

Annual Report



2021

Best insurance deals !

Great customer service & competitive rates

A lot of amenities in one space

I work in the Financial Services Industry but I need to tell you that the SAFE Pay online payment system is the best and easiest. Other platforms are complicated and difficult to manoeuvre.

I have never had my car insurance renewed so quickly! Thanks for the reminder and prompt service!

Very good experience. Very pleasant and helpful employees

The online portal for payments has been convenient, time saving and efficient. Excellent and modern initiative from Maritime. It enables ease of doing business which any customer will welcome



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as a Company

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umbrella of companies

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December 31st, 2021

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OUR PURPOSE

- 1 To serve in making the lives of our Team, our Clients and our Community better
- 2 To learn something every day
- 3 To seek innovation and excellence in everything we do
- 4 To grow profitably



OUR VISION

Exceptional Service is Maritime's Business. We will be the premier client-focused, service-driven and action-oriented marketing organisation in the Caribbean.

OUR MISSION

We are committed to adding value to our Clients' lives through a total service experience that delivers fully integrated innovative financial, retail and property solutions.

We will secure the well-being of our Team Members and equity providers by conducting our business in a profitable, professional, ethical and caring manner.

We will provide dynamic leadership in the economic and social development of our communities and our nation



The Maritime Financial Group provides an umbrella of specialized financial services that satisfy the diverse financial needs of existing and prospective Clients.



Maritime Life (Caribbean) Limited

Maritime Life, is one of the premier life insurance companies operating in Trinidad and Tobago. From life protection to retirement planning, Clients are assured that they are protected for life.

www.maritimefinancial.com



Maritime General Insurance Company Limited

Maritime General is licensed to underwrite all classes of general insurance in Trinidad and Tobago. We provide solid coverage on everything from your car, to your home, to your business.

www.maritimefinancial.com



Fidelity Finance and Leasing Company Limited

Fidelity Finance offers Personal and Commercial loans, mortgages with fixed deposit facilities. All fixed deposits are guaranteed by the Deposit Insurance Corporation (DIC) up to \$125,000.

www.fidelityfinancett.com



Maritime Capital Limited

We are a wealth generation firm offering a suite of asset management services to business and non-business investors. Our offerings range from full portfolio management to financial advisory services.

www.maritimecapital.co

As the global pandemic pushes into its third year, life is settling to a new normal. We have used the last year to focus on what is necessary, what is sustaining, and what is purposeful for the progress of our Team Members, families, business and society. In 2021, the second year of the Covid-19 pandemic, The Maritime Financial Group has fine-tuned the human resources policy and practices that will lay the foundation for survival and future growth. We learned that rest and a pause are necessary phases of productivity; especially when change and revised tactics are needed. We learned that with all the precautions that necessarily keep us apart - masks, social distancing, work from home - we remained connected at a deep level. We are stronger together.

It is our hope that Maritime care and commitment to personal health and safety, cultivated among Team Members, their families, our Clients and their families and stakeholders and partners to provide the bedrock upon which we continue to learn something every day; to seek innovation and excellence; and to grow profitably and with purpose.

GROWING STILL

In 2021, we still managed to grow. We were able to expand operations to include investments and financial planning through the launch of Maritime Capital Limited, a wealth generation firm that offers asset management services to business and non-business investors. Maritime Capital Limited is a broker/dealer registered with the Trinidad and Tobago Securities and Exchange Commission.

MARITIME'S STRENGTH

We added two locations to be more accessible to Clients across North Trinidad: one Service Centre is the heritage landmark George Brown House in Port of Spain and the other is in Arima.

We recognise that the success of our first 60 years is directly attributable to Maritime's people working with a common purpose, exceptional energy and cohesiveness. Every person has an important role to play in our organisation, and our organisation works smoothly when everyone is not only doing their part but going the extra distance.

As the global pandemic pushes into its third year, life is settling to a new normal. We have used the last year to focus on what is necessary, what is sustaining, and what is purposeful for the progress of our Team Members, families, business and society. In 2021, the second year of the Covid-19 pandemic, The Maritime Financial Group has fine-tuned the human resources policy and practices that will lay the foundation for survival and future growth. We learned that rest and a pause are necessary phases of productivity; especially when change and revised tactics are needed. We learned that with all the precautions that necessarily keep us apart - masks, social distancing, work from home - we remained connected at a deep level. We are stronger together.

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Andrew S. Ferguson
CEO

SERVING PEOPLE

Our purpose is to help people protect themselves against financial loss that uncertainties in life bring. The pandemic has brought home the extent of uncertainty, risk and loss that we all live with: including climate change, the fallout from pandemics, death, the loss of property, or the financial burden of living too long, as strange as that may sound, and achieving financial security. Our business serves people by helping them to mitigate the anxiety of unpredictable events, and to create financial buffers when the unexpected happens.

In 2021, many of us had unpredicted events that can only be described as heartbreaking. We have lost Team Members to Covid-19 and our Team Members have lost family and friends to Covid-19. Just when you think life is normalising, you are quickly reminded of its fragility and uncertainty. We have to cherish those who are near to us even as we prepare for what we do not anticipate. This is life.

RESILIENCE AND INNOVATION

Let us take this pause to look ahead. The past is by no means a predictor of the future but understanding the history of pandemics provides some insight into when and how this pandemic will end. Pandemics going back to the 1900s starting with the Spanish Flu, followed by the Asian Flu, Hong Kong Flu, SARS, H1N1, and now Covid-19 have typically lasted about two years. The mortality rate and spread have differed widely, but scientists have found that as the variants become more transmissible, the symptoms are less severe. This is what is being said about the Omicron variant, that it is typically the beginning of the end. The pandemic becomes endemic, which is to say it remains with us. I urge everyone to heed the Ministry of Health's directives.

Looking ahead, hope is what we have. We have proved over these two years that we can be resilient. We can adapt and change. Let me pay tribute to the parents who have managed working from home and tutoring school-age children; to the Team Leaders negotiating online media; and to the Clients who came to us to ease financial burdens.

2022 will be a year to cope with many other challenges - rising prices, reduced access to resources. We will need to rely on each other and the valuable lessons of resilience - doing more with less and reducing excess in our daily lives - that will unleash creativity and innovation, and help us to grow with purpose. Let us continue to support each other with the strength of knowledge, resources and continuous learning. Above all, let us cultivate our community of compassion and care.

Andrew S. Ferguson
Chief Executive Officer, Chairman

Board of Directors



ANDREW S. FERGUSON
Chief Executive Officer, Chairman
BSc., CPCU, ARe, FLMI, AFSB

Chairman
Maritime Life (Caribbean) Limited
Maritime Capital Limited

Director
Maritime General Insurance
Company Limited



LESLEY J. ALFONSO
Director
MBA, BBA, FLMI

Director
Maritime Life (Caribbean) Limited



PRAKASH DHANRAJH
Director
BSc

Director
Fidelity Finance and Leasing
Company Limited

"A sign of a good leader is not how many followers you have, but how many leaders you create." - **Mahatma Gandhi**



SURESH DUTTA
Director
M.Sc. Dip

Director
Maritime General Insurance
Company Limited



DONALD GIBBON
Director
MSc, FAPE, CEng, MICE, AIStructE

Director
Maritime Life (Caribbean) Limited
Maritime General Insurance
Company Limited
Fidelity Finance and Leasing
Company Limited



LAKSHMI KATWAROO
Director
ACCA, MBA

Director
Maritime Life (Caribbean)
Limited
Maritime General Insurance
Company Limited

Board of Directors



CHANDRADATH MAHARAJ

Director
FCCA, CA, EMBA

Director
Maritime Capital Limited



LIONEL SIEUNARINE

Director
DIP, BTech, B.Ed, M.Ed

Director
Maritime Life (Caribbean) Limited
Maritime General Insurance Limited

Executive Management



ANDREW S. FERGUSON

Chief Executive Officer, Chairman
BSc., CPCU, ARe, FLMI, AFSB

Chairman
Maritime Life (Caribbean) Limited
Maritime Capital Limited

Director
Maritime General Insurance
Company Limited



SALAHUDEEN ALI

Chief Financial Officer
FCCA, CA, CPA, CGA

Chief Financial Officer
The Maritime Financial Group
Director
Fidelity Finance and Leasing
Company Limited
Director
Maritime Capital Limited



ANDRE BAPTISTE

General Manager
FLMI

General Manager
Career Agency Development

Executive Management



YASID GILBERT
General Manager
BMath (ActSci), Gdip (BusMgtl)

General Manager
Long Term Insurance Services



ROGER GOMES
General Manager
FCCA, CA

General Manager
Fidelity Finance and Leasing
Company Limited



VARUN MAHARAJ
Chief Executive Officer
CPA, CIM, MSc, LLB, LPC

Chief Executive Officer
Maritime Capital Limited



BALIRAM SAWH
General Manager
ACII

General Manager
Maritime General Insurance Company Limited

The Board of Directors ("Board") and Management of Maritime Life (Caribbean) Limited and its Subsidiaries ("The Maritime Financial Group" or "the Group") are committed to ensuring that a strong and fully functional governance framework exists throughout the Group. At The Maritime Financial Group (TMFG), we recognize that sound corporate governance is a vital component supporting management in its delivery of the Group's strategic objectives, thereby ensuring the operation of a sustainable business for the benefit of all stakeholders.

The Group in its stride to conduct its operations in an ethical manner and in accordance with the highest standards of corporate governance has adopted, inter alia, the Corporate Governance Principles and Recommendations, as outlined in the Central Bank of Trinidad and Tobago Corporate Governance Guideline, and other requirements stipulated by applicable legislation to the extent appropriate to the size and nature of the Group's operations.

The Role and Responsibilities of the Board

TMFG has adopted a charter (Board Charter), applicable to the Board of Maritime Life (Caribbean) Limited ("MLCL") and its Subsidiaries which aims to ensure that all Board members acting on behalf of their respective Company are fully aware of their duties and responsibilities as Board members and that the relevant laws and regulations affecting their conduct and the principles of good corporate governance are applied in all their dealings in respect, and on behalf of, the Company.

