	(4,132)	(8,522)	(8,247)	(20,901)	–	(20,901)
Other life insurance reserve movements	–	–	–	–	–	–	42	42	–	42
Transfer to general loan loss reserve	–	–	–	522	–	–	(522)	–	–	–
Transfer to statutory reserve fund	–	9,405	–	–	–	–	(9,405)	–	–	–
Reclassification	–	–	–	(1,290)	–	–	1,290	–	–	–
Other reserve movements	–	–	–	–	(1)	(40)	–	(41)	–	(41)
Balance as at 31 December 2020	667,274	231,841	66,539	13,906	(369)	(5,351)	1,703,081	2,676,921	649	2,677,570

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

SEPARATE AND CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

Parent 2019	Parent 2020		Notes	Group 2020	Group 2019
		Cash flows from operating activities			
209,277	128,206	Profit before taxation		204,752	357,383
		Adjustments for:			
381	384	Employee benefits	17(b)	(2,933)	(2,482)
(18)	–	Gain on disposal of property and equipment		(4,432)	(18)
1,821	2,690	Depreciation and amortisation	13, 14	38,466	42,832
1,849	1,745	Depreciation of right-of-use assets	15	3,146	2,228
2,171	(8,650)	Credit loss expense/(credit loss recovery) on investments	32	(6,389)	574
1,815	(177)	Amortisation of investment securities and interest capitalised		(10,101)	(5,564)
(28,025)	(21,782)	(Credit loss recovery)/ credit loss expense on leases, loans and advances	32	29,825	32,932
155	(294)	Loss/(gain) on revaluation of investments	27	54,662	(53,639)
(21,315)	(9,981)	Gain on sale of investment securities		(12,269)	(23,900)
(81,233)	(63,418)	Interest income		(205,623)	(244,712)
67,925	57,176	Finance costs	31	86,993	99,819
(2,652)	(2,757)	Foreign exchange (gains)/losses		8,485	3,755
152,151	83,142	Operating profit before working capital changes		184,582	209,208
152,151	83,142	Carried forward operating profit before working capital changes		184,582	209,208
289,543	46,464	Decrease/(increase) in investment in leased assets and loans and advances		(43,697)	245,052
75,238	(3,463)	Decrease/(increase) in other receivables, debtors and prepayments		3,320	76,836
(128,758)	(251,255)	Decrease in customers' deposits and other funding instruments		(340,655)	(98,408)
15,913	17,907	Increase in accruals and other payables		28,912	67,403
(40,019)	38,074	(Increase)/decrease in Central Bank reserve account		77,084	(94,338)
–	–	Increase in insurance and investment contracts		54,857	46,634
364,068	(69,131)			(35,597)	452,387
(71,917)	(54,445)	Finance costs paid		(81,356)	(104,074)
81,703	66,211	Interest received on investments		211,807	245,191
(57,666)	(33,190)	Taxes paid		(51,346)	(76,247)
316,188	(90,555)	Cash generated from/(used in) operating activities		43,508	517,257

Separate and Consolidated Statement of Cash Flows (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

Parent 2019	Parent 2020		Notes	Group 2020	Group 2019
		Cash flows from investing activities			
–	–	Placement of fixed deposits		–	(29,272)
–	–	Maturity of fixed deposits		39,359	39,056
83	–	Proceeds from sale of fixed assets		19,127	26,174
(7,436)	(6,299)	Additions to fixed assets, leases and tangible assets	13, 14, 15	(32,820)	(81,105)
(1,368,783)	(1,306,712)	Purchase of investments		(1,723,263)	(2,395,402)
1,433,077	1,504,539	Sale or maturity of investments		2,161,373	2,375,168
56,941	191,528	Net cash generated from/(used in) investing activities		463,776	(65,381)
		Cash flows from financing activities			
–	–	Repayment of debt securities		–	–
(102,726)	–	Dividends paid	45	–	(102,726)
(102,726)	–	Net cash used in financing activities		–	(102,726)
270,403	100,973	**Net increase in cash and cash equivalents**		507,284	349,150
213,044	483,447	**Cash and cash equivalents at the beginning of the year**		890,084	540,934
483,447	584,420	**Cash and cash equivalents at the end of the year**		1,397,368	890,084
		Represented by:			
483,447	584,420	Cash and cash equivalents	4	1,397,368	890,084
483,447	584,420			1,397,368	890,084
		Supplemental information:			
81,703	66,211	Interest and dividends received		365,071	413,007
71,917	54,445	Interest paid		81,356	104,074

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 2020 • (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 six subsidiaries at 31 December 2020. A full listing of the Group's subsidiaries is detailed in Note 11. The Group is engaged in a wide range of banking and financial related activities and carries on all classes of long-term and short-term insurance business and the rental of property in Trinidad and Tobago and the Caribbean. The ultimate parent of the Group is ANSA McAL Limited ('Ultimate Parent') which is incorporated in the Republic of Trinidad and Tobago.

2. Significant accounting policies

i) Basis of preparation

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

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

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

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

i) Basis of preparation (continued)

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 42.

Basis of consolidation

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

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

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

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

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

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

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

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

i) Basis of preparation (continued)

Basis of consolidation (continued)

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 2020, the Group earned $7.6 million (2019: $7.4 million) in management fees from the retirement plans and $15.4 million (2019: $13.5 million) from the mutual funds.

The Group holds an interest of $70 million in sponsored funds as at 31 December 2020 (2019: $70 million). The maximum exposure to loss in these funds is the carrying value of the assets held by the Group.

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

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

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

ii) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019 except for the adoption of new standards and interpretations noted below.

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

New and amended standards and interpretations

IFRS 3 – 'Business Combinations' Amendments – Definition of a Business – Effective 1 January 2020

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering the acquisition of a set of activities and assets after first applying the amendments should update their accounting policies in a timely manner.

These amendments had no impact on the Group.

IFRS 7 – 'Financial Instruments: Disclosures' and IFRS 9 – 'Financial Instruments' Amendments – Interest Rate Benchmark Reform – Effective 1 January 2020

The amendments to IFRS 9 Financial Instruments provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

IAS 1 – 'Presentation of Financial Statements' and IAS 8 – 'Accounting Policies, Changes in Accounting Estimates and Errors' Amendments – Definition of Material – Effective 1 January 2020

The amendments provide a new definition of 'material' that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments must be applied prospectively. Early adoption is permitted and must be disclosed.

Although the amendments to the definition of material is not expected to have a significant impact on the Group's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

These amendments had no impact on the Group.

Conceptual Framework for Financial Reporting – Effective 1 January 2020

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

Conceptual Framework for Financial Reporting – Effective 1 January 2020 (continued)

This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the Group.

IFRS 16 – 'Leases' Amendments – COVID-19 Related Rent Concessions – Effective 1 June 2020

On 28 May 2020, the IASB amended IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modification to rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment does not apply to lessors.

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

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

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- There is no substantive change to other terms and conditions of the lease.

Lessees will apply the practical expedient retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

These amendments had no impact on the Group.

Standards issued but not yet effective

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

- IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – Interest Rate Benchmark Reform Phase 2 – Effective 1 January 2021
- IFRS 3 'Business Combinations' – Amendments to IFRS 3 – Reference to the Conceptual Framework – Effective 1 January 2022
- IAS 16 'Property, Plant and Equipment' – Amendments to IAS 16 – Proceeds before Intended Use – Effective 1 January 2022
- IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' – Amendments to IAS 37 – Onerous Contracts – Effective 1 January 2022

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective (continued)

- IAS 1 'Presentation of Financial Statements' – Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current – Effective 1 January 2023
- IFRS 17 'Insurance Contracts' – Effective 1 January 2023

Improvements to International Financial Reporting Standards

The annual improvement process of the International Accounting Standards Board deals with non-urgent, but necessary clarifications and amendments to IFRS. The following amendments are applicable to periods beginning on or after 1 January 2020, but have resulted in no material change to the Group's financial statements.

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

iii) Business combinations and goodwill

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

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

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

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

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

iii) Business combinations and goodwill (continued)

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

iv) Cash and short-term funds

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

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

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, Consolidated Finance Co. 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 (continued)

Financial assets

a) Initial recognition and subsequent measurement

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

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

Amortised cost and effective interest method

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

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

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

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

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

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

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

A financial asset is held for trading if:

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

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

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

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

The Group applied 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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

Foreign exchange gains and losses (continued)

at FVSI. A debt instrument may be designated as FVSI upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

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

Financial assets at FVSI are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of income. The net gain or loss recognised in the statement of income is included in Note 27. Fair value is determined in the manner described in Note 39.

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

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

Foreign exchange gains and losses

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

Therefore:

- for financial assets that are classified as FVSI, the foreign exchange component is recognised in the statement of income;
- for equity instruments that are designated as FVOCI, any foreign exchange component is recognised in other comprehensive income;
- for debt instruments that are designated as FVOCI, any foreign exchange component is recognised in the statement of income; and
- for foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'investment income' line item in the statement of income.

b) Impairment of financial assets

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

b) Impairment of financial assets (continued)

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

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

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

Significant increase in credit risk

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

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

Definition of default and cure

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

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

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

Calculation of Expected Credit Losses (ECLs)

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

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

Notes to the Separate and Consolidated Financial Statements (continued)

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2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

b) Impairment of financial assets (continued)

Calculation of Expected Credit Losses (ECLs) (continued)

- *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.

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.

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

b) Impairment of financial assets (continued)

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

Write-offs

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

Forward-looking information

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

- Oil prices
- Unemployment rates
- Money supply

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

The mechanics of the ECL method are summarised below:

Stage 1

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

Stage 2

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

Stage 3

For financial instruments considered credit-impaired (as defined in Note 2(vi)(b) above), the Group recognises the LTECLs for these financial instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Purchase or originated credit-impaired (POCI)

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

b) Impairment of financial assets (continued)

Purchase or originated credit-impaired (POCI) (continued)

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

c) Derecognition of financial assets

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

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

Financial liabilities

a) Initial recognition and subsequent measurement

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

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. The Group's financial liabilities include other payables, bank overdrafts, deposit liabilities and debt securities in issue. The Group has not designated any financial liabilities upon initial recognition as at FVSI.

b) Derecognition of financial liabilities

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

vii) Fair value measurement

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

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

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

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

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

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

Insurance contracts

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

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

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

Short-term financial assets and liabilities

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

Investment securities

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant 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 as 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 observable;

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

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

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

Level 1

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

vii) Fair value measurement (continued)

Determination of fair value and fair value hierarchies (continued)

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.

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.

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.

viii) Repurchase and reverse repurchase agreements

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

ix) Product classification

Insurance contracts

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

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

ix) Product classification (continued)

Investment contracts

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

x) Interest bearing debt and borrowings

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

xi) Insurance receivables

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

xii) Reinsurance assets

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

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

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

xiii) Taxation

Current income tax

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

Deferred tax

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

xiii) Taxation (continued)

Deferred tax (continued)

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

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

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

xiv) Investment properties

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

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

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

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

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

xv) Property, equipment and leased assets

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

The rates used are as follows:	% per annum
Building	2
Motor vehicles	20 - 33⅓
Computer equipment	25 - 33⅓

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

xv) Property, equipment and leased assets (continued)

Leasehold improvements	10 - 20
Office furniture, machinery and equipment	10 - 33⅓
Leased vehicles and equipment	20

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

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

xvi) Leases

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

Group as a lessee

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

i) Right-of-use assets

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

- Land and building 3 to 6 years
- Motor vehicles 5 years

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

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

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

xvi) Leases (continued)

ii) Lease liabilities (continued)

under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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

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

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

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

Group as lessor

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

xvii) Intangible assets

Goodwill

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

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the 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.

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

xvii) Intangible assets (continued)

Computer software

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

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

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

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

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

xviii) Employee benefits

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

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

Defined benefit plan

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

xviii) Employee benefits (continued)

Defined benefit plan (continued)

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 administration expenses' in the statement of income (by function) within Note 35:

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

Other post-employment benefit plan

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

Defined contribution plan

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

xix) Insurance contract liabilities

Life insurance contract liabilities

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

General insurance contract liabilities

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

Provision for unearned premiums

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

Liability adequacy test

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

xix) Insurance contract liabilities (continued)

Liability adequacy test (continued)

The Bornhuetter-Fergusson model can be summarised as follows:

- This valuation method makes an independent estimate of the gross ultimate claims to a corresponding premium for each underwriting year based on expectations of claims arising from the gross premiums written in that year;
- It estimates a claim run-off pattern of how claims emerge year by year until all is known about the total ultimate claim; and
- From the independent estimate of gross ultimate claims, the portion that relates to past periods is removed and the resultant balance is the gross claims yet to emerge.