The Board is collectively responsible for the long-term success of the Entity. The Chairman of the Board is responsible for leadership of the Board and for the efficient overall organization and conduct of the Board's functions, including maintaining a relationship of trust among board members. Directors have a balance and depth of skills, expertise and experience, together with knowledge of the Group and individual Entities, which enables them to discharge their respective duties and responsibilities effectively. The management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an operational level.

Board Committees

Where required by law¹, the relevant Boards have established a designated Audit/ Audit and Compliance Committee charged with the task of assisting the Board in fulfilling its oversight responsibilities as it pertains to the Entity's governance, risk management, internal control practices, internal and external audit functions and financial reporting. The Audit Committee is responsible for reviewing the Entity's business activities to identify inefficiencies, reduce costs, investigate potential theft or fraud and ensure compliance with the applicable regulation as well as the Entity's internal policies and procedures. TMFG has adopted an Audit Committee Charter, applicable to any Audit Committee established by the Board of Directors of MLCL and its Subsidiaries which sets out its mandate, delineated areas of authority, scope and working procedures.

Corporate Culture and Values

The Group is committed to observing the highest standards of corporate practice and business conduct and actively promotes honesty and integrity in its dealings with Directors, Management, Team Members, Shareholders, Clients, Suppliers, and Regulatory Authorities. Accordingly, the Group has adopted a Code of Ethics and Oath of Secrecy, which outlines the manner in which the Group seeks to conduct business, namely in an honest and fair manner, acting in the best interest of the Group and in compliance with all relevant laws and regulations.

¹Financial Institutions registered under the Insurance Act, 2018 (Section 68(1)) and Financial Institutions Act 2008 (Section 36(1)) are required to have an established Audit Committee.

Corporate Culture and Values *(Continued)*

The Board requires that all Entities and Team Members throughout the Group adhere to the TMFG Code of Ethics and Oath of Secrecy.

The Group has also established a number of policies endorsed by Board Members to demonstrate its commitment to ethical practices, including but not limited to, the following:

- Whistleblowing Policy
- Anti Fraud Policy
- Conflict of Interest Policy
- Connected Parties Transaction Policy

Relationship with Regulatory and Supervisory Authorities

The Group places considerable value on developing and maintaining effective, transparent, fair and well balanced relationships with its Regulatory and Supervisory Authorities ('Regulators'). Key Regulators of the Group include the Central Bank of Trinidad and Tobago, Trinidad and Tobago Securities Exchange Commission and the Financial Intelligence Unit of Trinidad and Tobago. The Group works closely with its Regulators through regular communication, including timely notification of material issues, on a range of matters including:

- The Entity's strategies, performance, business model, risks and risk management;
- The effectiveness of corporate governance at the Entity;
- Addressing identified areas of deficiencies;
- Other supervisory findings or expectations, as deemed applicable.

Establishment of a Compliance and Internal Audit Function

The Group has established a compliance function responsible for ensuring that it operates with integrity and in adherence with applicable laws, regulations and internal policies. The Group Compliance Unit has been delegated the responsibility to oversee and ensure adherence in this regard. The Unit has a direct reporting line to the Chief Executive Officer, MLCL, Board of Directors and where applicable the Audit Committee/ Audit and Compliance Committee of each Entity to communicate/ address compliance matters or issues of non-compliance.

An Internal Audit function has been instituted by the Group. The Internal Audit Unit independently assesses and reports on the effectiveness of the overall compliance framework, internal controls and adequacy of policies and procedures, conducts reviews of processes and reports identified deficiencies to the Entity's Board and or Audit/ Audit and Compliance Committee, where applicable.

Overall, at TMFG, we recognize that the process of identifying, developing and maintaining high standards of corporate governance suitable to the Group and its related Entities is ongoing and dynamic. We remain committed to maintaining sound corporate governance principles and practices and pledge to conduct our business with the highest ethical standards to meet the needs of our stakeholders.

ANNUAL REPORT 2021

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

(Maritime Life (Caribbean) Limited and its subsidiaries)

Directors' Report

MARITIME LIFE (CARIBBEAN) LIMITED

To be presented at the Fiftieth Annual General Meeting of the shareholders to be held at the Corporate Offices, Maritime Centre, 29 Tenth Avenue, Barataria on March 31, 2022.

Your directors have pleasure in submitting their report for the year ended December 31st, 2021.

	2021 \$'000	2020 \$'000
1. Income for the year		
Net income for the year	137,294	75,728
Taxation	<u>(8,494)</u>	<u>5,889</u>
Net income for the year after taxation	128,800	81,617
Other comprehensive income	<u>4,122</u>	<u>(80)</u>
	132,922	81,537
Less Non controlling interests	<u>(8,382)</u>	<u>(4,883)</u>
	124,540	76,654
Add/(Less):		
Amount transferred from Capital Reserve	9,469	400
Amount transferred to Catastrophe Reserve	-	(934)
Amount transferred from General Reserve	-	725
Amount transferred from/(to) Statutory Reserves	68,222	(5,634)
Dividends paid - 2019 (Final - 40¢)	-	(4,348)
Dividends paid - 2020 (Final - 40¢)	<u>(4,348)</u>	<u>-</u>
Leaving a balance to be carried forward of	<u>197,883</u>	<u>66,863</u>
2. Equity attributable to Shareholders of the Company	<u>998,265</u>	<u>861,920</u>
3. Insurance contracts liabilities	<u>2,108,751</u>	<u>2,061,760</u>
4. The directors have proposed a dividend of 40¢ per share, amounting to \$4,348,555 payable on March 31, 2022 to shareholders on record at March 10, 2022.		
5. In accordance with By Law 4.3 all the directors with the exception of the Managing Director, retire from office and being eligible offer themselves for re-election.		
6. The auditors, Messrs. PKF Chartered Accountants and Business Advisors, retire and being eligible, offer themselves for re-appointment as auditors of the Company.		

BY ORDER OF THE BOARD

THE MARITIME FINANCIAL GROUP LIMITED

Secretary

(Maritime Life (Caribbean) Limited and its subsidiaries)

Corporate Information

MARITIME LIFE (CARIBBEAN) LIMITED

BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER, CHAIRMAN

Andrew Ferguson, BSc, CPCU, ARe, FLMI, AFSB

NON-EXECUTIVE DIRECTORS

Lesley J. Alfonso, MBA, BBA, FLMI	Maritime Life (Caribbean) Limited
Prakash Dhanrajh, BSc	Fidelity Finance and Leasing Company Limited
Suresh Dutta, MSc. Dip	Maritime General Insurance Company Limited
Donald Gibbon, BSc, MSc	Maritime Life (Caribbean) Limited
	Maritime General Insurance Company Limited
	Fidelity Finance and Leasing Company Limited
Lakshmi Katwaroo, ACCA, MBA	Maritime Life (Caribbean) Limited
	Maritime General Insurance Company Limited
Chandradath Maharaj, FCCA, CA, EMBA	Maritime Capital Limited
Lionel Sieunarine, Dip, B.Tech, B.Ed, M.Ed	Maritime Life (Caribbean) Limited
	Maritime General Insurance Company Limited

EXECUTIVE MANAGEMENT

Andrew Ferguson, BSc, CPCU, ARe, FLMI, AFSB	Chief Executive Officer
Salahudeen Ali, FCCA, CA, CPA, CGA	Chief Financial Officer
Gary Awai	Chief Executive Officer - Development Finance Limited
Andre Baptiste, FLMI	General Manager - Career Agency Development
Ricardo Baynes, BSc (Hons), FLMI/M	Manager - Technology Services
Yasid Gilbert, BMath (ActSci), GDip (BusMgmt)	General Manager - Long Term Insurance Operations
Roger Gomes, FCCA, CA	General Manager - Financial and Trust Services
Varun Maharaj, CPA, CIM, MSc, LLB, LPC	Chief Executive Officer - Maritime Capital Limited
Baliram Sawh, ACII	General Manager - General Insurance Services

BANKERS

Scotiabank Trinidad & Tobago Limited, Port of Spain.

RBC Royal Bank (Trinidad & Tobago) Limited, Port of Spain.

Republic Bank Limited, Port of Spain.

ATTORNEYS

Chersons, Port of Spain.

Lex Caribbean, Port of Spain.

Pollonais Blanc de la Bastide & Jacelon, Port of Spain.

M. Hamel-Smith and Company, Port of Spain

APPOINTED ACTUARY

Nazir Valani, FSA, FCIA, MAAA

AUDITORS

PKF Chartered Accountants and Business Advisors, Barataria.

REGISTERED OFFICE

29 Tenth Avenue, Barataria

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notice of Meeting

MARITIME LIFE (CARIBBEAN) LIMITED

NOTICE is hereby given that the Fiftieth Annual General Meeting of the above-named Company will be held at the Corporate Offices, Maritime Centre, 29 Tenth Avenue, Barataria on Thursday March 31, 2022 at 10:00 am for the following purposes:-

1. To receive the Audited Financial Statements for the year ended 31st December 2021, together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To re-elect retiring directors.
4. To appoint auditors and authorise the Directors to determine the remuneration of such auditors.
5. To transact any other ordinary business.

BY ORDER OF THE BOARD

THE MARITIME FINANCIAL GROUP LIMITED

Secretary

March 10, 2022

Registered Office:

Maritime Centre
29 Tenth Avenue
Barataria
Trinidad, W.I

NOTES:

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on his behalf and such proxy need not also be a member of the Company.

If the appointer is a corporation, the form of proxy must be under its common seal or under the hand of an officer of the corporation or attorney duly authorised in that behalf.

To be valid the instrument appointing a proxy duly completed and executed must be deposited at the registered office of the Company not less than forty-eight hours before the time appointed for holding the meeting.



130 King Street West, 19th floor
Toronto, Ontario, Canada M5X 1E3

ACTUARIAL CERTIFICATE

Maritime Life (Caribbean) Limited

In accordance with section 158 (1) (a) of the Insurance Act 2018, I have made a valuation of the actuarial liabilities of Maritime Life (Caribbean) Limited for its consolidated statement of financial position as at December 31, 2021. In my opinion, the aggregate amount of the liabilities of the Group in relation to its long term insurance business as at December 31, 2021 did not exceed the aggregate amount of those liabilities shown in the consolidated statement of financial position of the Group.

Nazir Valani

Nazir Valani, FSA, FCIA, MAAA

Appointed Actuary – Maritime Life (Caribbean) Limited

March 17, 2022

STATEMENT OF MANAGEMENT RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Maritime Life (Caribbean) Limited, which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of 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 the security of the Group's assets, detection/prevention of fraud, and the achievement of Group's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilized 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 financial statements have been authorized for issue, if later.

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



Andrew Ferguson, BSc, CPCU, ARE, FLMI, AFSB
Chief Executive Officer, Chairman
March 29, 2022



Salahudeen Ali, FCCA, CA, CPA, CGA
Chief Financial Officer
March 29, 2022

DIRECTORS: A. Ferguson (Chief Executive Officer, Chairman), L.J. Alfonso (Mrs.), D. Gibbon, L. Katwaroo (Ms.), L. Seunarine
REGISTERED OFFICE: Maritime Centre, 29 Tenth Avenue, Barataria, San Juan 250606 P.O. Box 710, Port of Spain, Trinidad, W.I., Tel: (868) 674-0130, (868) 607-MARI (6274) Fax: (868) 638-6663
NORTH: 29 Tenth Avenue, Barataria, San Juan 250606 Tel: (868) 607-MARI (6274) Fax: (868) 675-2839 **CENTRAL:** 25-27 Yard Street, Chaguanas 500604 Tel: (868) 607-MARI (6274) Fax: (868) 671-4625 **SOUTH:** 190-192 Cipero Street, San Fernando 600604 Tel: (868) 607-MARI (6274) Fax: (868) 657-9453
TOBAGO: 62 Millford Road, Scarborough 900217 Tel: (868) 607-MARI (6274) Fax: (868) 639-3163
EMAIL: email@maritimefinancial.com **WEBSITE:** www.maritimefinancial.com

The Maritime Financial Group strongly supports and advocates controls and measures that eliminate the abuse of alcohol and other substances.



Chartered Accountants
& Business Advisors

PKF LIMITED

INDEPENDENT AUDITORS' REPORT

**To the Shareholders of
Maritime Life (Caribbean) Limited and its subsidiaries**

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

Without qualifying our opinion we draw attention to Note 37 to the consolidated financial statements. The State laid several charges against the Company and two of its subsidiaries, together with other companies and individuals. In April 2011, the Prosecution informed the Court that they would not be proceeding with the initial charge against the Company in addition to some of the other charges. On 14 July 2017, the Company was discharged in respect of the remaining charges. The ultimate outcome of the matters against the subsidiaries cannot presently be determined, and no provision for any liability that may result has been made in the consolidated financial statements.

Other information included in the Group's 2021 Annual Report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we concluded that there is a material misstatement of this other information, we are required to communicate the matter to the Board of Directors.

PKF Limited (Trinidad) is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Telephone: (868) 235-5063
Address: 111 Eleventh Street, Barataria, Trinidad, West Indies
Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Directors: Renée-Lisa Philip Mark K. Superville

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.



Chartered Accountants
& Business Advisors

PKF LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors 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, related safeguards.

Barataria
TRINIDAD
March 29, 2022

(Maritime Life (Caribbean) Limited and its subsidiaries)

Consolidated Statement of Financial Position

At December 31, 2021

	Notes	2021 \$'000	2020 \$'000
Current assets	4	500,931	640,069
Deferred tax assets	5	146	47
Investment in associates	6	-	-
Financial assets	7	3,208,175	2,679,460
Investment properties	8	381,224	216,272
Property, plant and equipment	9	<u>212,994</u>	<u>208,769</u>
Total Assets		<u>4,303,470</u>	<u>3,744,617</u>
Financed By:			
Current liabilities	10	753,408	579,439
Deferred tax liabilities	5	12,078	11,933
Long term borrowings	11	303,437	107,756
Insurance contracts liabilities	12	<u>2,108,751</u>	<u>2,061,760</u>
Total Liabilities		<u>3,177,674</u>	<u>2,760,888</u>
Stated capital	13	16,584	16,584
Capital reserve	14	97,725	92,744
Catastrophe reserve	15	26,957	26,957
General reserve	16	12,334	12,334
Investment revaluation reserve	17	2,725	1,023
Foreign currency translation reserve	18	684	683
Statutory reserves	19	16,578	84,800
Retained earnings		<u>824,678</u>	<u>626,795</u>
Equity attributable to Shareholders of the Company		998,265	861,920
Non-controlling interests	20	<u>127,531</u>	<u>121,809</u>
Total Equity		<u>1,125,796</u>	<u>983,729</u>
Total Liabilities and Equity		<u>4,303,470</u>	<u>3,744,617</u>

These financial statements were approved by the Board of Directors and authorised for issue on March 29, 2022 and are signed on their behalf by:



 Director



 Director

The notes on pages 25 to 100 form part of these financial statements

(Maritime Life (Caribbean) Limited and its subsidiaries)

Consolidated Statement of Income

For The Year Ended December 31, 2021

	Notes	2021 \$'000	2020 \$'000
Revenue			
Premium income		434,629	443,267
Reinsurance recoveries		14,844	29,935
Investment income	21	273,231	142,424
Other income	22	<u>64,880</u>	<u>65,502</u>
		<u>787,584</u>	<u>681,128</u>
Expenses			
Policyholders' benefits	23	261,889	254,503
Reinsurance premiums		98,648	105,116
Interest on deposits and borrowings		22,207	18,846
Other direct costs	24	100,469	91,797
Expenses of management	25	<u>167,077</u>	<u>135,138</u>
		<u>650,290</u>	<u>605,400</u>
Surplus before taxation		137,294	75,728
Taxation	26	<u>(8,494)</u>	<u>5,889</u>
Surplus after taxation		<u>128,800</u>	<u>81,617</u>
Surplus attributable to:			
Shareholders of the company		120,418	76,734
Non-controlling interests	20	<u>8,382</u>	<u>4,883</u>
		<u>128,800</u>	<u>81,617</u>

The notes on pages 25 to 100 form part of these financial statements

(Maritime Life (Caribbean) Limited and its subsidiaries)

Consolidated Statement of Comprehensive Income

For The Year Ended December 31, 2021

	Notes	2021 \$'000	2020 \$'000
Surplus after taxation		<u>128,800</u>	<u>81,617</u>
Other comprehensive income			
<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
Foreign exchange losses	18	1	(1)
Unrealised (losses)/gains on debt investments at fair value through other comprehensive income		<u>(57)</u>	<u>769</u>
		<u>(56)</u>	<u>768</u>
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement of post-employment benefit asset	4	4,122	(80)
Unrealised gains/(losses) on equity investments at fair value through other comprehensive income		1,759	(203)
Surplus on revaluation of owner-occupied properties	9	<u>14,450</u>	<u>3,730</u>
		<u>20,331</u>	<u>3,447</u>
Other comprehensive income for the year		<u>20,275</u>	<u>4,215</u>
Total comprehensive income for the year		<u>149,075</u>	<u>85,832</u>
Total comprehensive income attributable to:			
Shareholders of the company		140,693	80,949
Non-controlling interests	20	<u>8,382</u>	<u>4,883</u>
		<u>149,075</u>	<u>85,832</u>

The notes on pages 25 to 100 form part of these financial statements

(Maritime Life (Caribbean) Limited and its subsidiaries)

Consolidated Statement of Changes In Equity

For The Year Ended December 31, 2021

	Stated capital \$'000	Capital reserve \$'000	Catastrophe reserve \$'000	General reserve \$'000	Investment revaluation reserve \$'000	Foreign currency translation reserve \$'000	Statutory reserves \$'000	Retained earnings \$'000	Shareholders' equity \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at December 31, 2019	<u>10,871</u>	<u>95,127</u>	<u>26,023</u>	<u>13,059</u>	<u>457</u>	<u>684</u>	<u>79,166</u>	<u>559,932</u>	<u>785,319</u>	<u>116,926</u>	<u>902,245</u>
Surplus after taxation	-	-	-	-	-	-	-	76,734	76,734	4,883	81,617
Other comprehensive income	-	3,730	-	-	566	(1)	-	(80)	4,215	-	4,215
Total comprehensive income	-	3,730	-	-	566	(1)	-	76,654	80,949	4,883	85,832
Dividends paid - 2019 (40¢)	-	-	-	-	-	-	-	(4,348)	(4,348)	-	(4,348)
Transfer share premium to stated capital	5,713	(5,713)	-	-	-	-	-	-	-	-	-
Transfers to/(from) retained earnings	-	(400)	934	(725)	-	-	5,634	(5,443)	-	-	-
	<u>5,713</u>	<u>(2,383)</u>	<u>934</u>	<u>(725)</u>	<u>566</u>	<u>(1)</u>	<u>5,634</u>	<u>66,863</u>	<u>76,601</u>	<u>4,883</u>	<u>81,484</u>
Balance at December 31, 2020	<u>16,584</u>	<u>92,744</u>	<u>26,957</u>	<u>12,334</u>	<u>1,023</u>	<u>683</u>	<u>84,800</u>	<u>626,795</u>	<u>861,920</u>	<u>121,809</u>	<u>983,729</u>
Balance at December 31, 2020	<u>16,584</u>	<u>92,744</u>	<u>26,957</u>	<u>12,334</u>	<u>1,023</u>	<u>683</u>	<u>84,800</u>	<u>626,795</u>	<u>861,920</u>	<u>121,809</u>	<u>983,729</u>
Surplus after taxation	-	-	-	-	-	-	-	120,418	120,418	8,382	128,800
Other comprehensive income	-	14,450	-	-	1,702	1	-	4,122	20,275	-	20,275
Total comprehensive income	-	14,450	-	-	1,702	1	-	124,540	140,693	8,382	149,075
Dividends paid - 2020 (40¢)	-	-	-	-	-	-	-	(4,348)	(4,348)	(2,660)	(7,008)
Transfers to/(from) retained earnings	-	(9,469)	-	-	-	-	(68,222)	77,691	-	-	-
	<u>-</u>	<u>4,981</u>	<u>-</u>	<u>-</u>	<u>1,702</u>	<u>1</u>	<u>(68,222)</u>	<u>197,883</u>	<u>136,345</u>	<u>5,722</u>	<u>142,067</u>
Balance at December 31, 2021	<u>16,584</u>	<u>97,725</u>	<u>26,957</u>	<u>12,334</u>	<u>2,725</u>	<u>684</u>	<u>16,578</u>	<u>824,678</u>	<u>998,265</u>	<u>127,531</u>	<u>1,125,796</u>