The independent actuaries concluded in their report dated 26 February 2021 that the carrying amounts of the insurance liabilities of the general insurance subsidiary as at 31 December 2020, in respect of incurred but not reported (IBNR) claims and claims from unexpired contracts were adequate.

Provision for unexpired risk

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

xx) Provisions

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

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

xxi) Guarantee reserve fund

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

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

xxii) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

xxii) Revenue recognition (continued)

or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

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

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

The effective interest rate (EIR) method

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

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

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

Investment income

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

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

Dividend income

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

Rental income

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

Premium income

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

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

xxii) Revenue recognition (continued)

Reinsurance premiums

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

Fees and commissions

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

Other income and expenditure

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

Revenue from contracts with customers

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

xxiii) Deposit insurance contribution

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

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

xxiv) Benefits and claims

Life insurance

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

General insurance

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

xxii) Revenue recognition (continued)

Reinsurance claims

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

xxv) Lapses - Life insurance

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

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

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

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

xxvi) Foreign currency translation

Functional and presentation currency

The individual financial statements of each group entity is 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.

xxvii) Equity movements

Stated capital

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

Dividends on ordinary share capital

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

xxvii) Equity movements (continued)

Dividends on ordinary share capital (continued)

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

xxviii) Statutory reserve fund

There is a requirement where a portion of net profit after deduction of taxes in each year be transferred to a statutory reserve account. Group statutory reserves amounted to $231.8 million (2019: $222.4 million) as at 31 December 2020.

xxix) Catastrophe reserve

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

xxx) Statutory surplus reserve

As required by Section 171 of the Insurance Act 1980 of Trinidad and Tobago at least 25% of an insurance company's profit from general insurance business, for the preceding year is to be appropriated towards a statutory surplus reserve until such surplus equals or exceeds the reserves in respect of its outstanding unexpired policies. This reserve is not distributable.

xxxi) General loan loss reserve

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

xxxii) Earnings per share

Earnings per share have been calculated by taking the profit for the year attributable to shareholders over the weighted average number of ordinary shares outstanding during the year, net of treasury shares (2020: $1.89; 2019: $3.24). There are no dilutive ordinary shares in issue.

xxxiii) Salvage and subrogation reimbursements

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

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

xxxiv) Impairment of non-financial assets

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

xxxiv) Impairment of non-financial assets (continued)

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

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

3. Significant accounting judgements and estimates in applying Group policies

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

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

- Financial instruments risk management (Note 40)
- Capital management (Note 41)

i) Judgements

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

Leases (Note 15)

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

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

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

Notes to the Separate and Consolidated Financial Statements (continued)

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

i) Judgements (continued)

Leases (Note 15) (continued)

- *Estimating the incremental borrowing rate*

  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 commercial property, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

- *Finance lease commitments – Group as lessor*

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

Property and equipment (Note 13)

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

Revenue from contracts with customers (Note 28)

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

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

Impairment of financial instruments

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

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

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

i) Judgements (continued)

Impairment of financial instruments (continued)

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

ii) Estimates and assumptions

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

Impairment of goodwill (Note 14)

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

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

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

Deferred taxation (Note 16)

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

Pension and other post-employment benefits (Note 17)

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

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

ii) Estimates and assumptions (continued)

Insurance contract liabilities (Note 22)

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

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

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

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

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

Revenue from contracts with customers (Note 28)

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

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

Valuation of investments (Note 39)

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

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

iii) Impact of COVID-19

Background

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on global economies and equity, debt and commodity markets. The Group has considered the impact of COVID-19 and other market volatility in preparing its financial statements.

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

Impact of COVID-19 on the macro-economic outlook

Forward-looking information, including a detailed explanation of the scenarios and related probabilities considered in determining the Group's forward-looking assumptions for the purposes of its ECLs, has been provided in Note 40 to the financial statements. Noting the wide range of possible scenarios and macro-economic outcomes, and the relative uncertainty of how COVID-19 and its social and economic consequences will flow, these scenarios represent reasonable and supportable forward-looking views as at the reporting date.

Processes applied

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

- Re-evaluated whether there were any additional areas of judgement or estimation uncertainty beyond what has been disclosed above;
- Updated its economic outlook – principally for the purposes of inputs into its ECLs through the application of forward-looking information, but also for input into the impairment analysis of financial and non-financial asset classes and disclosures such as fair value disclosures of financial assets and liabilities;
- Reviewed external market communications to identify other COVID-19 related impacts;
- Reviewed public forecasts and experience from previous downturns;
- Conducted several internal processes to ensure consistency in the application of the expected impact of COVID-19 across all asset classes;
- Ran multiple stress testing scenarios, which are an integral component of the Group's risk management framework and a key input to the capital adequacy assessment process, to assess the potential impacts of the COVID-19 pandemic on its portfolio to assist in the organisation's prudent risk management; and
- Considered the impact of COVID-19 on the Group's financial statement disclosures.

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

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

iii) Impact of COVID-19 (continued)

Consideration of the statement of financial position and further disclosures

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

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

4. Cash and short-term funds

Parent 2019	Parent 2020		Group 2020	Group 2019
		Cash and short-term funds		
53,020	293,046	Cash in hand and at bank	850,056	276,125
430,427	291,374	Short-term deposits with other banks	547,312	613,959
483,447	584,420		1,397,368	890,084
107,685	69,611	Central Bank Reserve	101,663	178,747
591,132	654,031		1,499,031	1,068,831

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 9% of average deposit liabilities and is non-interest bearing. The Central Bank of Barbados reserve account represents 0.10% of average deposit liabilities and earned interest of 0.10% (2019: 0.10%).

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

Parent 2019	Parent 2020		Group 2020	Group 2019
53,020	293,046	Cash in hand and at bank	850,056	276,125
430,427	291,374	Short-term deposits with other banks	547,312	613,959
483,447	584,420		1,397,368	890,084
–	–	Bank overdraft	–	–
483,447	584,420		1,397,368	890,084

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

5. Net investment in leased assets and other instalment loans

a) Net investment in leased assets and other instalment loans

Parent 2019	Parent 2020		Group 2020	Group 2019
1,038,393	1,019,471	Hire purchase	1,318,667	1,380,439
201,046	170,510	Finance leases	168,914	199,493
1,239,439	1,189,981	Performing	1,487,581	1,579,932
93,320	127,444	Non-performing	133,123	94,591
1,332,759	1,317,425	Future minimum lease payments	1,620,704	1,674,523
(191,238)	(198,307)	Future finance charges and loan fees	(198,058)	(190,977)
1,141,521	1,119,118	Present value of minimum lease payments	1,422,646	1,483,546
(55,435)	(79,832)	Allowance for ECLs	(85,511)	(59,580)
1,086,086	1,039,286	Net investment in leased assets net of provision	1,337,135	1,423,966

b) New business less unearned income

Parent 2019	Parent 2020		Group 2020	Group 2019
357,843	308,368	New business less unearned income	395,301	415,790

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

Parent 2019	Parent 2020		Group 2020	Group 2019
519,308	546,262	Personal	785,723	810,126
622,213	572,856	Commercial	636,923	673,420
1,141,521	1,119,118		1,422,646	1,483,546

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

Parent 2019	Parent 2020		Group 2020	Group 2019
71,358	75,596	Within 1 year	86,852	80,009
725,980	719,928	1 to 5 years	924,572	928,255
344,183	323,594	Over 5 years	411,222	475,282
1,141,521	1,119,118		1,422,646	1,483,546

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

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

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

Parent			Group	
2019	2020		2020	2019
73,237	76,567	Within 1 year	88,098	82,124
834,406	830,776	1 to 5 years	1,035,202	1,069,623
425,116	410,082	Over 5 years	497,404	522,776
1,332,759	1,317,425		1,620,704	1,674,523

Repossessed collateral

As at 31 December 2020, the Group held repossessed vehicles with a fair value of $4.2 million (2019: $0.8 million). Repossessed vehicles are sold as soon as practical, with the proceeds used to reduce the outstanding indebtedness.

Restructured/modified loans

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

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

Impairment allowance for leased assets and other instalment loans

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

Parent	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Net Investment in Leased Assets				
Gross carrying amount as at 31 December 2020	892,300	112,745	114,073	1,119,118
ECL allowance as at 31 December 2020	(9,860)	(4,760)	(65,212)	(79,832)
Net exposure as at 31 December 2020	882,440	107,985	48,861	1,039,286
Gross carrying amount as at 31 December 2019	984,540	73,796	83,185	1,141,521
ECL allowance as at 31 December 2019	(7,957)	(5,922)	(41,556)	(55,435)
Net exposure as at 31 December 2019	976,583	67,874	41,629	1,086,086
ECL allowance as at 1 January 2019	(12,851)	(1,273)	(39,020)	(53,144)
ECL on new instruments issued during the year	(2,590)	(645)	(2,396)	(5,631)
Other credit loss movements, repayments etc.	7,484	(4,004)	(19,855)	(16,375)
Charge-offs and write-offs	–	–	19,715	19,715
At 31 December 2019	(7,957)	(5,922)	(41,556)	(55,435)
ECL on new instruments issued during the year	(2,911)	(794)	(1,039)	(4,744)
Other credit loss movements, repayments etc.	1,008	1,956	(24,138)	(21,173)
Charge-offs and write-offs	–	–	1,521	1,521
At 31 December 2020	(9,860)	(4,760)	(65,212)	(79,832)

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

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

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

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

Group	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Net Investment in Leased Assets				
Gross carrying amount as at 31 December 2020	1,127,102	179,863	115,681	1,422,646
ECL allowance as at 31 December 2020	(11,141)	(6,268)	(68,102)	(85,511)
Net exvposure as at 31 December 2020	1,115,961	173,595	47,579	1,337,135

Group	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 31 December 2019	1,306,259	91,491	85,796	1,483,546
ECL allowance as at 31 December 2019	(9,927)	(7,668)	(41,985)	(59,580)
Net exposure as at 31 December 2019	1,296,332	83,823	43,811	1,423,966
ECL allowance as at 1 January 2019	(14,821)	(1,480)	(40,544)	(56,845)
ECL on new instruments issued during the year	(2,590)	(645)	1,611	(1,624)
Other credit loss movements, repayments etc.	7,484	(5,543)	(27,498)	(25,557)
Charge-offs and write-offs	–	–	24,446	24,446
At 31 December 2019	(9,927)	(7,668)	(41,985)	(59,580)
ECL on new instruments issued during the year	(2,911)	(794)	(1,039)	(4,744)
Other credit loss movements, repayments etc.	845	1,153	(28,783)	(26,785)
Charge-offs and write-offs	852	1,041	3,705	5,598
At 31 December 2020	(11,141)	(6,268)	(68,102)	(85,511)

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

6. Loans and advances

Parent 2019	Parent 2020		Group 2020	Group 2019
–	–	Policy loans	12,822	10,295
–	–	Mortgage loans	194,864	194,719
139,957	176,564	Other loans and advances	249,341	173,784
139,957	176,564	Performing loans and advances	457,027	378,798
25,738	33,326	Non-performing loans and advances	34,288	45,957
165,695	209,890		491,315	424,755
(14,346)	(10,211)	Allowance for ECLs	(11,510)	(18,946)
151,349	199,679		479,805	405,809
		Sectorial analysis of advances		
2,953	4,292	Personal	193,337	192,828
1,530	908	Retail/distribution/manufacturing	5,039	3,522
–	–	Hotel and restaurant	–	2,380
44,385	9,426	Construction and real estate	8,237	43,196
25,096	25,096	Financial	25,096	25,096
8,740	61,958	Energy	6,958	8,740
82,990	108,210	Other	197,648	148,993
165,695	209,890		491,315	424,755
		Loans and advances have the following maturity profile		
35,185	118,338	Within 1 year	148,190	57,495
110,220	77,018	1 to 5 years	98,371	121,966
20,290	14,534	Over 5 years	244,754	245,294
165,695	209,890		491,315	424,755

Impairment allowance for loans and advances

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

Parent	Stage 1	Stage 2	Stage 3	Total
Other loans and advances				
Gross carrying amount as at 31 December 2020	159,448	17,035	33,407	209,890
ECL allowance as at 31 December 2020	(2,128)	(924)	(7,159)	(10,211)
Net exposure as at 31 December 2020	157,320	16,111	26,248	199,679
Gross carrying amount as at 31 December 2019	121,044	18,913	25,738	165,695
ECL allowance as at 31 December 2019	(405)	(2,283)	(11,658)	(14,346)
Net exposure as at 31 December 2019	120,639	16,630	14,080	151,349
ECL allowance as at 1 January 2019	(668)	(7,659)	–	(8,327)
ECL on new instruments issued during the year	(46)	–	–	(46)
Other credit loss movements, repayments etc.	309	5,376	(11,658)	(5,973)

Notes to the Separate and Consolidated Financial Statements (continued)

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6. Loans and advances (continued)

Impairment allowance for loans and advances (continued)

Parent	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
At 31 December 2019	(405)	(2,283)	(11,658)	(14,346)
ECL on new instruments issued during the year	(1,264)	–	–	(1,264)
Other credit loss movements, repayments etc.	(459)	1,359	4,499	5,399
At 31 December 2020	(2,128)	(924)	(7,159)	(10,211)

Group				
Other loans and advances				
Gross carrying amount as at 31 December 2020	383,407	55,602	52,306	491,315
ECL allowance as at 31 December 2020	(2,489)	(1,108)	(7,913)	(11,510)
Net exposure as at 31 December 2020	380,918	54,494	44,393	479,805
Gross carrying amount as at 31 December 2019	335,669	28,761	60,325	424,755
ECL allowance as at 31 December 2019	(508)	(107)	(18,331)	(18,946)
Net exposure as at 31 December 2019	335,161	28,654	41,994	405,809
ECL allowance as at 1 January 2019	(722)	(5,555)	(13,381)	(19,658)
Translation adjustments	1	–	–	1
ECL on new instruments issued during the year	(50)	–	–	(50)
Other credit loss movements, repayments etc.	263	5,448	(11,413)	(5,702)
Charge-offs and write-offs	–	–	6,463	6,463
At 31 December 2019	(508)	(107)	(18,331)	(18,946)

Group	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL on new instruments issued during the year	(1,348)	–	–	(1,348)
Other credit loss movements, repayments etc.	(614)	(823)	4,489	3,052
Charge-offs and write-offs	–	–	5,929	5,929
Credit loss expense	(19)	(178)	–	(197)
At 31 December 2020	(2,489)	(1,108)	(7,913)	(11,510)

Notes to the Separate and Consolidated Financial Statements (continued)

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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 2019	Parent 2020		Group 2020	Group 2019
		Investment securities		
		Designated at fair value through		
17,465	72,917	statement of income	718,922	732,804
876,606	684,414	Amortised cost	2,899,439	3,309,998
		Fair value through other		
124,011	76,906	comprehensive income	65,069	112,590
1,018,082	834,237	Total investment securities	3,683,430	4,155,392
		Investment securities designated at fair value through statement of income		
17,413	19,186	Equity securities	516,109	559,525
52	53,731	Government bonds	69,625	10,712
–	–	State-owned company securities	72,986	79,053
–	–	Corporate bonds	60,202	83,514
17,465	72,917		718,922	732,804
		Investment securities measured at amortised cost		
14,209	4,083	Government bonds	469,601	606,025
257,751	183,097	State-owned company securities	878,231	962,435
604,646	497,234	Corporate bonds	1,551,607	1,741,538
876,606	684,414		2,899,439	3,309,998
		Investment securities designated and measured at FVOCI		
20,575	20,765	Equity securities	–	–
21,135	20,405	Government bonds	29,333	30,290
5,833	–	State-owned company securities	–	5,833
76,468	35,736	Corporate bonds	35,736	76,467
124,011	76,906		65,069	112,590
1,018,082	834,237	**Total investment securities**	3,683,430	4,155,392

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

Notes to the Separate and Consolidated Financial Statements (continued)

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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).

	Stage 1	Stage 2	Stage 3	Purchase or originated credit-impaired	Total
Parent					
Investment securities measured at amortised cost					
Gross carrying amount as at 31 December 2020	634,547	51,065	7,243	–	692,855
ECL allowance as at 31 December 2020	(3,773)	(2,462)	(2,206)	–	(8,441)
Net exposure as at 31 December 2020	630,774	48,603	5,037	–	684,414
Gross carrying amount as at 31 December 2019	853,854	18,370	20,825	–	893,049
ECL allowance as at 31 December 2019	(2,219)	(126)	(14,098)	–	(16,443)
Net exposure as at 31 December 2019	851,635	18,244	6,727	–	876,606
ECL allowance as at 1 January 2019	(2,501)	(750)	(10,584)	–	(13,835)
ECL on new instruments issued during the year	(830)	–	97	–	(733)
Other credit loss movements, repayments etc.	1,112	624	(3,174)	–	(1,438)
Credit loss expense	–	–	(437)	–	(437)
At 31 December 2019	(2,219)	(126)	(14,098)	–	(16,443)
ECL on new instruments issued during the year	(1,037)	–	–	–	(1,037)
Other credit loss movements, repayments etc.	(517)	(2,336)	12,540	–	9,687
Credit loss expense	–	–	(648)	–	(648)
At 31 December 2020	(3,773)	(2,462)	(2,206)	–	(8,441)
Group					
Investment securities measured at amortised cost					
Gross carrying amount as at 31 December 2020	2,640,183	249,876	9,563	21,152	2,920,774
ECL allowance as at 31 December 2020	(9,307)	(8,052)	(3,976)	–	(21,335)
Net exposure as at 31 December 2020	2,630,876	241,824	5,587	21,152	2,899,439
Gross carrying amount as at 31 December 2019	3,063,413	232,049	47,772	22,618	3,365,852
ECL allowance as at 31 December 2019	(5,921)	(9,210)	(40,723)	–	(55,854)
Net exposure as at 31 December 2019	3,057,492	222,839	7,049	22,618	3,309,998
ECL allowance as at 1 January 2019	(5,414)	(7,067)	(32,575)	–	(45,056)
Translation adjustments	–	25	–	–	25
ECL on new instruments issued during the year	(1,585)	(1,719)	(396)	–	(3,700)
Other credit loss movements, repayments etc.	1,079	3,596	(1,574)	–	3,101
Credit loss expense	(1)	(4,045)	(6,178)	–	(10,224)

Notes to the Separate and Consolidated Financial Statements (continued)

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7. Investment securities (continued)

Impairment allowance for investment securities (continued)

Group	Stage 1	Stage 2	Stage 3	Purchase or originated credit-impaired	Total
At 31 December 2019					
(5,921)	(9,210)	(40,723)	–	(55,854)	
Translation adjustments	2	2	1	–	5
ECL on new instruments issued during the year	(1,705)	–	–	–	(1,705)
Other credit loss movements, repayments etc.	(1,347)	(3,071)	12,512	–	8,094
Charge-offs and write-offs	–	4,227	24,882	–	29,109
Credit loss expense	(336)	–	(648)	–	(984)
At 31 December 2020	(9,307)	(8,052)	(3,976)	–	(21,335)

	Stage 1	Stage 2	Stage 3	Purchase or originated credit-impaired	Total
Parent					
Investment securities designated and measured at FVOCI					
Gross carrying amount as at 31 December 2020	56,141	–	–	–	56,141
ECL allowance as at 31 December 2020	(703)	–	–	–	(703)
Net exposure as at 31 December 2020	55,438	–	–	–	55,438
Gross carrying amount as at 31 December 2019	103,436	–	–	–	103,436
ECL allowance as at 31 December 2019	(597)	–	–	–	(597)
Net exposure as at 31 December 2019	102,839	–	–	–	102,839
ECL allowance as at 1 January 2019	(1,131)	–	–	–	(1,131)
ECL on new instruments issued during the year	(438)	–	–	–	(438)
Other credit loss movements, repayments etc.	972	–	–	–	972
At 31 December 2019	(597)	–	–	–	(597)
ECL on new instruments issued during the year	(440)	–	–	–	(440)
Other credit loss movements, repayments etc.	334	–	–	–	334
At 31 December 2020	(703)	–	–	–	(703)
Group					
Investment securities designated and measured at FVOCI					
Gross carrying amount as 31 December 2020	65,069	–	–	–	65,069
ECL allowance as at 31 December 2020	(809)	–	–	–	(809)
Net exposure as at 31 December 2020	64,260	–	–	–	64,260
Gross carrying amount as at 31 December 2019	112,590	–	–	–	112,590
ECL allowance as at 31 December 2019	(1,643)	–	–	–	(1,643)

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

7. Investment securities (continued)

Impairment allowance for investment securities (continued)

Group	Stage 1	Stage 2	Stage 3	Purchase or originated credit-impaired	Total
Net exposure as at 31 December 2019	110,947	–	–	–	110,947
ECL allowance as at 1 January 2019	(1,199)	–	–	–	(1,199)
ECL on new instruments issued during the year	(444)	–	–	–	(444)
At 31 December 2019	(1,643)	–	–	–	(1,643)
ECL on new instruments issued during the year	(440)	–	–	–	(440)
Other credit loss movements, repayments etc.	1,298	–	–	–	1,298
Credit loss expense	(24)	–	–	–	(24)
At 31 December 2020	(809)	–	–	–	(809)

8. Assets pledged

Parent 2019	Parent 2020		Group 2020	Group 2019
–	–	Cash and short-term funds	124,144	113,817
–	–	Loans and advances	194,148	194,708
–	–	Bonds and debentures	1,215,608	1,392,927
–	–	Equities	417,120	434,064
–	–	Real estate	7,800	13,000
–	–		1,958,820	2,148,516

Under the provisions of the Insurance Act 1980, the Group has established and maintains a statutory fund to which the assets are pledged and held to the order of the Inspector of Financial Institutions. Based on the new Insurance Act 2018, which came into effect on 1 January 2021, this will no longer be a requirement for the Group.

9. Insurance receivables

Parent 2019	Parent 2020		Group 2020	Group 2019
–	–	Premiums receivable	53,661	41,325
–	–	Reinsurance receivables	10,283	5,630
–	–		63,944	46,955

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

10. Other debtors and prepayments

Parent			Group	
2019	2020		2020	2019
4,871	20,949	Fees and rent receivable	14,653	410
950	197	Proceeds from investments	285	950
3,210	3,834	Prepayments	9,558	11,395
1,371	1,791	VAT receivable	6,242	6,272
1,783	268	Insurance prepayments	–	1,318
795	–	Client funds receivable	–	2,627
6,107	–	Other related party balances	1,971	10,164
–	–	Other receivables on leased vehicles & equipment	3,662	2,036
8,245	3,756	Other receivables	3,911	4,254
27,332	30,795		40,282	39,426

11. Investment in subsidiaries

	Parent	
	2020	2019
At beginning of the period	810,320	810,320
Acquisitions during the year	–	–
At end of the period	810,320	810,320

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

Name of Company	Country of incorporation and operation	Proportion of issued capital held 31-Dec-20	Proportion of issued capital held 31-Dec-19
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%
Consolidated Finance Co. Limited	Barbados	100%	100%

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

Notes to the Separate and Consolidated Financial Statements (continued)

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12. Investment properties

Parent			Group	
2019	2020		2020	2019
–	–	Valuation at beginning of the year	117,471	143,291
–	–	Disposals during the year	(633)	(157)
–	–	Transfers	3,189	(25,663)
–	–	Valuation at close of the year	120,027	117,471
–	–	Rental income from properties	15,177	14,701
–	–	Direct operating expenses arising from investment properties that generated rental income during the period	9,806	10,593

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

The 2020 fair values were based on independent valuations. The valuation model applied was in accordance with that recommended by the International Valuation Standards Committee. There was no gain recognised during the year in the consolidated separate statement of income.