The notes on pages 25 to 100 form part of these financial statements

(Maritime Life (Caribbean) Limited and its subsidiaries)

Consolidated Statement of Cash Flows

For The Year Ended December 31, 2021

	2021 \$'000	2020 \$'000
Cash Flows from Operating Activities		
Surplus before taxation	137,294	75,728
Adjustments for:		
Depreciation (net)	8,502	8,027
Gains and losses (net)	(97,017)	13,601
Increase in insurance contracts liabilities	<u>63,414</u>	<u>57,670</u>
Operating surplus before working capital changes	112,193	155,026
Change in receivables	(27,202)	(9,997)
Change in customers' deposits and other funding instruments	173,289	82,602
Change in other payables	<u>3,804</u>	<u>(7,755)</u>
Cash generated from operations	262,084	219,876
Dividends paid to policyholders	(323)	(273)
Corporation taxes paid (net)	<u>(6,364)</u>	<u>(11,493)</u>
Net cash generated from operating activities	<u>255,397</u>	<u>208,110</u>
Cash Flows from Investing Activities		
Loans and receivables	(19,739)	(43,003)
Other financial assets	(482,110)	(35,039)
Investment properties	8,098	(33,662)
Property, plant and equipment	<u>(5,394)</u>	<u>(10,005)</u>
Net cash used in investing activities	<u>(499,145)</u>	<u>(121,709)</u>
Cash Flows from Financing Activities		
Borrowings	195,681	(47,096)
Dividends paid to non-controlling interests	(2,660)	-
Dividends paid to shareholders	<u>(4,348)</u>	<u>(4,348)</u>
Net cash provided by /(used in) financing activities	<u>188,673</u>	<u>(51,444)</u>
Net change in cash and cash equivalents	(55,075)	34,957
Cash and cash equivalents		
- at beginning of year	<u>236,430</u>	<u>201,473</u>
- at end of year (Note 27)	<u>181,355</u>	<u>236,430</u>

The notes on pages 25 to 100 form part of these financial statements

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

1. **Incorporation and Principal Activity**

Maritime Life (Caribbean) Limited is incorporated in the Republic of Trinidad and Tobago and was continued under the provisions of the Companies Act, 1995 on 23rd March, 1999. Its principal activity is the carrying on of all classes of long term insurance business in Trinidad and Tobago. The Company's registered office and principal place of business are located at 29 Tenth Avenue, Barataria.

2. **Summary of Significant Accounting Policies**

(a) **Basis of preparation**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in thousands of Trinidad and Tobago dollars. They have been prepared under the historical cost convention except for the following assets which are stated at fair values: financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), investment properties, owner-occupied properties and post-employment benefit asset.

The accounting policies used are consistent with those of previous years except for the adoption of new standards and interpretations noted below.

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

i) **New standards and amendments/revisions to published standards and interpretations effective in 2021 but not applicable to the Group**

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

Effective for annual periods beginning on or after 1 January 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(b) New Accounting Standards and Interpretations (continued)

i) **New standards and amendments/revisions to published standards and interpretations effective in 2021 but not applicable to the Group (continued)**

Effective for annual periods beginning on or after 1 April 2021

Amendment to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021.

Effective for annual periods beginning on or after 1 April 2021. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic.

ii) **New interpretations and amended/revised standards that are not yet in effect and have not been early adopted by the Group**

The following is a list of new IFRS standards and amendments issued that are not yet in effect as at December 31, 2021. The Group is currently assessing the impact of adopting these standards and interpretations.

Effective for annual periods beginning on or after 1 January 2022

Amendments to IFRS 3 - Reference to the Conceptual Framework.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use.

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(b) New Accounting Standards and Interpretations (continued)

ii) New interpretations and amended/revised standards that are not yet in effect and have not been early adopted by the Group (continued)

Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.

The amendment permits a subsidiary that elects to apply paragraph D16 (a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of IFRS 1.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

IAS 41 Agriculture – Taxation in fair value measurements.

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(b) New Accounting Standards and Interpretations (continued)

ii) New interpretations and amended/revised standards that are not yet in effect and have not been early adopted by the Group (continued)

IFRS 17 - Insurance Contracts

In December 2021, the IASB amended IFRS 17 to add a transition option for a “classification overlay” to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17. If an entity elects to apply the classification overlay, it can only do so for comparative periods to which it applies IFRS 17 (i.e., from transition date to the date of initial application of IFRS 17).

Effective for annual periods beginning on or after 1 January 2023

Amendments to IAS 8 - Definition of Accounting Estimates

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current.

Amendments to IAS 1 - Practice Statement 2-Disclosure of Accounting Policies. and IFRS

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

(c) Comparative figures

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

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(d) **Basis of consolidation**

i) **Subsidiaries**

The consolidated financial statements include the accounts of Maritime Life (Caribbean) Limited and its subsidiaries. All significant intra-group balances, transactions, income and expenses have been eliminated on consolidation.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are all entities over which the Group has control. 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 right 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. 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

The Group uses the purchase method of accounting for the acquisition of subsidiaries. The cost of the acquisition is measured as the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed and equity instruments issued plus costs directly attributable to the acquisition. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is reviewed annually for impairment. Where the fair value of the Group's share of the identifiable net assets acquired exceeds the cost of the acquisition, the gain is recognised in profit or loss.

On October 06, 2011 the Group invested \$50 million in non-cumulative, non-voting convertible preference shares of Development Finance Limited. During 2012, \$30 million of these preference shares were converted into ordinary shares, representing a 49.75% interest. The option to convert the balance of \$20 million can be exercised at anytime, at the Group's discretion. The company's financial statements were prepared as at December 31, 2021 and were audited by KPMG Chartered Accountants, Port-of-Spain, Trinidad.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

Summary of Significant Accounting Policies (Continued)

(d) **Basis of consolidation (continued)**

i) **Subsidiaries (continued)**

South Coast One Limited and South Coast Two Limited were incorporated in the Republic of Trinidad and Tobago on March 18, 2016 and registered as external companies under the provisions of the Companies Act Chapter 308 of the Laws of Barbados. They acquired properties in Barbados in May 2016, and commenced leasing operations effective June 2016. There were two (2020: two units) disposals during the year.

The Group acquired the shares of Caribbean Microfinance Trinidad and Tobago Limited on August 15, 2016. The company's last financial statements were prepared as at December 31, 2021.

During 2015 and 2016, the Group invested in the Maritime Income & Growth Fund, (previously AIC TT Income & Growth Fund), and the Maritime Global Equity Fund (previously AIC TT Global Equity Fund), which were originally established by AIC Financial Group Limited (the "Former Fund Manager") under a Trust Deed dated November 2, 2004. The Former Fund Manager resigned effective February 23, 2014 and at a unit-holder's meeting on March 20, 2014 it was resolved to appoint Maritime Capital Limited, a wholly owned subsidiary of Maritime Life (Caribbean) Limited, as the new Fund manager. This was approved by the SEC under their cover letter dated February 5, 2015. The last audited financial statements for these funds as at April 30, 2021 were audited by BDO, Port-of-Spain, Trinidad. The Group held 91.70% (2020: 92.74%) and 90.00% (2020: 89.84%) respectively of these funds as at December 31, 2021.

There were no disposals of subsidiaries during the year.

A listing of the subsidiaries, their principal activities and place of incorporation is given in Note 38.

ii) **Non-controlling interests**

Non-controlling interests is that portion of the net surplus and net assets of a subsidiary that are not owned, directly or indirectly, by the Group.

iii) **Associates**

Associates are all entities over which the Group has significant influence i.e. the power to participate in the financial and operating policy decisions but is not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights, and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for using the equity method. Under the equity method the investments in associates are stated at cost plus the post acquisition changes in the Group's share of the associate's net assets, less any impairment in value. The Group's share of the results of operations of the associates, are included in profit or loss, whereas the share of the other comprehensive income of the associates, are included in other comprehensive income. There are no associates as at December 31, 2021.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(e) **Cash and cash equivalents**

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

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

(f) **Inventories**

Inventories comprise goods held for resale in the ordinary course of business and are stated at the lower of cost and net realisable value. Cost is determined on the first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business.

The carrying amount of inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs.

(g) **Land development**

Land development represents lands held for development and resale and are stated at cost, plus development expenditure incurred and directly attributable borrowing costs. These costs are carried forward until the lands are sold.

(h) **Financial instruments**

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

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

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(i) Financial assets

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

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

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

The Group classifies its financial assets based on the Group's business model and the financial assets contractual terms, measured at: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) and amortized cost (AC).

The Group measures debt instruments/loans at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amounts outstanding.

The Business Model reflects how the Group manages groups of financial assets to generate cash flows and achieve its business objective. An assessment is made at a portfolio level and is based on factors such as:

- The stated objectives and policies of the portfolios,
- How information about financial assets and their performance is reported and evaluated by the entity's key management personnel,
- Management's identification of and response to the risks that affect the performance of the business model.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(i) **Financial assets (continued)**

The SPPI Test requires the Group to assess the contractual terms of the financial assets. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes typically the consideration for the time value of money and credit risk. However, where the contractual term introduces volatilities that are inconsistent with a basic lending arrangement or risk exposures, the related financial assets are to be classified and measured at FVTPL.