Operating leases

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

	2020	2019
No later than 1 year	20,331	20,078
Later than 1 year but not later than 5 years	74,584	79,158
Later than 5 years	50,416	120,277
	145,331	219,513

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

13. Property and equipment

Parent - 2020	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Total
Cost					
At beginning of the period	1,784	7,254	998	5,092	15,128
Additions	1	458	–	–	459
At end of the period	1,785	7,712	998	5,092	15,587
Accumulated depreciation					
At beginning of the period	1,307	6,792	869	3,295	12,263
Current depreciation	48	299	29	219	595
At end of the period	1,355	7,091	898	3,514	12,858
Net book value	430	621	100	1,578	2,729
Parent - 2019					
Cost					
At beginning of the period	1,661	6,936	1,304	5,092	14,993
Additions	123	318	–	–	441
Disposals	–	–	(306)	–	(306)
At end of the period	1,784	7,254	998	5,092	15,128
Accumulated depreciation					
At beginning of the period	1,258	6,509	1,068	3,077	11,912
Current depreciation	49	283	42	218	592
Disposals	–	–	(241)	–	(241)
At end of the period	1,307	6,792	869	3,295	12,263
Net book value	477	462	129	1,797	2,865

Group - 2020	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Land & buildings	Leased vehicles & equipment	Total
Cost							
At beginning of the period	15,877	57,640	4,597	22,610	46,496	223,403	370,623
Additions	187	5,762	176	9,706	32	25,880	41,743
Transfers	54	7	–	(1,019)	(3,949)	–	(4,907)
Disposals	(409)	(169)	(706)	(361)	–	(41,415)	(43,060)
Exchange differences on translation of foreign operations	(282)	(159)	(127)	(411)	(342)	(16,926)	(18,247)
At end of the period	15,427	63,081	3,940	30,525	42,237	190,942	346,152

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

13. Property and equipment (continued)

	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Land & buildings	Leased vehicles & equipment	Total
Group - 2020							
Accumulated depreciation							
At beginning of the period	10,607	31,772	3,608	12,141	7,145	106,383	171,656
Current depreciation	801	3,319	307	1,453	289	29,114	35,283
Disposals	(382)	(9)	(652)	(101)	–	(27,866)	(29,010)
Exchange differences on translation of foreign operations	(240)	(147)	(74)	(383)	(11)	(10,479)	(11,334)
At end of the period	10,786	34,935	3,189	13,110	7,423	97,152	166,595
Net book value	4,641	28,146	751	17,415	34,814	93,790	179,557
Group - 2019							
Cost							
At beginning of the period	15,062	52,478	4,349	19,672	18,743	234,504	344,808
Additions	680	5,253	1,104	4,958	2,041	36,824	50,860
Transfers	137	–	(435)	(1,860)	25,663	–	23,505
Disposals	(41)	(106)	(436)	(218)	–	(50,832)	(51,633)
Exchange differences on translation of foreign operations	39	15	15	58	49	2,907	3,083
At end of the period	15,877	57,640	4,597	22,610	46,496	223,403	370,623
Accumulated depreciation							
At beginning of the period	9,789	28,792	2,588	9,729	5,201	106,469	162,568
Current depreciation	778	2,918	1,634	2,346	1,940	31,172	40,788
Disposals	–	45	(373)	–	–	(34,312)	(34,640)
Transfers	–	–	(263)	–	–	–	(263)
Exchange differences on translation of foreign operations	40	17	22	66	4	3,054	3,203
At end of the period	10,607	31,772	3,608	12,141	7,145	106,383	171,656
Net book value	5,270	25,868	989	10,469	39,351	117,020	198,967

As at 31 December 2020, the Parent's gross carrying amount of fully depreciated assets still in use amounted to $6.7 million (2019: $6.4 million) and the Group $46.3 million (2019: $35.2 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 2020 and at 31 December 2019 for both the Parent and the Group.

Notes to the Separate and Consolidated Financial Statements (continued)

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14. Intangible assets

Parent

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

2019	Computer software & work in progress	Total
Gross carrying amounts		
At beginning of the period	28,745	28,745
Acquisitions during the year	3,256	3,256
At end of the period	32,001	32,001
Accumulated impairment and amortisation		
At beginning of the period	6	6
Amortisation for the year	1,229	1,229
At end of the period	1,235	1,235
Net carrying amounts	30,766	30,766

Group

2020	Goodwill	Computer software & work in progress	Total
At beginning of the period	133,762	53,112	186,874
Disposals during the year	–	(1,792)	(1,792)
Acquisitions during the year	–	887	887
At end of the period	133,762	52,207	185,969
Accumulated impairment and amortisation			
At beginning of the period	–	3,506	3,506
Exchange differences on translation of foreign operations	–	10	10
Amortisation for the year	–	3,183	3,183
At end of the period	–	6,699	6,699
Net carrying amounts	133,762	45,508	179,270

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

14. Intangible assets (continued)

Group

2019	**Goodwill**	**Computer software & work in progress**	**Total**
Gross carrying amounts			
At beginning of the period	133,762	39,420	173,182
Acquisitions during the year	–	13,692	13,692
At end of the period	133,762	53,112	186,874
Accumulated impairment and amortisation			
At beginning of the period	–	1,456	1,456
Exchange differences on translation of foreign operations	–	6	6
Amortisation for the year	–	2,044	2,044
At end of the period	–	3,506	3,506
Net carrying amounts	133,762	49,606	183,368

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.

Computer software

Intangible assets also 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.

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 2020 using the ‘value in use’ method. Based on the results of this review no impairment expense was required.

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

TATIL

Carrying amount of Goodwill:	133,762
Basis for recoverable amount:	Value in use
Discount rate:	9%
Cash flow projection term:	Five years to perpetuity
Growth rate (extrapolation period):	2%

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14. Intangible assets (continued)

Impairment testing of intangible assets (continued)

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

15. Leases

Parent	Land and building	Total
As at 1 January 2020	1,890	1,890
Charge for the year	(1,745)	(1,745)
Other movements	4,997	4,997
As at 31 December 2020	5,142	5,142
As at 1 January 2019	3,739	3,739
Depreciation of right-of-use assets	(1,849)	(1,849)
As at 31 December 2019	1,890	1,890

Group	Land and building	Motor vehicles	Total
As at 1 January 2020	8,498	984	9,482
Additions	2,459	335	2,794
Charge for the year	(2,927)	(219)	(3,146)
Other movements	2,727	–	2,727
Modification	(475)	–	(475)
As at 31 December 2020	10,282	1,100	11,382
As at 1 January 2019	10,726	984	11,710
Depreciation of right-of-use assets	(2,228)	–	(2,228)
As at 31 December 2019	8,498	984	9,482

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

Parent 2019	Parent 2020		Group 2020	Group 2019
3,739	1,919	**As at 1 January 2020**	7,855	11,710
–	–	Additions	994	–
(1,904)	(1,904)	Principal payments	(3,507)	(4,342)
84	223	Interest expense on lease liabilities	286	487
–	5,220	Other movements	4,830	–
–	–	Modifications	(54)	–
–	–	Exchange differences on translation of foreign operations	(396)	–
1,919	5,458	**As at 31 December 2020**	10,008	7,855

Notes to the Separate and Consolidated Financial Statements (continued)

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15. Leases (continued)

The maturity analysis of lease liabilities are disclosed in Note 42.

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

Parent 2019	Parent 2020		Group 2020	Group 2019
1,849	1,745	Depreciation expense of right-of-use assets	3,146	2,228
84	223	Interest expense on lease liabilities	189	487
1,933	1,968		3,335	2,715

The Group has no lease contracts that contains variable payments.

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

16. Deferred taxation

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

Parent	2018	Credit/(charge) Income	Credit/(charge) OCI	2019
Property and equipment	174	(174)	–	–
Employee benefits liability	230	17	(2)	245
Finance leases	18,849	(3,503)	–	15,346
Provisions	11,175	(3,354)	(1,158)	6,663
Unrealised investment losses	1,574	8	(1,582)	–
Total deferred tax asset	32,002	(7,006)	(2,742)	22,254
Property and equipment	–	(2,839)	–	(2,839)
Employee benefits asset	(2,276)	(17)	65	(2,228)
Provisions	–	(10)	–	(10)
Unrealised investment gains	(1,442)	387	(2,833)	(3,888)
Total deferred tax liability	(3,718)	(2,479)	(2,768)	(8,965)

Notes to the Separate and Consolidated Financial Statements (continued)

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16. Deferred taxation (continued)

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

Group	2018	Credit/(charge) to Income	Credit/(charge) to OCI	Life and other reserve movement	2019
Employee benefits liability	1,736	(20)	353	–	2,069
Property and equipment	1,713	(1,658)	–	–	55
Finance leases	18,795	(3,430)	–	–	15,365
Tax losses	1,025	892	–	–	1,917
Unrealised investment losses	–	–	–	–	–
Provisions	17,800	(3,702)	(2,729)	–	11,369
Total deferred tax asset	41,069	(7,918)	(2,376)	–	30,775
Life insurance reserves	(57,094)	–	–	(3,926)	(61,020)
Employee benefits asset	(35,269)	(883)	172	–	(35,980)
Property and equipment	(8,136)	(3,794)	–	–	(11,930)
Unrealised investment gains	(38,569)	(7,138)	(2,833)	(4,915)	(53,455)
Provisions	–	(17)	–	–	(17)
Total deferred tax liability	(139,068)	(11,832)	(2,661)	(8,841)	(162,402)

17. Employee benefits

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

Notes to the Separate and Consolidated Financial Statements (continued)

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17. Employee benefits (continued)

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 2020	Defined benefit pension plan 2019	Post-retirement health benefits 2020	Post-retirement health benefits 2019
Parent				
Present value of defined benefit obligation	18,417	16,611	850	804
Fair value of plan assets	(25,618)	(24,039)	–	–
(Asset)/liability recognised in the statement of financial position	(7,201)	(7,428)	850	804
Group				
Present value of defined benefit obligation	127,056	120,876	8,916	8,259
Fair value of plan assets	(265,317)	(258,294)	–	–
(Asset)/liability recognised in the statement of financial position	(138,261)	(137,418)	8,916	8,259

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 2020	16,611	(24,039)	(7,428)	804
Pension cost charged to statement of income				
Current service cost	713	–	713	54
Net interest cost/(credit)	856	(1,294)	(438)	41
Administrative expenses	14	–	14	–
Total charge/(credit) to statement of income	1,583	(1,294)	289	95
Experience losses/(gains) in OCI				
Experience losses/(gains) - demographic	159	–	159	(13)
Experience losses - financial	–	213	213	–
Total charge/(credit) to OCI	159	213	372	(13)

Notes to the Separate and Consolidated Financial Statements (continued)

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17. 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
Other movements				
Contributions by employee	434	(434)	–	–
Contributions by employer	–	(434)	(434)	–
Transfers	225	(225)	–	–
Administrative expenses	(14)	14	–	–
Benefits paid	(581)	581	–	(36)
Total other movements	64	(498)	(434)	(36)
Balance at 31 December 2020	18,417	(25,618)	(7,201)	850

Group	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post-employment medical benefits
Balance at 1 January 2020	120,876	(258,294)	(137,418)	8,259
Pension cost charged to statement of income				
Current service cost	3,537	–	3,537	601
Net interest cost/(credit)	6,456	(14,154)	(7,698)	490
Administrative expenses	14	123	137	–
Total charge/(credit) to statement of income	10,007	(14,031)	(4,024)	1,091
Experience losses/(gains) in OCI				
Experience losses/(gains) - demographic	586	1,304	1,890	(44)
Experience losses - financial	–	2,373	2,373	–
Total charge/(credit) to OCI	586	3,677	4,263	(44)
Other movements				
Contributions by employee	1,637	(1,637)	–	–
Contributions by employer	–	(1,848)	(1,848)	–
Transfers	190	(190)	–	–
Administrative expenses	(14)	14	–	–
Exchange differences	(551)	1,317	766	(94)
Benefits paid	(5,675)	5,675	–	(296)
Total other movements	(4,413)	3,331	(1,082)	(390)
Balance at 31 December 2020	127,056	(265,317)	(138,261)	8,916

Notes to the Separate and Consolidated Financial Statements (continued)

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17. Employee benefits (continued)

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

	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post-employment medical benefits
Parent				
Balance at 1 January 2019	15,859	(23,446)	(7,587)	762
Pension cost charged to statement of income				
Current service cost	662	–	662	42
Net interest cost/(credit)	790	(1,162)	(372)	38
Administrative expenses	11	–	11	–
Total charge/(credit) to statement of income	1,463	(1,162)	301	80
Experience (gains)/losses in OCI				
Experience gains - demographic	(67)	–	(67)	(4)
Experience losses - financial	–	282	282	–
Total (credit)/charge to OCI	(67)	282	215	(4)
Other movements				
Contributions by employee	357	(357)	–	–
Contributions by employer	–	(357)	(357)	–
Transfers	(139)	139	–	–
Administrative expenses	(11)	11	–	–
Benefits paid	(851)	851	–	(34)
Total other movements	(644)	287	(357)	(34)
Balance at 31 December 2019	16,611	(24,039)	(7,428)	804

Group	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post-employment medical benefits
Balance at 1 January 2019	115,450	(249,165)	(133,715)	7,052
Pension cost charged to statement of income				
Current service cost	3,271	–	3,271	500
Net interest cost	6,115	(12,936)	(6,821)	461
Administrative expenses	11	96	107	–
Total charge/(credit) to statement of income	9,397	(12,840)	(3,443)	961
Experience (gains)/losses in OCI				
Experience gains - demographic	(1,027)	–	(1,027)	(97)
Experience losses - financial	–	2,695	2,695	–
Total (credit)/charge to OCI	(1,027)	2,695	1,668	(97)

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

17. Employee benefits (continued)

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

	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post-employment medical benefits
Group				
Other movements				
Contributions by employee	1,471	(1,471)	–	–
Contributions by employer	–	(1,693)	(1,693)	–
Transfers	72	(307)	(235)	–
Administrative expenses	(205)	205	–	–
Exchange differences	(11)	11	–	–
Benefits paid	(4,271)	4,271	–	343
Total other movements	(2,944)	1,016	(1,928)	343
Balance at 31 December 2019	120,876	(258,294)	(137,418)	8,259

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

	Defined benefit pension plan		Post-retirement health benefits	
	2020	**2019**	**2020**	**2019**
Parent				
Net (asset)/liability at the start of the year	(7,428)	(7,587)	804	762
Net expense recognised in the statement of income	289	301	95	80
Net expense/(income) recognised in the statement of other comprehensive income	372	215	(13)	(4)
Contributions paid	(434)	(357)	(36)	(34)
Net (asset)/liability recognised at the end of the year	(7,201)	(7,428)	850	804
Group				
Net (asset)/liability at the start of the year	(137,418)	(133,715)	8,259	7,052
Net (income)/expense recognised in the statement of income	(4,024)	(3,443)	1,091	961
Net expense/(income) recognised in the statement of other comprehensive income	4,263	1,668	(44)	(97)
Contributions paid	(1,082)	(1,928)	(390)	343
Net (asset)/liability recognised at the end of the year	(138,261)	(137,418)	8,916	8,259

Notes to the Separate and Consolidated Financial Statements (continued)

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17. Employee benefits (continued)

d) Actual return on plan assets

	2020	2019
Parent	(395)	880
Group	(2,835)	10,381

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

	Defined benefit pension plan	
Parent and Group	**2020**	**2019**
Local equities	32%	32%
Local bonds	40%	40%
Foreign investments	21%	21%
Real estate/mortgages	2%	2%
Short-term securities	5%	5%
	100%	100%

f) Principal actuarial assumptions

	Defined benefit pension plan	
Parent and Group	**2020**	**2019**
Discount rate	5%	5%
Future salary increases	3%	3%
Medical costs trend rates	3%	3%

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

Assumptions	**Discount rate**		**Future salary increases**		**Future medical claims inflation**	
Sensitivity level	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**
Parent						
At 31 December 2020	(1,646)	2,055	471	(416)	115	(91)
At 31 December 2019	(1,640)	2,056	560	(498)	17	(14)
Group						
At 31 December 2020	(12,619)	15,574	3,738	(3,302)	962	(767)
At 31 December 2019	(13,088)	16,204	4,141	(3,643)	1,156	(917)

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.

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

17. Employee benefits (continued)

f) Principal actuarial assumptions (continued)

As advised by the consulting actuary, the Group is expected to contribute $2.03 million to its defined benefit plan in 2021 and the average duration of the defined benefit obligation at the end of the reporting period is 13 years (2019: 14 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	
2019	2020		2020	2019
271	37		1,230	1,446

18. Accrued interest and other payables

Parent			Group	
2019	2020		2020	2019
16,778	19,509	Interest payable	22,069	20,299
7,330	3,735	Accrued expenses	13,119	19,172
1,429	1,473	Client funds held for investment	39,050	21,524
(282)	(305)	Due (from)/to statutory authorities	14,018	13,776
–	–	Distributions payable	1,233	1,291
16	–	Deferred fee income	100	116
–	129	Unapplied premiums	7,339	7,308
–	–	Commissions payable	5,508	5,824
1,914	15,291	Stale-dated cheques	18,016	3,576
–	–	Due to reinsurers	25,364	38,820
32,325	31,706	Asset finance promotional items	26,857	32,541
12,235	32,112	Related party balances	34,854	20,858
12,540	22,464	Other creditors	33,054	20,927
84,285	126,114		240,581	206,032

19. Customers' deposits and other funding instruments

Sectorial analysis of customers' deposits and other funding instruments:

Parent			Group	
2019	2020		2020	2019
119,727	143,069	Individuals	866,910	933,488
532,357	448,246	Pension funds/credit unions/trustees	531,896	618,501
775,222	584,736	Private companies/estates/ financial institutions	815,030	1,002,503
1,427,306	1,176,051		2,213,836	2,554,492

Notes to the Separate and Consolidated Financial Statements (continued)

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20. Debt securities in issue

Parent			Group	
2019	2020		2020	2019
802,871	802,836	Medium and long-term notes	802,836	802,871
–	–	Promissory notes	–	–
802,871	802,836		802,836	802,871

US$ denominated notes

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

TT$ denominated notes

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

21. Investment contract liabilities

	Group	
	2020	2019
At the beginning of year	269,061	269,117
Premiums received	25,211	21,034
Interest credited	11,594	11,317
Liabilities realised for payment on death, surrender and other terminations in the year	(27,648)	(22,680)
Other movements	(12,295)	(9,727)
	265,923	269,061

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

Notes to the Separate and Consolidated Financial Statements (continued)

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22. Insurance contract liabilities

		Group					
	Notes	2020			2019		
		Insurance contract liabilities	Reinsurers' share of liabilities	Net	Insurance contract liabilities	Reinsurers' share of liabilities	Net
Life insurance contracts	22(b)	1,294,548	(15,549)	1,278,999	1,202,786	(13,776)	1,189,010
General insurance contracts	22(c)	296,600	(135,852)	160,748	330,367	(158,789)	171,578
Total insurance contract liabilities		1,591,148	(151,401)	1,439,747	1,533,153	(172,565)	1,360,588

a) Reinsurance assets

	2020	2019
Life insurance contract	15,549	13,776
General insurance contracts:		
Premiums	89,041	80,290
Claims	46,811	78,499
	151,401	172,565

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

	Group					
	2020			2019		
	Insurance contract liabilities	Reinsurers' share of liabilities	Net	Insurance contract liabilities	Reinsurers' share of liabilities	Net
With DPF	194,432	–	194,432	213,693	–	213,693
Without DPF	1,043,095	(15,549)	1,027,546	955,844	(13,776)	942,068
	1,237,527	(15,549)	1,221,978	1,169,537	(13,776)	1,155,761
Outstanding claims	57,021	–	57,021	33,249	–	33,249
Total life insurance contract liabilities	1,294,548	(15,549)	1,278,999	1,202,786	(13,776)	1,189,010
At 1 January	1,202,786	(13,776)	1,189,010	1,139,517	(11,213)	1,128,304
Premiums received	204,568	(14,481)	190,087	183,024	(14,863)	168,161
Liabilities realised for payment on death, surrender and other terminations in the year	(112,806)	12,708	(100,098)	(119,755)	12,300	(107,455)
At 31 December	1,294,548	(15,549)	1,278,999	1,202,786	(13,776)	1,189,010

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

22. Insurance contract liabilities (continued)

c) General insurance contracts may be analysed as follows:

	Group					
	2020			2019		
	Insurance contract liabilities	Reinsurers' share of liabilities	Net	Insurance contract liabilities	Reinsurers' share of liabilities	Net
Claims reported and IBNR	118,575	(46,812)	71,763	153,784	(78,499)	75,285
Provisions for unearned premiums and unexpired risk	178,025	(89,040)	88,985	176,583	(80,290)	96,293
Total at end of year	296,600	(135,852)	160,748	330,367	(158,789)	171,578

i) Claims reported and IBNR

	Group					
	2020			2019		
	Insurance contract liabilities	Reinsurers' share of liabilities	Net	Insurance contract liabilities	Reinsurers' share of liabilities	Net
Provisions for claims reported by policy holders	123,027	(62,799)	60,228	152,653	(81,151)	71,502
Provisions for claims IBNR	30,757	(15,700)	15,057	36,979	(20,246)	16,733
	153,784	(78,499)	75,285	189,632	(101,397)	88,235
Cash paid for claims settled in the year	(167,179)	44,944	(122,235)	(168,159)	18,081	(150,078)
Claims incurred	131,970	(13,257)	118,713	132,311	4,817	137,128
Total at end of year	118,575	(46,812)	71,763	153,784	(78,499)	75,285
Provisions for claims reported by policy holders	94,860	(37,450)	57,410	123,027	(62,799)	60,228
Provisions fo claims IBNR	23,715	(9,362)	14,353	30,757	(15,700)	15,057
	118,575	(46,812)	71,763	153,784	(78,499)	75,285

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

22. Insurance contract liabilities (continued)

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

ii) Provisions for unearned premiums and unexpired risk

	Group					
	2020			2019		
	Insurance contract liabilities	Reinsurers' share of liabilities	Net	Insurance contract liabilities	Reinsurers' share of liabilities	Net
Provisions for unearned premiums	156,963	(71,369)	85,594	139,836	(48,622)	91,214
Provisions for unexpired risk	19,620	(8,921)	10,699	17,479	(6,078)	11,401
	176,583	(80,290)	96,293	157,315	(54,700)	102,615
Increase in the period	530,605	(309,989)	220,616	516,902	(280,638)	236,264
Release in the period	(529,163)	301,239	(227,924)	(497,634)	255,048	(242,586)
Total at end of year	178,025	(89,040)	88,985	176,583	(80,290)	96,293
Provisions for unearned premiums	158,245	(79,147)	79,098	156,963	(71,369)	85,594
Provisions for unexpired risk	19,780	(9,893)	9,887	19,620	(8,921)	10,699
	178,025	(89,040)	88,985	176,583	(80,290)	96,293

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

Claims development table

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

Notes to the Separate and Consolidated Financial Statements (continued)

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22. Insurance contract liabilities (continued)

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

ii) Provisions for unearned premiums and unexpired risk (continued)

	Group						
Accident year - Gross	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
Estimate of ultimate claims costs (gross):							
- at end of accident year	157,401	120,579	118,617	157,855	161,023	123,851	–
- one year later	169,457	126,999	122,555	159,952	168,148	–	–
- two years later	164,935	123,191	119,058	160,198	–	–	–
- three years later	161,788	121,705	119,750	–	–	–	–
- four years later	145,974	124,600	–	–	–	–	–
- five years later	168,323	–	–	–	–	–	–
Current estimate of cumulative claims incurred	168,323	124,600	119,750	160,198	168,148	123,851	864,870
Cumulative payments to date	(139,281)	(117,978)	(113,030)	(147,733)	(152,208)	(96,703)	(766,933)
Liability recognised in the statement of financial position	29,042	6,622	6,720	12,465	15,940	27,148	97,937
Liability in respect of prior years							20,638
Total liability included in the statement of financial position							118,575

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.