Equity instruments are generally measured at FVTPL. However entities have an irrevocable option, on an investment-by-investment basis to present changes in the value of non-trading instruments in other comprehensive income without subsequent reclassification to profit or loss.

Financial assets at amortised cost includes loans.

- Loans comprise policy loans, automatic premium loans, mortgage loans and other loans.
- Policy loans and automatic premium loans are stated at outstanding principal plus accrued interest and are secured by the cash surrender values of the respective policies.
- Mortgage loans and other loans are stated at amortised principal using the effective interest rate method, less provision for impairment losses. Specific provisions are made for potential losses on non-performing loans on the basis of net realisable value. Periodic portfolio reviews are conducted during the course of each year to determine the adequacy of provisions.
- Mortgage loans are secured by residential and commercial properties whereas loans to small and medium enterprises and other loans are secured by various forms of collateral, including charges over tangible assets, hire purchase agreements, certificates of deposit, assignment of funds and personal guarantees.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(j) **Impairment of financial assets**

Under IFRS 9, the Group recognizes an allowance for expected credit losses (ECLs) associated with its assets carried at amortized cost at each reporting date.

ECLs are measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether the asset is considered to be credit impaired. The Group uses the probability of default (PD) approach when calculating ECLs.

The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. Lifetime ECL results from all possible default events over the expected life of the financial instrument. Both 12-month and lifetime ECLs are calculated on either an individual or collective basis, depending on the size and nature of the underlying portfolio of financial assets.

IFRS 9 outlines a three-stage model for impairment, which the Group uses to classify its financial assets:

Stage 1: When financial assets are first recognized, are not credit impaired, continue to perform in accordance with its contractual terms and conditions and credit risk is continuously monitored, the Group records an allowance based on 12-month ECLs.

Stage 2: When financial assets are identified as having significant increases in credit risk since origination, but are not yet deemed to be credit impaired, the Group records an allowance based on lifetime ECLs.

Stage 3: When financial assets have objective evidence of impairment at the reporting date i.e. when these financial assets are deemed to be credit impaired, the Group records an allowance based on lifetime ECLs.

(k) **Investment properties**

Investment properties comprise land and buildings held to earn rentals and/or for capital appreciation rather than occupied by the Group for use in the supply of goods and services or for administrative purposes. Land and buildings that comprise a portion held to earn rentals and/or for capital appreciation and another portion that is occupied by the Group for administrative purposes are classified as investment properties only if an insignificant portion is held for administrative purposes. Otherwise, it is classified under property, plant and equipment.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(k) **Investment properties (continued)**

An investment property is recognised as an asset only if it is probable that the future economic benefits that are associated with the investment property will flow to the Group and its cost can be measured reliably.

Investment properties are measured initially at cost including transaction costs. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction.

After initial recognition investment properties are measured at fair values. Fair values are based on independent professional open market valuations that are conducted at least once every three years. The last valuations were done in 2020 and 2021. Gains and losses arising from changes in fair values are included in profit or loss in the period in which they arise.

Transfers to or from investment properties are only made when there is a change in use.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss arising from the retirement or disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss in the period of retirement or disposal.

(l) **Property, plant and equipment**

- i) Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset only if it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably.

Cost includes the purchase price and any expenditure directly attributable to the acquisition of the item. Expenditures incurred for repairs and maintenance are recognised in profit or loss as incurred.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of the item is determined as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in profit or loss when the item is derecognised.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(I) **Property, plant and equipment (continued)**

- ii) Owner occupied properties comprise land and buildings used by the Group for the supply of goods and services or for administrative purposes and are stated at fair values less accumulated depreciation and accumulated impairment losses.

Fair values are based on independent professional open market valuations that are conducted at least once every three years. The last valuations were done in 2020 and 2021. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the property and the net amount is restated to the revalued amount.

Increases in carrying amounts arising from revaluations are recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus in capital reserve. Increases are recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

Decreases in carrying amounts arising from revaluations are recognized in other comprehensive income to the extent of any credit balance existing in revaluation surplus in respect of that asset. All other decreases are recognised in profit or loss.

Revaluation surpluses are transferred directly to retained earnings as the assets are used, measured as the difference between depreciation based on the revalued amounts and depreciation based on asset's original cost, and upon derecognition of the respective assets.

- iii) Plant and equipment are stated at historical cost less accumulated depreciation.

- iv) Property, plant and equipment are depreciated over their estimated useful lives using the straight line method at the following rates:

Buildings	2% per annum
Furniture/equipment	8.33-25% per annum
Motor vehicles	25% per annum
Equipment on lease	10-50% per annum

Land is not depreciated.

The depreciation method, useful lives and residual values of property, plant and equipment are reviewed annually. During the current year no changes were required.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(m) **Financial liabilities**

When financial liabilities are recognised initially, they are measured at fair value of the consideration given net of transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

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

Financial liabilities comprise accounts payable, bank overdrafts, customer deposits, other funding instruments and long term borrowings.

(n) **Provisions**

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

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

(o) **Insurance contracts**

i) Insurance contracts are those contracts under which the Group accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if an uncertain future event (insured event) adversely affects the policyholder.

Insurance risk is risk other than financial risk transferred from the policyholder to the Group. Investment contracts transfer financial risk but not insurance risk. Financial risk is the risk of a possible future change in either a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Insurance risk is significant if and only if an insured event could cause the payment of significant additional benefits in any scenario, excluding scenarios that lack commercial substance.

Uncertainty under insurance contracts arises as to whether an insured event will occur, when it will occur or how much will be payable if it occurs.

Significant additional benefits are amounts that exceed those that would be payable if no insured event occurred.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(o) Insurance contracts (continued)

- ii) Once a contract has been classified as an insurance contract it remains an insurance contract until all rights and obligations are extinguished or expire.

The liability under an insurance contract is removed from the consolidated Statement of Financial Position when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires.

- iii) Reinsurance contracts are those contracts entered into with reinsurers under which the Group is compensated for losses under one or more insurance contracts issued.

(p) Long term insurance contracts

- i) Long term insurance contracts insure human life events (for example death, survival, permanent disability) over a long duration and include life assurance, annuity, and deposit administration contracts. These contracts are classified as those with discretionary participation features and those without discretionary participation features. For insurance contracts with discretionary participation features, the guaranteed element has not been recognized separately.

Discretionary participation features are contractual rights to receive, as a supplement to guaranteed benefits, additional benefits that are likely to be a significant portion of the total contractual benefits, whose amount or timing is contractually at the discretion of the issuer, and that are contractually based on the performance of a specified pool of contracts or a specified type of contract, realised or unrealised investment returns on a specified pool of assets by the issuer, or the surplus of the Group.

Guaranteed benefits are payments or other benefits to which a particular policyholder has an unconditional right that is not at the discretion of the Group.

- ii) The liabilities arising from long term insurance contracts include provisions for future policy benefits and provisions for outstanding claims.
- iii) Long term insurance contracts are valued using the Premium Policy Method ("PPM") for traditional insurances and fund value for insurance contracts with fund accumulations.

The PPM requires the calculation of the policy liabilities, on a policy by policy basis, using the full amount of the policy premium stipulated in the related insurance policies (the actual premiums), and the policy payments (without arbitrary limitation on expenses) such that the net present value of these elements, after providing for adverse deviations, form the policy benefit liabilities.

The PPM requires the calculation of the present value of future claims and expenses less premiums, based on realistic assumptions with respect to future investment earnings, expenses, mortality, morbidity and lapses together with reasonable provisions for margins. In deriving the liabilities, the PPM takes into consideration assumptions about the future impact of mortality, lapse rates, administration expenses and interest rates, among other factors, for each policy type.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(p) Long term insurance contracts (continued)

The valuation by the Appointed Actuary at December 31, 2021 revealed a surplus before tax amounting to \$46,124,000 (2020: \$54,907,000), of which \$45,719,000 (2020: \$54,539,000) is allocated to shareholders and \$405,000 (2020: \$368,000) is allocated to “participating” policyholders.

- iv) Provisions for outstanding claims comprise the estimated cost of all claims and claims expenses incurred but not settled at the year-end date. Provisions are also made for claims and claims expenses incurred in 2021 but not reported until after the year-end date. Differences between the provisions for outstanding claims and claims expenses and subsequent settlements and revisions are included in profit or loss in later years.

(q) Short term insurance contracts

- i) Short term insurance contracts generally run for a period of twelve months and are subject to review and renewal at the end of that period. These contracts include property, motor, liability, marine, pecuniary loss and personal accident insurance contracts.
- ii) The liabilities arising from short term insurance contracts include provisions for unearned premiums, unexpired risks and outstanding claims.

iii) Provisions for unearned premiums

Provisions for unearned premiums represent the proportions of the premiums written in the year which relate to periods of insurance subsequent to the reporting date and are computed on the daily pro-rata fractional basis - the “365ths” method, except for mortgage indemnity, contractors all risk, erection all risk and performance bond business (some of which carry a policy period in excess of twelve months). The unearned premiums on these policies are pro-rated over the periods of the guarantees/policies.

iv) Provisions for unexpired risks

Provisions for unexpired risks represent amounts set aside at the year-end, in addition to unearned premiums, in respect of the subsequent risks to be borne by the Group under insurance contracts in force at the year-end and are computed as a percentage of unearned premiums.

v) Provisions for outstanding claims

Provisions for outstanding claims comprise the estimated cost of all claims and claims expenses incurred but not settled at the year-end date. Provisions are also made for claims and claims expenses incurred in 2021 but not reported until after the year-end date. Differences between the provisions for outstanding claims and claims expenses and subsequent settlements and revisions are included in profit or loss in later years.

vi) Catastrophe reserves

Amounts set aside for catastrophe reserves are included in equity.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(r) **Liability adequacy test**

The Group assesses at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in profit or loss and the amount of the relevant insurance contract liabilities is increased.

The Liability Adequacy Test required by IFRS 4 has been performed in respect of Insurance Contracts in-force as at December 31, 2021. Sensitivity analysis was done on liabilities amounting to 88% of total liabilities. The results of the sensitivity testing, within the liability adequacy test, are shown in Note 32(a) (ii).

(s) **Impairment of reinsurance assets**

If a reinsurance asset is impaired the carrying amount is reduced accordingly and the impairment loss is recognised in profit or loss.

A reinsurance asset is impaired if, and only if, there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Group may not receive all amounts due to it under the terms of the contract and that event has a reliably measurable impact on the amount that the Group will receive from the reinsurer.

(t) **Revenue recognition**

i) Premiums from insurance contracts are shown on a receivable basis.

Premiums on life and annuity policies that became due within the last thirty days but not collected at the reporting date are shown as outstanding premiums. Premiums that are not collected within thirty days of the due date are advanced as automatic premium loans on the security of the cash surrender values of the respective policies, or the policies lapse or expire.

Premiums due on short term insurance policies are accounted for upon issuance or renewal of the respective policies and include amounts due from brokers and agents. These premiums are recognised as revenue on a pro-rata basis over the period of coverage of the respective policy.

Premiums received in advance of the due date are credited to premium suspense.

ii) Investment and other income derived from long term insurance business is allocated to policyholders, whilst that derived from short term insurance and other operations is allocated to shareholders.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(t) **Revenue recognition (continued)**

- iii) Interest income is accounted for using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the carrying amount of the financial instrument.

Accrual of interest income ceases when a payment on a loan is contractually ninety days in arrears and will only be recognised on a cash basis when the loan status is determined to be current.

- iv) Dividends are accounted for when the shareholders' right to receive the dividends is established.

- v) Commissions receivable are recognized upon the billing of the respective premiums.

- vi) Rentals under operating leases are recognised on a straight line basis over the lease term.

Leases which do not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases. Assets leased under operating leases include land and buildings classified as investment properties and owner occupied properties, as well as motor vehicles and other equipment categorised as equipment on lease and included in property, plant and equipment. The lease terms range from three to five years.

- vii) Revenue from the sale of goods is recognised upon delivery and stated net of discounts and value added tax.

- viii) Miscellaneous income comprises fees and other sundry income.

(u) **Policyholders' benefits**

- i) Death claims, disability claims and surrenders are recognised upon notification.

- ii) Maturities and annuities are accounted for when due.

- iii) Claims arising from short term insurance contracts are recorded as an expense when they are incurred and are stated net of recoveries from subrogations and salvages. Subrogations are accounted for when received, whereas salvages are accounted for when the damaged properties (usually motor vehicle wrecks) are sold.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(v) **Reinsurance premiums and recoveries**

- i) Reinsurance premiums on long term insurance contracts are expensed when due, which generally coincides with when the policy premium is due. Reinsurance claim recoveries are established at the time of the recording of the claim notification.
- ii) Premiums ceded on short term insurance contracts are expensed on a pro-rata basis over the term on the respective policy coverage or of the respective reinsurance contract as appropriate. Reinsurance claim recoveries are established at the time of the recording of the claim liability.
- iii) Profit sharing commissions due to the Group are only recognised as commission income when there is reasonable certainty of collectability.

(w) **Other direct costs**

- i) Commissions payable are recognised on settlement of the respective premiums.
- ii) Other costs include underwriting expenses and other direct expenses related to the retail operations.

(x) **Expenses of management**

i) **Employee benefits**

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by the employees and include both short term and post-employment benefits.

Short term benefits comprise wages and salaries, bonuses, national insurance contributions, paid annual vacation and sick leave and other non-monetary benefits including group health and group life coverage. They are recognised as a liability, net of payments made and charged as expenses to profit or loss.

The expected cost of accumulating compensated absences for vacation and sick leave not yet taken is measured as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

ii) **Post-employment benefits**

The Group has three pension plans.

All full time employees of Maritime Life (Caribbean) Limited and its wholly owned subsidiaries participate in a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution into a fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and future periods. The Group's contribution to this plan is charged to profit or loss as incurred.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(x) **Expenses of management (continued)**

ii) **Post-employment benefits (continued)**

The subsidiary, Development Finance Limited, operates a defined contribution plan which cover employees employed since 2015 and a defined benefit plan for its other employees. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The assets of the plan are held in a separate trustee-administered fund. The pension plan is funded by contributions from the subsidiary and the employees taking account the recommendations of independent qualified actuaries. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in employee benefits in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to, or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii) **Other administrative expenses**

Other administrative expenses include office, technology, real estate, legal and professional fees, advertising and sales promotions, and miscellaneous expenses.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(y) **Foreign currencies**

Foreign currency transactions during the year are translated into Trinidad and Tobago dollars at the exchange rates ruling at the date of the transactions. Assets and liabilities in foreign currencies at the reporting date are expressed in Trinidad and Tobago dollars at the exchange rates ruling at that date. Profits and losses arising on monetary assets and liabilities are accounted for in profit or loss whereas those arising on non-monetary assets and liabilities are accounted for in other comprehensive income.

(z) **Taxation**

- i) Deferred taxation is provided using the liability method for all temporary differences between the carrying amounts and tax bases of assets and liabilities using current corporation tax rates. The principal temporary differences arise from tax losses carried forward, depreciation of property, plant and equipment, and amounts credited directly to equity. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.
- ii) Corporation tax is charged annually at 15% of investment and other income relating to long term insurance funds (other than approved pension plans) less investment expenses allowable in relation thereto. A further 10% corporation tax is chargeable on net surpluses arising from the annual actuarial valuations, when these are transferred to shareholders.
- iii) The profits of Development Finance Limited and Caribbean Microfinance Trinidad and Tobago Limited are exempt from taxation under the Corporation Tax Act, Chapter 75.02 as amended, but the companies are required to pay Green Fund Levy.
- iv) Corporation tax is charged annually at 30% (2020: 30%) in respect of surpluses from short term insurance and other operations.

(aa) **Administered funds**

The assets and liabilities under administration by the Group have not been included in these financial statements. Gross assets under administration amounted to \$12,567,000 at December 31, 2021 (2020: \$5,634,000).

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

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

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

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

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

(b) **Critical judgements**

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

- i) Whether investments are classified as financial assets at fair value through profit or loss, financial assets through other comprehensive income, or financial assets at amortised cost.
- ii) Measurement of the expected loss allowance.
- iii) Whether land and buildings are classified as land development, investment properties or owner-occupied properties.
- iv) Whether leases are classified as operating leases or finance leases.
- v) Which depreciation method for property, plant and equipment is used.
- vi) Which cost formula is used for the valuation of inventories.
- vii) Whether policy contracts issued are classified as insurance contracts or investment contracts.
- viii) The methods used for the valuation of liabilities arising under insurance contracts.
- ix) When insurance premiums are recognised in profit or loss.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

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

(c) **Key assumptions**

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

i) **Fair values**

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

The fair values of land and buildings are based on independent professional open market valuations.

ii) **Measurement of the expected credit loss allowance - IFRS 9**

The measurement of impairment losses under IFRS 9 requires the use of complex models and requires significant assumptions. A number of significant accounting judgements and estimates were required for the ECL model, these include:

- The Group's internal credit rating model, as this was used in calculating PD;
- The estimation of the present value of collateral values when determining impairment losses;
- Determining criteria for assessing if there has been a significant increase in credit risk; and
- Development of ECL models, including the various formulae.

iii) **Business Model Assessment**

Classification and measurement of financial assets depends on the results of the SPPI and business model assessment. The Group determines the business model at a level that reflects how financial assets are managed together to achieve the business objectives. An assessment is made at a portfolio level and is based on factors such as:

- How information about financial assets and their performance is reported and evaluated by the entity's key management personnel; and
- Management's identification of and response to the risks that affect the performance of the business model.

iv) **Deferred tax assets**

Management uses judgement in determining whether it is probable that future taxable profits will be available against which unused tax losses can be utilised before deferred tax assets arising therefrom are recognised.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

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

(c) Key assumptions (continued)

v) Property, plant and equipment

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

vi) Long term insurance contracts liabilities

Management and the Appointed Actuary determine, at the inception of the contract, assumptions regarding mortality, morbidity, lapses, surrenders, return on investments, and the level of expenses that have a material effect on the valuation of insurance liabilities. These assumptions are based on past experience as well as prevailing and expected future conditions. They are reviewed annually and are changed as current and future expected circumstances change.

vii) Short-term insurance contracts liabilities

Management estimates the cost of claims incurred but not settled at the year-end date and claims incurred but not reported until after the year-end date, based on input from adjusters and past claims development experience. Estimates are also made for unexpired risks, calculated as a percentage of unearned premiums. The estimates are reviewed for adequacy on an ongoing basis and the provisions are adjusted accordingly.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

4. Current Assets

	2021 \$'000	2020 \$'000
Cash and bank balances	178,849	156,976
Short term investments	17,246	99,583
Central Bank reserve account	38,888	30,957
Accounts receivable and prepayments	75,679	70,436
Outstanding premiums	24,054	19,530
Reinsurance assets	121,219	137,319
Inventories	2,681	3,097
Land development	-	84,937
Taxation recoverable	8,375	8,194
Post-employment benefits	33,940	29,040
	<u>500,931</u>	<u>640,069</u>

(a) Short term investments - Concentration:

Deposits with licensed banks and financial Institutions	<u>17,246</u>	<u>99,583</u>
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(b) Central Bank reserve account

The Financial Institutions Act 2008, requires that every financial institution hold and maintain an account with the Central Bank of Trinidad and Tobago to be called a reserve account which at present, is to be equivalent to 9% of the total liabilities to depositors. This account is non-interest bearing.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