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

22. Insurance contract liabilities (continued)

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

ii) Provisions for unearned premiums and unexpired risk (continued)

	Group						
Accident year - Net	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
Estimate of outstanding claims (net):							
- at end of accident year	77,882	89,913	89,765	132,882	146,501	109,099	–
- one year later	83,604	97,417	97,956	133,788	151,364	–	–
- two years later	83,168	94,918	95,985	133,292	–	–	–
- three years later	81,509	94,060	96,459	–	–	–	–
- four years later	79,441	96,601	–	–	–	–	–
- five years later	90,543	–	–	–	–	–	–
Current estimate of cumulative claims incurred	90,543	96,601	96,459	133,292	151,364	109,099	677,358
Cumulative payments to date	(81,092)	(91,755)	(91,336)	(126,150)	(139,494)	(90,231)	(620,058)
Liability recognised in the statement of financial position	9,451	4,846	5,123	7,142	11,870	18,868	57,300
Liability in respect of prior years							14,463
Total liability included in the statement of financial position							71,763

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

a) Life insurance contracts and investment contracts

Terms and conditions

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

Key assumptions

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

Notes to the Separate and Consolidated Financial Statements (continued)

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

a) Life insurance contracts and investment contracts (continued)

Key assumptions (continued)

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

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

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

Mortality and morbidity rates

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

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

Investment return

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

Expenses

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

Lapse and surrender rates

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

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

Sensitivities

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

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

a) Life insurance contracts and investment contracts (continued)

Sensitivities (continued)

Assumption change	**Required increase in insurance contract liabilities**	
	2020	**2019**
2% increase in mortality	9,800	9,100
5% increase in expenses	10,000	9,900
10% change in lapse rates	8,900	9,000
1% decrease in investment earnings	140,900	138,600

b) General insurance contracts

Terms and conditions

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

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

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

Assumptions

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

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

Sensitivities

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

Notes to the Separate and Consolidated Financial Statements (continued)

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24. Stated capital

Parent 2019	Parent 2020		Group 2020	Group 2019
		Authorised		
		An unlimited number of shares		
		Issued and fully paid		
		2020: 85,605,263 (2019: 85,605,263)		
667,274	667,274	ordinary shares of no par value	667,274	667,274

25. Net insurance revenue

Parent 2019	Parent 2020		Group 2020	Group 2019
–	–	Gross insurance contracts premium revenue	716,831	697,778
–	–	Reinsurers' share of insurance contracts premium revenue	(305,939)	(277,846)
–	–	Net insurance contracts premium revenue	410,892	419,932
–	–	Gross change in unearned premium provision and unexpired risks	(1,442)	(19,268)
–	–	Reinsurers' share of change in unearned premium provision and unexpired risks	8,751	25,590
–	–	Net change in unearned premium provision and unexpired risks	7,309	6,322
–	–	Net insurance revenue	418,201	426,254

26. Finance charges, loan fees and other interest income

Parent 2019	Parent 2020		Group 2020	Group 2019
100,820	94,588	Finance charges earned	121,541	131,378
17,990	16,443	Interest income on loans and advances	16,443	17,990
52,547	12,233	Other income	15,001	53,850
171,357	123,264		152,985	203,218

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

27. Investment income

Parent			Group	
2019	2020		2020	2019
1,483	1,281	Interest income from investments designated at fair value through statement of income	11,052	12,249
8,007	4,849	Interest income from investments designated at fair value through statement of comprehensive income	4,849	8,007
–	–	Interest income on impaired financial assets	320	315
53,754	40,844	Interest income from financial assets measured at amortised cost	172,959	206,152
32,520	1,782	Dividend income	15,281	18,448
23,063	10,588	Realised gains on sale of investment securities	12,396	27,243
(155)	294	Unrealised (losses)/gains on investments held at year-end designated at fair value through statement of income	(54,662)	53,639
118,672	59,638		162,195	326,053

28. Revenue from contracts with customers

Parent			Group	
2019	2020		2020	2019
11,344	4,820	Arrangement fees	4,820	11,344
15,111	16,409	Investment management fees	985	1,536
2,579	2,192	Other	804	793
29,034	23,421		6,609	13,673

29. Other income

Parent			Group	
2019	2020		2020	2019
46	107	Administrative fees and commissions	42,983	19,072
39,868	46,262	Foreign exchange trading and gains	50,033	41,721
272	31	Lease sales and recoveries	1,934	3,608
–	–	Property rental	57,274	57,594
–	–	Trustee and other fiduciary fees	9,090	8,855
4,345	1,685	Other	2,391	5,822
44,531	48,085		163,705	136,672

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

30. Net insurance benefits and claims incurred

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

	Group					
	General insurance		Life insurance		Total	
	2020	2019	2020	2019	2020	2019
Gross insurance contracts benefits and claims incurred	131,970	132,311	116,004	122,844	247,974	255,155
Reinsurers' share of gross insurance benefits and claims paid	(13,257)	4,817	(6,001)	(3,668)	(19,258)	1,149
Net change in insurance contract liabilities	–	–	86,123	58,465	86,123	58,465
	118,713	137,128	196,126	177,641	314,839	314,769

31. Interest expense

Parent 2019	Parent 2020		Group 2020	Group 2019
38,232	27,378	Customers' deposits	56,911	69,723
84	223	Lease liabilities	286	487
29,609	29,575	Debt securities in issue	29,796	29,609
67,925	57,176		86,993	99,819

32. Credit loss expense/(recovery)

Parent 2019	Parent 2020		Group 2020	Group 2019
22,006	25,917	Net investment in leased assets	31,529	27,181
6,019	(4,135)	Loans and advances	(1,704)	5,751
2,171	(8,650)	Investments	(6,389)	574
30,196	13,132		23,436	33,506

33. Marketing and policy expenses

Parent 2019	Parent 2020		Group 2020	Group 2019
–	–	Agents and brokers commissions	47,860	51,817
–	–	Agents allowance and bonus	4,517	6,281
–	–	Agents policy expenses	897	1,247
1,664	226	Asset finance promotional expense	1,002	3,156
3,376	3,260	Advertising costs	8,665	10,878
5,040	3,486		62,941	73,379

Notes to the Separate and Consolidated Financial Statements (continued)

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34. Personnel expenses

Parent			Group	
2019	2020		2020	2019
28,774	29,664	Salaries and bonus	101,599	96,522
–	–	Health, life and pension benefits	(841)	(1,560)
630	561	Other staff cost	1,121	5,654
29,404	30,225		101,879	100,616

35. General administrative expenses

Parent			Group	
2019	2020		2020	2019
4,173	3,861	Professional insurance	4,213	5,227
2,135	2,295	Property related expenses	13,655	14,798
1,054	1,020	Subscriptions & donations	4,875	2,589
774	730	Finance charges	1,039	1,194
599	209	Travel & entertainment	798	2,460
1,073	1,396	Communications, printing & stationery	4,867	6,064
6,114	6,077	General expenses	30,032	40,144
15,922	15,588		59,479	72,476

36. Taxation

Parent			Group	
2019	2020		2020	2019
41,251	31,357	Corporation tax	50,476	57,757
		(Over)/under provision to		
(999)	(277)	prior year tax charge	815	(999)
9,485	1,256	Deferred tax (Note 16)	(12,684)	19,750
642	1,819	Green Fund levy and other taxes	4,131	3,216
50,379	34,155		42,738	79,724
		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:		
209,277	128,206	Net profit before taxation	204,752	357,383
62,783	38,462	Tax at applicable statutory tax rates	52,308	93,740
		Tax effect of items that are adjustable in determining taxable profit:		

Notes to the Separate and Consolidated Financial Statements (continued)

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36. Taxation (continued)

Parent 2019	Parent 2020		Group 2020	Group 2019
(10,400)	(974)	Tax exempt income	(4,284)	(13,468)
5,818	2,205	Non-deductible expenses	6,100	10,522
(7,338)	(3,628)	Allowable deductions	(18,187)	(19,930)
(999)	(277)	Adjustment to prior year tax charge	815	(999)
(127)	(3,452)	Other temporary differences	1,855	6,643
642	1,819	Provision for Green Fund levy and other taxes	4,131	3,216
50,379	34,155	**Total taxation**	42,738	79,724

37. Segmental Information

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

Banking services	Asset financing, 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 2020 or 2019.

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

Notes to the Separate and Consolidated Financial Statements (continued)

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37. Segmental Information (continued)

	Banking services	Mutual funds	Life insurance operations	General insurance operations	Eliminations	Total
2020						
Total operating income	335,367	27,693	264,991	337,931	(62,287)	903,695
Total operating expense	(65,686)	(9,616)	(207,719)	(118,946)	135	(401,832)
Credit loss expense	(20,936)	(1,221)	(1,234)	(45)	–	(23,436)
Selling and administration expense	(117,956)	(16,957)	(54,200)	(147,254)	62,692	(273,675)
Profit/(loss) before taxation	130,789	(101)	1,838	71,686	540	204,752
Taxation	(34,441)	–	2,793	(11,090)	–	(42,738)
Profit/(loss) after taxation	96,348	(101)	4,631	60,596	540	162,014
Total assets	4,511,228	702,017	2,609,963	1,173,752	(1,036,225)	7,960,735
Total liabilities	2,621,412	702,019	1,703,239	378,645	(122,150)	5,283,165
Purchase of fixed assets	25,406	–	898	15,439	–	41,743
Depreciation and amortisation	(34,397)	–	(1,953)	(5,262)	–	(41,612)
2019						
Total operating income	450,396	45,631	343,121	344,120	(77,398)	1,105,870
Total operating expense	(78,646)	(9,856)	(188,958)	(137,532)	404	(414,588)
Credit loss (expense)/ recovery	(35,749)	294	758	1,191	–	(33,506)
Selling and administration expense	(121,096)	(15,671)	(62,775)	(144,042)	43,191	(300,393)
Profit/(loss) before taxation	214,905	20,398	92,146	63,737	(33,803)	357,383
Taxation	(50,347)	–	(13,757)	(15,620)	–	(79,724)
Profit/(loss) after taxation	164,558	20,398	78,389	48,117	(33,803)	277,659
Total assets	4,706,018	733,844	2,530,019	1,155,262	(1,043,207)	8,081,936
Total liabilities	2,894,260	733,508	1,627,522	418,273	(128,083)	5,545,480
Purchase of fixed assets	37,900	–	315	13,410	(765)	50,860
Depreciation and amortisation	36,387	–	3,666	5,007	–	45,060

Notes to the Separate and Consolidated Financial Statements (continued)

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37. 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
2020					
Total operating income	782,317	86,911	96,754	(62,287)	903,695
Total operating expense	(365,103)	(36,812)	(52)	135	(401,832)
Credit loss (expense)/recovery	(29,281)	(6,670)	12,515	–	(23,436)
Selling and administration expense	(256,859)	(77,151)	(2,357)	62,692	(273,675)
Profit/(loss) before taxation	131,074	(33,722)	106,860	540	204,752
Taxation	(42,183)	(555)	–	–	(42,738)
Profit/(loss) after taxation	88,891	(34,277)	106,860	540	162,014
Total assets	5,829,396	1,053,031	2,114,533	(1,036,225)	7,960,735
Total liabilities	4,879,364	507,150	18,801	(122,150)	5,283,165
Purchase of fixed assets	16,793	24,950	–	–	41,743
Depreciation and amortisation	(11,267)	(30,345)	–	–	(41,612)
2019					
Total operating income	916,301	122,293	144,674	(77,398)	1,105,870
Total operating expense	(376,812)	(37,925)	(255)	404	(414,588)
Credit loss (expense)/recovery	(23,608)	(11,402)	1,504	–	(33,506)
Selling and administration expense	(261,952)	(79,144)	(2,488)	43,191	(300,393)
Profit/(loss) before taxation	253,929	(6,178)	143,435	(33,803)	357,383
Taxation	(79,515)	(209)	–	–	(79,724)
Profit/(loss) after taxation	174,414	(6,387)	143,435	(33,803)	277,659
Total assets	5,950,925	1,127,359	2,046,859	(1,043,207)	8,081,936
Total liabilities	5,087,178	563,390	22,995	(128,083)	5,545,480
Purchase of fixed assets	14,165	37,460	–	(765)	50,860
Depreciation and amortisation	11,943	33,117	–	–	45,060

38. Related party transactions and balances

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

A number of transactions are entered into with related parties in the normal course of business.

These include hire purchase, finance leases, premium financing, deposits, insurance coverage and foreign currency transactions. These transactions were carried out on commercial terms and at market rates.

Notes to the Separate and Consolidated Financial Statements (continued)

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38. Related party transactions and balances (continued)

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

Parent			Group	
2019	2020		2020	2019
		Loans, investments and other assets		
159,371	145,971	ANSA McAL Group	158,266	171,178
34,537	32,165	Subsidiaries	–	–
1,152	1,925	Directors and key management personnel	4,546	4,037
43,167	35,487	Other related parties	64,855	79,781
238,227	215,548		227,667	254,996
		Deposits and other liabilities		
289,245	279,368	ANSA McAL Group	304,302	306,760
14,295	13,870	Subsidiaries	–	–
–	–	Directors and key management personnel	61,692	57,674
–	–	Other related parties	112,312	97,597
303,540	293,238		478,306	462,031
		Interest and other income		
12,202	6,893	ANSA McAL Group	42,703	32,218
49,175	19,410	Subsidiaries	–	–
45	79	Directors and key management personnel	273	54
3,035	2,395	Other related parties	8,458	8,235
64,457	28,777		51,434	40,507
		Interest and other expense		
7,904	6,044	ANSA McAL Group	11,895	14,935
2,766	889	Subsidiaries	–	–
–	–	Directors and key management personnel	2,064	1,707
–	–	Other related parties	2,938	4,440
10,670	6,933		16,897	21,082

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	
2019	2020		2020	2019
7,020	7,288	Short-term benefits	18,583	17,873
72	125	Contribution to defined contribution plans	353	147
150	158	Post employment benefits	396	332
7,242	7,570		19,332	18,352

Notes to the Separate and Consolidated Financial Statements (continued)

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39. Fair value of financial instruments

(i) Carrying amounts and fair values

The tables in the following pages summarise the carrying amounts and the fair values of the Parent's and the Group's financial assets and liabilities for 2020 and 2019.

2020

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

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

2019

Parent				Group		
Carrying values	**Fair values**	**Unrecognised gain/(loss)**		**Carrying values**	**Fair values**	**Unrecognised gain/(loss)**
			Financial assets			
1,018,082	1,052,664	34,582	Investment securities	4,155,392	4,255,271	99,879
			Financial liabilities			
802,871	820,379	(17,508)	Debt securities in issue	802,871	820,379	(17,508)

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

Notes to the Separate and Consolidated Financial Statements (continued)

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39. Fair value of financial instruments (continued)

(ii) Determination of fair value and fair value hierarchies

	Level 1	Level 2	Level 3	POCI	Total
2020					
Parent					
Investment securities designated at FVSI					
Equity securities	19,186	–	–	–	19,186
Government bonds	53,704	27	–	–	53,731
	72,890	27	–	–	72,917
Investment securities measured at amortised cost for which fair values are disclosed					
Government bonds	4,124	1,237	86	–	5,447
State-owned company securities	2,050	182,095	–	–	184,145
Corporate bonds and debentures	87,313	410,190	16,336	–	513,839
	93,487	593,522	16,422	–	703,431
Investment securities measured at FVOCI					
Equity securities	–	20,765	–	–	20,765
Government bonds	20,405	–	–	–	20,405
Corporate bonds and debentures	35,736	–	–	–	35,736
	56,141	20,765	–	–	76,906
2020					
Group					
Investment securities designated at FVSI					
Equity securities	515,051	–	1,058	–	516,109
Government bonds	63,050	6,575	–	–	69,625
State-owned company securities	16,641	56,345	–	–	72,986
Corporate bonds and debentures	36,363	23,839	–	–	60,202
	631,105	86,759	1,058	–	718,922
Investment securities measured at amortised cost for which fair values are disclosed					
Government bonds	43,039	445,134	83	21,152	509,408
State-owned company securities	137,349	794,681	–	–	932,030
Corporate bonds and debentures	513,528	1,007,024	21,266	–	1,541,818
	693,916	2,246,839	21,349	21,152	2,983,256
Investment securities measured at FVOCI					
Government bonds	23,807	5,526	–	–	29,333
Corporate bonds and debentures	35,736	–	–	–	35,736
	59,543	5,526	–	–	65,069

Notes to the Separate and Consolidated Financial Statements (continued)

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39. Fair value of financial instruments (continued)

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

	Level 1	Level 2	Level 3	POCI	Total
2019					
Parent					
Investment securities designated at FVSI					
Equity securities	17,413	–	–	–	17,413
Government bonds	–	52	–	–	52
	17,413	52	–	–	17,465
Investment securities measured at amortised cost for which fair values are disclosed					
Government bonds	14,962	1,728	90	–	16,780
State-owned company securities	40,616	218,639	–	–	259,255
Corporate bonds and debentures	162,567	443,576	29,010	–	635,153
	218,145	663,943	29,100	–	911,188
Investment securities measured at FVOCI					
Equity securities	–	20,575	–	–	20,575
Government bonds	21,135	–	–	–	21,135
State-owned company securities	5,833	–	–	–	5,833
Corporate bonds and debentures	76,468	–	–	–	76,468
	103,436	20,575	–	–	124,011
2019					
Group					
Investment securities designated at FVSI					
Equity securities	558,467	–	1,058	–	559,525
Government bonds	4,171	6,541	–	–	10,712
State-owned company securities	14,893	64,160	–	–	79,053
Corporate bonds and debentures	46,396	37,118	–	–	83,514
	623,927	107,819	1,058	–	732,804
Investment securities measured at amortised cost for which fair values are disclosed					
Government bonds	54,789	574,104	207	22,618	651,718
State-owned company securities	176,530	848,261	–	–	1,024,791
Corporate bonds and debentures	649,266	1,043,163	40,939	–	1,733,368
	880,585	2,465,528	41,146	22,618	3,409,877

Notes to the Separate and Consolidated Financial Statements (continued)

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39. Fair value of financial instruments (continued)

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

	Level 1	Level 2	Level 3	POCI	Total
Investment securities measured at FVOCI					
Government bonds	24,658	5,632	–	–	30,290
State-owned company securities	5,833	–	–	–	5,833
Corporate bonds and debentures	76,467	–	–	–	76,467
	106,958	5,632	–	–	112,590

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted securities	Discounted cash flows	Rate of return	0.54% to 12.00%	2% increase/(decrease) in the rate of return would result in decrease/(increase) in fair value by $17,410/($7,159)

(iv) 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 between level 1 and level 2 for the year ended 31 December 2020 (2019: there were no transfers between level 2 and level 1).

(v) Movements in Level 3 financial instruments

Parent			Group	
2019	2020		2020	2019
29,380	29,100	Balance at 1 January	42,204	68,599
(280)	–	Gains recognised	(353)	(363)
–	–	Transfers out Level 3	(6,764)	(26,032)
–	(12,678)	Disposal	(12,680)	–
29,100	16,422		22,407	42,204

Notes to the Separate and Consolidated Financial Statements (continued)

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40. Risk Management

Introduction

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

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

Risk management structure

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

Board of Directors

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

Treasury management

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

Concentrations of risk

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

Market risk

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

Credit risk management

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

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

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

Notes to the Separate and Consolidated Financial Statements (continued)

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40. Risk Management (continued)

Credit risk management (continued)

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

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

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

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

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

Parent			Group	
2019	2020		2020	2019
591,132	654,031	Cash and short-term funds	1,499,031	1,068,831
–	–	Fixed deposits	8,409	47,787
1,086,086	1,039,286	Net investment in leased assets and other instalment loans	1,337,135	1,423,966
151,349	199,679	Loans and advances	479,805	405,809
980,094	794,286	Investment securities	3,167,321	3,595,867
9,204	6,410	Interest receivable	28,034	34,218
–	–	Insurance receivables	63,944	46,955
–	–	Reinsurance assets	151,401	172,565
2,817,865	2,693,692	**Total**	6,735,080	6,795,998
1,541	63	Contingent liabilities	63	1,541
2,819,406	2,693,755		6,735,143	6,797,539

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.

Notes to the Separate and Consolidated Financial Statements (continued)

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40. Risk Management (continued)

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

Cash and short-term funds and fixed deposits

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

Net investment in leased assets

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

Loans and advances

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

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

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

EAD equals the loan balance outstanding plus accrued interest.

Other financial assets

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

Investment securities

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

Notes to the Separate and Consolidated Financial Statements (continued)

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40. Risk Management (continued)

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

Investment securities (continued)

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

Stage 1	Net investment in leased assets	Loans and advances	Investment securities	Premium receivable	Reinsurance receivables	Total
			Group			
2020						
Gross balance	1,127,102	383,407	2,705,252	56,661	12,591	4,285,013
ECL	(11,141)	(2,489)	(10,116)	(3,000)	(2,308)	(29,054)
	1,115,961	380,918	2,695,136	53,661	10,283	4,255,959
ECL as a % of Gross balance	0.99%	0.65%	0.37%	5.29%	18.33%	0.68%
2019		**Group**				
Gross balance	1,306,259	335,669	3,176,003	44,325	7,938	4,870,194
ECL	(9,927)	(508)	(7,564)	(3,000)	(2,308)	(23,307)
	1,296,332	335,161	3,168,439	41,325	5,630	4,846,887
ECL as a % of Gross balance	0.76%	0.15%	0.24%	6.77%	29.08%	0.48%

The ECL percentage of Stage 1 for Net investment in leased assets, Loans and advances as well as Investment securities all increased as a result of higher PDs and LGDs across all portfolios due to the impact of COVID-19. Reinsurance receivables and Premium receivable ECL provision remained constant as a result of long outstanding receivables pre-dating 2018 not yet recovered.

Stage 2	Net investment in leased assets	Loans and advances	Investment securities	Premium receivable	Reinsurance receivables	Total
			Group			
2020						
Gross balance	179,863	55,602	249,876	–	–	485,341
ECL	(6,268)	(1,108)	(8,052)	–	–	(15,428)
	173,595	54,494	241,824	–	–	469,913
ECL as a % of Gross balance	3.48%	1.99%	3.22%	0.00%	0.00%	3.18%

Notes to the Separate and Consolidated Financial Statements (continued)

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40. Risk Management (continued)

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

Investment securities (continued)

Stage 2	Net investment in leased assets	Loans and advances	Investment securities	Premium receivable	Reinsurance receivables	Total
			Group			
2019			Group			
Gross balance	91,491	28,761	232,049	–	–	352,301
ECL	(7,668)	(107)	(9,210)	–	–	(16,985)
	83,823	28,654	222,839	–	–	335,316
ECL as a % of Gross balance	8.38%	0.37%	3.97%	0.00%	0.00%	4.82%

The decrease in ECL percentage for Stage 2 Net investment in leased assets was mainly driven by the assumptions utilised between current and prior years. The increased ECL percentage for Loans and advances was attributable to loans moving into this stage based on policies set out by the Group. Investment securities ECL percentage remained fairly constant year on year.

Stage 3	Net investment in leased assets	Loans and advances	Investment securities	Premium receivable	Reinsurance receivables	Total
			Group			
2020						
Gross balance	115,681	52,306	9,563	–	–	177,550
ECL	(68,102)	(7,913)	(3,976)	–	–	(79,991)
	47,579	44,393	5,587	–	–	97,559
ECL as a % of Gross balance	58.87%	15.13%	41.58%	0.00%	0.00%	45.05%
2019		Group				
Gross balance	85,796	60,325	47,772	–	–	193,893
ECL	(41,985)	(18,331)	(40,723)	–	–	(101,039)
	43,811	41,994	7,049	–	–	92,854
ECL as a % of Gross balance	48.94%	30.39%	85.24%	0.00%	0.00%	52.11%

The ECL percentage for Stage 3 Net investment in leased assets increased as a result of higher aged non-performing balances attracting increased provisions. The ECL percentages for Stage 3 Loans and advances and Investment securities declined due to improved collateral supporting the instruments relative to the prior year.

Notes to the Separate and Consolidated Financial Statements (continued)

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40. Risk Management (continued)

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

Investment securities (continued)

Investment debt securities

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

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

	High grade	Standard	Sub-standard	Impaired	POCI	Total
Parent - 2020						
Investments designated at FVSI	53,731	–	–	–	–	53,731
Investments measured at amortised cost	19,014	665,400	–	–	–	684,414
Investments designated at FVOCI	20,405	35,736	–	–	–	56,141
	93,150	701,136	–	–	–	794,286
Parent - 2019						
Investments designated at FVSI	52	–	–	–	–	52
Investments measured at amortised cost	271,960	603,601	–	1,045	–	876,606
Investments designated at FVOCI	26,968	76,468	–	–	–	103,436
	298,980	680,069	–	1,045	–	980,094

	High grade	Standard	Sub-standard	Impaired	POCI	Total
Group - 2020						
Investments designated at FVSI	127,023	75,790	–	–	–	202,813
Investments measured at amortised cost	602,632	2,275,655	–	–	21,152	2,899,439
Investments designated at FVOCI	29,333	35,736	–	–	–	65,069
	758,988	2,387,181	–	–	21,152	3,167,321
Group - 2019						
Investments designated at FVSI	88,164	85,115	–	–	–	173,279
Investments measured at amortised cost	995,795	2,279,257	27	12,301	22,618	3,309,998
Investments designated at FVOCI	36,123	76,467	–	–	–	112,590
	1,120,082	2,440,839	27	12,301	22,618	3,595,867

Notes to the Separate and Consolidated Financial Statements (continued)

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40. 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.

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 2020 and 2019.

Change in basis points		**Sensitivity of income**	
		2020	**2019**
Parent	+ 100	43	19
	– 100	(43)	(19)
Group	+ 100	186	188
	– 100	(186)	(188)

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 2020 and 2019 on its monetary assets and liabilities. The analysis also calculates the effects of a reasonably possible movement of each currency rate against the Trinidad and Tobago dollar, with other variables held constant.