4. Current Assets (Continued)(c) **Accounts receivable**

	2021 \$'000	2020 \$'000
i) Balances outstanding		
Accrued investment income	33,316	28,953
Brokers and agents balances	12,943	10,666
Other receivables	<u>55,713</u>	<u>57,211</u>
	101,972	96,830
Less: Impairment provision	<u>(26,293)</u>	<u>(26,394)</u>
	<u>75,679</u>	<u>70,436</u>
ii) Impairment provision		
Balance brought forward	26,394	23,751
Provision for the year	(660)	2,351
Write offs for the year	<u>559</u>	<u>292</u>
	<u>26,293</u>	<u>26,394</u>
iii) Brokers and agents balances		
Aged analysis		
Up to 30 days	3,780	4,085
31 to 45 days	1,533	1,356
Over 45 days	<u>7,630</u>	<u>5,225</u>
	<u>12,943</u>	<u>10,666</u>

(d) **Reinsurance assets**i) **Amounts due from reinsurers**

Other amounts	<u>889</u>	<u>889</u>
Long term insurance contracts	53,897	31,855
Reinsurers share of:		
Outstanding claims	37,505	60,944
Claims incurred but not reported	4,899	9,890
Unearned premiums	22,353	31,387
Unexpired risks	<u>1,676</u>	<u>2,354</u>
	<u>120,330</u>	<u>136,430</u>
Total	<u>121,219</u>	<u>137,319</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

4. Current Assets (Continued)

(d) Reinsurance assets (continued)

	2021 \$'000	2020 \$'000
ii) Reconciliation		
Amounts due from reinsurers		
Balance brought forward	889	889
Recoverable for the year	14,844	29,935
Payments received during the year	<u>(14,844)</u>	<u>(29,935)</u>
	<u>889</u>	<u>889</u>
Other amounts		
Balance brought forward	136,430	106,193
<u>Increases/(decreases) in:</u>		
Long term insurance contracts	22,042	8,103
Outstanding claims	(23,439)	15,467
Claims incurred but not reported	(4,991)	2,350
Unearned premiums	(9,034)	4,016
Unexpired risks	<u>(678)</u>	<u>301</u>
	<u>120,330</u>	<u>136,430</u>
Total	<u>121,219</u>	<u>137,319</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

4. Current Assets (Continued)

(e) **Post-employment Benefits**

The subsidiary, Development Finance Limited, contributes to a defined benefit pension plan (the Plan), which entitles a retired employee to receive an annual pension payment. The Plan is funded by the subsidiary and certain employees, the assets of the Plan being managed separately by the Trustee. The funding requirements are based on the pension fund's actuarial measurement performed by an independent qualified actuary.

The Plan exposes the subsidiary to currency risk, interest rate risk and market risk and to actuarial risks such as longevity risk.

The subsidiary is not expected to contribute to the Plan in 2022.

	2021 \$'000	2020 \$'000
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of obligation	(28,992)	(29,830)
Fair value of plan assets	<u>62,932</u>	<u>58,870</u>
Asset in the Statement of Financial Position	<u>33,940</u>	<u>29,040</u>
i) Movement of amounts recognised in the Statement of Financial Position		
Asset recognised in the Statement of Financial Position January 1	29,040	28,400
Income recognised in profit or loss	778	720
Actuarial gains/(losses) recognised in other comprehensive income	<u>4,122</u>	<u>(80)</u>
Asset in the Statement of Financial Position	<u>33,940</u>	<u>29,040</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

4. Current Assets (Continued)

(e) Post-employment Benefits (continued)

	2021 \$'000	2020 \$'000
ii) Changes in the fair value of plan assets		
Opening fair value of plan assets	58,870	58,037
Expected return on plan assets	2,898	2,858
Benefits paid	(1,838)	(1,715)
Actuarial gains/(losses) on plan assets	<u>3,002</u>	<u>(310)</u>
Closing fair value of plan assets	<u>62,932</u>	<u>58,870</u>
iii) Changes in the present value of the obligation		
Opening present value of obligation	29,830	29,637
Current service cost	443	460
Interest cost	1,462	1,456
Benefits paid	(1,838)	(1,715)
Expenses	215	222
Actuarial gains arising from changes in assumptions (net)	<u>(1,120)</u>	<u>(230)</u>
Closing fair value of obligation	<u>28,992</u>	<u>29,830</u>
iv) The amounts recognised in the Statement of Income are as follows		
Current service cost	443	460
Interest cost	1,462	1,456
Expected return on plan assets	(2,898)	(2,858)
Expenses	<u>215</u>	<u>222</u>
Total included in employee benefits (Note 25)	<u>(778)</u>	<u>(720)</u>
Expected return on plan assets	2,898	2,858
Actuarial gains/(losses) on plan assets	<u>3,002</u>	<u>(310)</u>
Actual return on plan assets	<u>5,900</u>	<u>2,548</u>
v) Actuarial gains/(losses) recognised in Other Comprehensive Income		
Remeasurement (gains)/losses - Assets	(3,002)	(310)
Remeasurement (gains)/losses - Experience adjustments	513	230
Remeasurement (gains)/losses - Economic	<u>(1,633)</u>	<u>-</u>
	<u>(4,122)</u>	<u>(80)</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

4. Current Assets (Continued)

(e) **Post-employment Benefits (continued)**

	2021	2020
vi) The principal actuarial assumptions used were		
Discount rate	5.50%	5.00%
Future salary increases	5.50%	5.00%
Mortality:		
Pre-retirement	Nil	Nil
Post-retirement	GAM94	GAM94
vii) Asset Allocation		
The major categories of the plan assets are:		
Local equities	27%	28%
Government securities	18%	20%
Mutual Funds	2%	2%
Other	<u>53%</u>	<u>50%</u>
Total	<u>100%</u>	<u>100%</u>

The asset values as at December 31, 2021 were provided by the Plan's Investment Manager. Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is relatively illiquid. The Investment Manager calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve.

The Plan's assets are invested in accordance with a strategy agreed with the Plan's Trustees and Management Committee. This strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad and Tobago and no more than 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the Plan.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

4. Current Assets (Continued)

(e) **Post-employment Benefits (continued)**

viii) **Sensitivity of present value of defined benefit obligation:**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	1% Increase (\$'000)	1% Decrease (\$'000)
Discount rate	(3,357)	4,172
Salary growth	<u>655</u>	<u>(563)</u>

The weighted average duration of the obligation is 14 years.

ix) **Experience history**

Amounts for the current period are as follows:

	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Defined benefit obligation	(28,992)	(29,830)	(29,637)	(29,442)	(29,116)
Plan assets	<u>62,932</u>	<u>58,870</u>	<u>58,037</u>	<u>52,914</u>	<u>54,759</u>
Surplus	<u>33,940</u>	<u>29,040</u>	<u>28,400</u>	<u>23,472</u>	<u>25,643</u>
Experience adjustments on plan liabilities (gains)/losses	513	(230)	(166)	14	(141)
Changes in financial assumptions	<u>(1,633)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net remeasurements on plan liabilities (gains)/losses	<u>(1,120)</u>	<u>(230)</u>	<u>(166)</u>	<u>14</u>	<u>(141)</u>
Experience adjustments on plan assets gains/(losses)	<u>3,002</u>	<u>(310)</u>	<u>4,279</u>	<u>(2,711)</u>	<u>(1,046)</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

5. Deferred Taxation

	2021	2020
	\$'000	\$'000
Deferred tax assets	146	47
Deferred tax liabilities	<u>(12,078)</u>	<u>(11,933)</u>
Net deferred tax liabilities	<u>(11,932)</u>	<u>(11,886)</u>
Movements for the year		
Balance brought forward	(11,886)	(23,839)
Provision - current year	(46)	(577)
Provision - prior year	<u>-</u>	<u>12,530</u>
	<u>(11,932)</u>	<u>(11,886)</u>

6. Investment in Associates

Shares at cost	<u>-</u>	<u>-</u>
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(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

7. Financial Assets

	2021 \$'000	2020 \$'000
Investment securities		
Fair value through profit or loss	202,780	162,042
Fair value through other comprehensive income	104,911	175,210
Amortised cost	<u>2,312,122</u>	<u>1,772,772</u>
	<u>2,619,813</u>	<u>2,110,024</u>
Loans		
Policy and automatic premium loans	72,192	72,507
Mortgages and other loans	<u>516,170</u>	<u>496,929</u>
	<u>588,362</u>	<u>569,436</u>
Total	<u>3,208,175</u>	<u>2,679,460</u>
(a) Fair values		
i) By financial asset classification		
Investment securities		
Fair value through profit or loss	202,780	162,042
Fair value through other comprehensive income	104,911	175,210
Amortised cost	<u>2,392,689</u>	<u>1,859,357</u>
	<u>2,700,380</u>	<u>2,196,609</u>
Loans	<u>588,362</u>	<u>569,436</u>
	<u>3,288,742</u>	<u>2,766,045</u>
ii) By level of hierarchy		
Level 1	1,079,995	877,541
Level 2	1,771,682	1,452,830
Level 3	<u>437,065</u>	<u>435,674</u>
	<u>3,288,742</u>	<u>2,766,045</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

7. Financial Assets (Continued)

(b) Investment securities - Concentration

	2021 \$'000	2020 \$'000
Government/government guaranteed bonds	1,567,578	1,197,927
State enterprises bonds	238,693	200,008
Financial institutions bonds	326,366	341,699
Other corporate bonds	<u>227,329</u>	<u>210,582</u>
	<u>2,359,966</u>	<u>1,950,216</u>
Quoted equities	259,746	159,707
Unquoted equities	<u>101</u>	<u>101</u>
	<u>259,847</u>	<u>159,808</u>
Total	<u>2,619,813</u>	<u>2,110,024</u>