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

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

40. Risk Management (continued)

Currency risk (continued)

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

Parent - 2019	**TTD**	**USD**	**EURO**	**OTHER**	**TOTAL**
Cash and short-term funds	412,887	165,475	12,161	609	591,132
Loans and advances	111,117	40,232	–	–	151,349
Investment securities	132,463	885,619	–	–	1,018,082
Interest receivable	2,906	6,290	–	8	9,204
Total financial assets	659,373	1,097,616	12,161	617	1,769,767
Customers' deposits and other funding instruments	934,675	492,631	–	–	1,427,306
Debt securities in issue	600,000	202,871	–	–	802,871
Total financial liabilities	1,534,675	695,502	–	–	2,230,176
Net currency risk exposure		402,114	12,161	617	
Reasonably possible change in currency rate		5%	5%	5%	
Effect on profit before taxation		20,106	608	31	20,745

Notes to the Separate and Consolidated Financial Statements (continued)

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40. Risk Management (continued)

Currency risk (continued)

Group - 2020	**TTD**	**USD**	**BDS**	**EURO**	**OTHER**	**TOTAL**
Cash and short-term funds	676,573	688,432	66,753	9,420	57,853	1,499,031
Fixed deposits	–	–	3,697	–	4,712	8,409
Net investment in leased assets and other instalment loans	1,037,938	–	299,197	–	–	1,337,135
Loans and advances	312,281	92,053	75,471	–	–	479,805
Investment securities	1,528,182	1,930,087	74,750	–	150,411	3,683,430
Interest receivable	20,318	6,530	–	–	1,186	28,034
Insurance receivables	9,616	3,522	33,711	–	17,095	63,944
Other debtors and prepayments	18,306	9,351	12,625	–	–	40,282
Reinsurance assets	15,549	135,852	–	–	–	151,401
Total financial assets	3,618,763	2,865,827	566,203	9,420	231,257	7,291,471
Customers' deposits and other funding instruments	1,301,069	487,222	425,546	–	–	2,213,837
Debt securities in issue	600,000	202,836	–	–	–	802,836
Total financial liabilities	1,901,069	690,058	425,546	–	–	3,016,673
Net currency risk exposure		2,175,769	140,658	9,420	231,257	
Reasonably possible change in currency rate		5%	5%	5%	5%	
Effect on profit before taxation		108,788	7,033	471	11,563	127,855

Group - 2019	**TTD**	**USD**	**BDS**	**EURO**	**OTHER**	**TOTAL**
Cash and short-term funds	551,752	369,845	131,783	12,240	3,211	1,068,831
Fixed deposits	29,268	–	13,809	–	4,710	47,787
Net investment in leased assets and other instalment loans	1,084,795	–	339,171	–	–	1,423,966
Loans and advances	306,435	47,133	52,241	–	–	405,809
Investment securities	1,937,655	2,149,448	68,289	–	–	4,155,392
Interest receivable	25,720	6,484	2,014	–	–	34,218
Insurance receivables	27,471	119	19,365	–	–	46,955
Other debtors and	–					
prepayments	14,699	11,194	13,532	1	–	39,426
Reinsurance assets	13,776	158,789	–	–	–	172,565
Total financial assets	3,991,571	2,743,012	640,204	12,241	7,921	7,394,949

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

40. Risk Management (continued)

Currency risk (continued)

Group - 2019	**TTD**	**USD**	**BDS**	**EURO**	**OTHER**	**TOTAL**
Customers' deposits and other funding instruments	1,417,438	648,998	488,056	–	–	2,554,492
Debt securities in issue	600,000	202,871	–	–	–	802,871
Total financial liabilities	2,017,438	851,869	488,056	–	–	3,357,363
Net currency risk exposure		1,891,143	152,148	12,241	7,921	
Reasonably possible change in currency rate		5%	5%	5%	5%	
Effect on profit before taxation		94,557	7,607	612	396	103,172

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 2020 and 2019, based on contractual repayment obligations, over the remaining life of those liabilities.

Parent - 2020	**Up to one year**	**One to five years**	**Over five years**	**Total**
Customers' deposits and other funding instruments	1,153,724	47,505	–	1,201,229
Debt securities in issue	212,920	641,029	–	853,949
Lease liabilities	167	5,596	–	8,763
	1,366,811	694,130	–	2,060,941

Notes to the Separate and Consolidated Financial Statements (continued)

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40. Risk Management (continued)

Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities (continued)

	Up to one year	One to five years	Over five years	Total
Parent - 2019				
Customers' deposits and other funding instruments	1,288,278	168,254	–	1,456,532
Debt securities in issue	4,321	883,600	–	887,921
Lease liabilities	1,670	279	–	1,949
	1,294,269	1,052,133	–	2,346,402
Group - 2020				
Customers' deposits and other funding instruments	2,047,284	203,248	–	2,250,532
Debt securities in issue	212,920	641,029	–	853,949
Lease liabilities	986	10,489	149	11,624
Investment contracts	265,923	–	–	265,923
	2,527,113	854,766	149	3,382,028
Group - 2019				
Customers' deposits and other funding instruments	2,046,480	196,862	–	2,243,341
Debt securities in issue	207,157	651,113	–	858,271
Lease liabilities	1,760	9,714	149	11,622
Investment contracts	265,923	–	–	265,923
	2,521,320	857,689	149	3,379,157

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 equity and income at 31 December 2020 and 2019 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 2020 +/-	Effect on income 2019 +/-
Parent			
TTSE	+/- 3	–	–
S&P 500	+/- 8	–	–
Group			
TTSE	+/- 3	23,006	25,943
S&P 500	+/- 8	10,335	10,579

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40. 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.

41. 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 8%.

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 2020 and 2019, 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 (continued)

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42. 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 undiscounted cash flows.

Parent	2020			2019		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Assets						
Cash and short-term funds	654,031	–	654,031	591,132	–	591,132
Net investment in leased assets and other instalment loans	54,898	984,388	1,039,286	60,472	1,025,614	1,086,086
Loans and advances	112,481	87,198	199,679	28,855	122,494	151,349
Investment securities	239,999	594,238	834,237	221,167	796,915	1,018,082
Interest receivable	6,410	–	6,410	9,204	–	9,204
Other debtors and prepayments	30,795	–	30,795	27,332	–	27,332
Taxation recoverable	7,726	–	7,726	7,636	–	7,636
Investment in subsidiaries	–	810,320	810,320	–	810,320	810,320
Property and equipment	–	2,729	2,729	–	2,865	2,865
Intangible assets	–	29,513	29,513	–	30,766	30,766
Right-of-use assets	–	5,142	5,142	–	1,890	1,890
Deferred tax assets	–	22,309	22,309	–	22,254	22,254
Employee benefits asset	–	7,201	7,201	–	7,428	7,428
Total assets	1,106,340	2,543,038	3,649,378	945,798	2,820,546	3,766,344
Liabilities						
Customers' deposits and other funding instruments	1,130,025	46,026	1,176,051	1,275,816	151,490	1,427,306
Lease liabilities	–	5,458	5,458	1,670	249	1,919
Accrued interest and other payables	126,114	–	126,114	84,285	–	84,285
Debt securities in issue	202,836	600,000	802,836	–	802,871	802,871
Deferred tax liabilities	–	7,010	7,010	–	8,965	8,965
Employee benefits liability	–	850	850	–	804	804
Total liabilities	1,458,975	659,344	2,118,319	1,361,771	964,379	2,326,150

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

42. Maturity analysis of assets and liabilities (continued)

Group	2020			2019		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Assets						
Cash and short-term funds	1,499,031	–	1,499,031	1,068,831	–	1,068,831
Fixed deposits	8,409	–	8,409	47,787	–	47,787
Net investment in leased assets and other instalment loans	66,154	1,270,981	1,337,135	69,124	1,354,842	1,423,966
Loans and advances	145,469	334,336	479,805	54,302	351,507	405,809
Investment securities	928,845	2,754,585	3,683,430	866,840	3,288,552	4,155,392
Interest receivable	28,034	–	28,034	34,218	–	34,218
Insurance receivables	60,925	3,019	63,944	46,955	–	46,955
Other debtors and prepayments	40,282	–	40,282	39,426	–	39,426
Reinsurance assets	151,401	–	151,401	172,565	–	172,565
Taxation recoverable	9,535	–	9,535	9,506	–	9,506
Investment properties	–	120,027	120,027	–	117,471	117,471
Property and equipment	–	179,557	179,557	–	198,967	198,967
Intangible assets	–	179,270	179,270	–	183,368	183,368
Right-of-use assets	–	11,382	11,382	–	9,482	9,482
Deferred tax assets	–	31,232	31,232	–	30,775	30,775
Employee benefits asset	–	138,261	138,261	–	137,418	137,418
Total assets	2,938,085	5,022,650	7,960,735	2,409,554	5,672,382	8,081,936
Liabilities						
Customers' deposits and other funding instruments	2,022,101	191,735	2,213,836	2,227,016	327,476	2,554,492
Lease liabilities	846	9,162	10,008	3,037	4,818	7,855
Accrued interest and other payables	240,581	–	240,581	206,032	–	206,032
Debt securities in issue	202,836	600,000	802,836	–	802,871	802,871
Taxation payable	3,173	–	3,173	1,355	–	1,355
Deferred tax liabilities	–	146,744	146,744	–	162,402	162,402
Employee benefits liability	–	8,916	8,916	–	8,259	8,259
Investment contract liabilities	265,923	–	265,923	269,061	–	269,061
Insurance contract liabilities	353,622	1,237,526	1,591,148	363,615	1,169,538	1,533,153
Total liabilities	3,089,082	2,194,083	5,283,165	3,070,116	2,475,364	5,545,480

Notes to the Separate and Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020 • (Expressed in thousands of Trinidad and Tobago dollars)

43. Capital commitments

Parent			Group	
2019	2020		2020	2019
–	–	Capital expenditure	61,200	22,100

44. 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	
2019	2020	2020	2019
1,541	63	63	1,541

45. Dividends

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

On 19 March 2021, the Board of Directors declared a final dividend of $0.75 (2019: $0.00) per share for the year ended 31 December 2020. This dividend amounting to $64,203,750 (2019: nil) is not recorded as a liability in the statement of financial position as at 31 December 2020.

46. Events after the reporting period

The Bank entered into an agreement to acquire 100% of Bank of Baroda Trinidad and Tobago Limited, which will become a subsidiary of the Bank and form part of the Group. The acquisition was completed on 26 February 2021, and has received all regulatory approvals.

The duration and extent of the COVID-19 pandemic and related financial, social and public health impacts of the pandemic are uncertain. As such, the actual economic events and conditions in the future may be materially different from those estimated by the Group at the reporting date. No matters have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group. The Group, will continue to closely monitor the situation in order to plan its response, if necessary.

FORM OF PROXY

MERCHANT BANK LIMITED

Republic of Trinidad and Tobago

The Companies Act, 1995 [Section 144]

I/We ______________________________ being a member/members of ANSA Merchant Bank LImited, hereby appoint Mr. A. Norman Sabga of Port of Spain, or failing him Mr. Ray A. Sumairsingh of Port of Spain, or failing him, ______________________________

of ______________________________, as my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of the Company to be held on Thursday, 27th May 2021 and at any adjournment thereof.

Dated this ______________ day of ______________________, 2021

Signed ______________________________

Please indicate with an "X" in the spaces below how you wish your votes to be cast.

		For	**Against**
1.	To receive the Directors' Report and Financial Statements		
2.	To elect the following Directors in place of those retiring:		
	Mr. A. Norman Sabga		
	Mr. Ray A. Sumairsingh		
	Mr. Larry Howai		
	Mr. Timothy Hamel-Smith		
	Mr. Jeremy Matouk		
	Mr. M. Musa Ibrahim		
	Mr. Ian E. Welch		
	Mr. David Dulal-Whiteway		
	Mr. Nigel Romano		
4.	To appoint Auditors and authorise the Directors to fix their remuneration.		

FORM OF PROXY (CONTINUED)

Notes:

1. To be effective, this Form or other authority (if any) must be deposited at the Registered Office of the Company, ANSA Centre, 11A Maraval Road, Port of Spain, or emailed to ansamerchant@ansamcal.com not less than 48 hours before the time appointed for holding the Meeting.
2. Any alteration made to this Form of Proxy should be initialled.
3. If the appointer is a Corporation, this Form of Proxy must be under its Common Seal, or under the hand of an officer or attorney duly authorized in writing.
4. In the case of joint holders, the signature of any holder is sufficient but the names of all joint holders should be stated. Return of the completed Form of Proxy will not preclude a member from attending and voting at the Meeting.

MERCHANT BANK LIMITED

11A MARAVAL ROAD, PORT OF SPAIN, TRINIDAD AND TOBAGO, W.I.

GRAND BAZAAR, VALSAYN, TRINIDAD AND TOBAGO, W.I.

25 ROYAL ROAD, SAN FERNANDO, TRINIDAD AND TOBAGO, W.I.

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GROUP OF COMPANIES

Together, we are

Family