(c) Investment securities - Amortised cost

Amortised cost	2,320,516	1,780,358
Less: expected credit loss allowance	<u>(8,394)</u>	<u>(7,586)</u>
	<u>2,312,122</u>	<u>1,772,772</u>
Expected credit loss allowance:		
Balance brought forward	7,586	4,604
Remeasurement of expected credit losses	<u>808</u>	<u>2,982</u>
	<u>8,394</u>	<u>7,586</u>

(d) Investment securities pledged to secure borrowings

Repurchase agreements	104,770	2,298
Other borrowings	<u>164,703</u>	<u>19,088</u>
	<u>269,473</u>	<u>21,386</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

7. Financial Assets (Continued)

(e) Investment securities - Unquoted equities

	2021 \$'000	2020 \$'000
i) At cost	14,046	14,046
Less: impairment provision	<u>13,945</u>	<u>13,945</u>
	<u>101</u>	<u>101</u>
ii) Impairment provision		
Balance brought forward	13,945	13,950
Provision for the year	<u>-</u>	<u>(5)</u>
	<u>13,945</u>	<u>13,945</u>

(f) Policy and automatic premium loans

Policy loans	39,136	36,754
Automatic premium loans	30,883	32,522
Accrued interest	<u>2,173</u>	<u>3,231</u>
	<u>72,192</u>	<u>72,507</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

7. Financial Assets (Continued)

	2021 \$'000	2020 \$'000
(g) Mortgages and other loans		
i) Mortgage loans	216,515	217,143
Loans to small and medium-sized enterprises	126,763	107,442
Other loans	<u>177,714</u>	<u>178,728</u>
	520,992	503,313
Less: expected credit loss allowance	<u>(4,822)</u>	<u>(6,384)</u>
	<u>516,170</u>	<u>496,929</u>
ii) Expected credit loss allowance		
Balance brought forward	6,384	6,669
Provision for the year	811	518
Write offs and adjustments	<u>(2,373)</u>	<u>(803)</u>
	<u>4,822</u>	<u>6,384</u>
iii) Concentration - sectoral analysis		
Consumer	187,200	181,417
Commercial and industrial	280,859	280,239
Tourism	<u>48,111</u>	<u>35,273</u>
	<u>516,170</u>	<u>496,929</u>
iv) Credit quality		
Individually impaired	711	-
Past due but not impaired	44,570	19,355
Neither past due nor impaired	<u>470,889</u>	<u>477,574</u>
	<u>516,170</u>	<u>496,929</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

8. Investment Properties

	2021 \$'000	2020 \$'000
At beginning of the year	216,272	179,136
Additions	411	43,405
Transfer from land development	93,420	-
Transfer from property, plant and equipment	7,117	-
Disposals	(7,190)	(7,190)
Fair value gains	71,194	922
Foreign exchange gains	-	(1)
	<u>381,224</u>	<u>216,272</u>
 (a) Rental income	<u>5,429</u>	<u>4,761</u>
 (b) Direct operating expenses	<u>2,908</u>	<u>2,131</u>

9. Property, Plant and Equipment

	Properties \$'000	Furniture/ Equipment \$'000	Motor Vehicles \$'000	Equipment on lease \$'000	Total \$'000
December 31, 2021					
Cost/Valuation					
At beginning of year	194,662	110,100	13,006	15,669	333,437
Additions	-	4,089	560	950	5,599
Revaluation	9,200	-	-	-	9,200
Transfers to investment					
Properties	(7,500)	-	-	-	(7,500)
Disposals	-	(363)	-	(848)	(1,211)
	<u>196,362</u>	<u>113,826</u>	<u>13,566</u>	<u>15,771</u>	<u>339,525</u>
Accumulated depreciation					
At beginning of year	5,089	100,289	9,561	9,729	124,668
Charge for the year	2,486	3,817	1,409	790	8,502
Revaluation	(5,250)	-	-	-	(5,250)
Transfers to investment					
Properties	(383)	-	-	-	(383)
Disposals	-	(363)	-	(643)	(1,006)
	<u>1,942</u>	<u>103,743</u>	<u>10,970</u>	<u>9,876</u>	<u>126,531</u>
Net book value					
At December 31, 2021	<u>194,420</u>	<u>10,083</u>	<u>2,596</u>	<u>5,895</u>	<u>212,994</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

9. Property, Plant and Equipment (Continued)

	Properties \$'000	Furniture/ Equipment \$'000	Motor Vehicles \$'000	Equipment on lease \$'000	Total \$'000
December 31, 2020					
Cost/Valuation					
At beginning of year	187,490	107,734	11,792	14,215	321,231
Additions	4,022	2,366	2,025	2,170	10,583
Revaluation	3,150	-	-	-	3,150
Disposals	-	-	(811)	(716)	(1,527)
	<u>194,662</u>	<u>110,100</u>	<u>13,006</u>	<u>15,669</u>	<u>333,437</u>
Accumulated depreciation					
At beginning of year	3,177	96,626	8,921	9,530	118,254
Charge for the year	2,576	3,663	1,451	715	8,405
Revaluation	(664)	-	-	-	(664)
Disposals	-	-	(811)	(516)	(1,327)
	<u>5,089</u>	<u>100,289</u>	<u>9,561</u>	<u>9,729</u>	<u>124,668</u>
Net book value					
At December 31, 2020	<u>189,573</u>	<u>9,811</u>	<u>3,445</u>	<u>5,940</u>	<u>208,769</u>
				2021	2020
				\$'000	\$'000
(a) Written down value of properties					
Written down value of the properties based on cost				<u>96,313</u>	<u>98,967</u>
(b) Revaluation surplus					
Balance brought forward				92,744	89,414
Revaluation surplus for the year				14,450	3,730
Transfer to retained earnings				<u>(9,469)</u>	<u>(400)</u>
				<u>97,725</u>	<u>92,744</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

10. Current Liabilities

	2021	2020
	\$'000	\$'000
Bank overdraft	14,740	20,129
Short term borrowings	99,235	15,744
Customers' deposits	508,791	418,993
Other funding instruments	42	42
Third party interests in mutual funds	569	483
Premium suspense	25,422	26,402
Accounts payable, accruals and other liabilities	87,715	74,026
Provision for employees benefits	7,564	7,456
Reinsurance liabilities	6,279	15,378
Taxation payable	<u>3,051</u>	<u>786</u>
	<u>753,408</u>	<u>579,439</u>

(a) Bank overdraft

The Group has two overdraft facilities:

- i) TT\$2.500 million (2020: \$2.500 million) at Scotiabank Trinidad and Tobago Limited, which is unsecured and bears interest at 7.25% (2020: 9.50%) per annum.
- ii) US\$4 million (2020: US\$4 million) at Republic Bank Limited, which is secured by a lien over credit balance on an account at Republic Bank Limited and bears interest at 4.75% (2020: 5.00%) per annum.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

10. Current Liabilities (Continued)

b) Short term borrowings

The short term borrowings comprises:

- i) A portfolio margin account for \$79.224 million (2020: \$15.731 million), secured by assets held with an international Broker which bears interest at a variable rate based on a Reference benchmark rate determined by a combination of internationally reference rates, bank deposit rates and dynamic interbank rates determined from foreign exchange and money markets. There is no fixed principal repayment amount, and there is no specified maturity date.
- ii) A secured revolving demand loan for \$20 million (2020: \$Nil), which bears interest at a variable rate based on the lender's prime lending rate less 250bps per annum, interest is payable monthly for the drawn portion. A standby fee is paid monthly for any unused portion and principal repayment is allowed at any time.

	2021 \$'000	2020 \$'000
(c) Short term borrowings, customers' deposits and other funding instruments - Concentration		
Corporate and commercial	105,299	107,438
Financial institutions	151,498	41,288
Personal	<u>351,271</u>	<u>286,053</u>
	<u>608,068</u>	<u>434,779</u>
(d) Other funding instruments		
Other funding instruments are secured by specific assets.		
(e) Reinsurance liabilities		
Balance brought forward	15,378	15,033
Reinsurance premiums for the year	98,648	105,116
Payments made during the year	<u>(107,747)</u>	<u>(104,771)</u>
Balance carried forward	<u>6,279</u>	<u>15,378</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

11. Long Term Borrowings

	Interest Rate %	2021 \$'000	2020 \$'000
TT\$ Floating rate bonds	6.00	70,000	70,000
TT\$ Fixed rate bonds	3.25 - 4.25	63,300	-
US\$ Floating rate bonds	2.25 - 3.30	49,224	27,589
Other US\$ Loans	3.75	18,230	7,917
Repurchase Agreements	-	<u>102,683</u>	<u>2,250</u>
		<u>303,437</u>	<u>107,756</u>

(a) Movements for the year

Balance brought forward	107,756	154,852
Loans received/(repayments) during the year (net)	<u>195,681</u>	<u>(47,096)</u>
Balance carried forward	<u>303,437</u>	<u>107,756</u>

- (b)** The Group's borrowings are mainly long term and are measured at amortised cost. Borrowings are covered by various forms of loan agreements. These include Trust Deeds related to bond issues on capital markets and finance contracts with international institutions. The Group has complied with all terms and conditions of all borrowings and all payments have been made as contracted. The finance contracts with international institutions include operational benchmarks related to the purposes of the loan based on projections and assumptions. Changes in market conditions and implementation issues beyond the control of the borrower may delay the achievement of such benchmarks and deadlines.

(c) TT\$ Floating Rate Bonds

This represents a TTD debt issued in one tranche, interest is variable based on an average of commercial banks' prime lending rate with a maturity date in 2024 and is secured by a sinking fund managed by a Trustee.

(d) TT\$ Fixed Rate Bonds

This represents a TTD debt issued in 4 tranches, interest rate is fixed with maturity dates in July 2028 to July 2032 and are secured by pledged assets.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

11. Long Term Borrowings (Continued)

(e) **US\$ Floating Rate Bonds**

This represents a USD loan issued by a multi-lateral financial institution, interest is variable based the lender's proprietary interest rate. Moratorium on principal payments ending September 2023, thereafter amortised principal repayments will be made. Maturity date in September 2033 and is secured by a specified portion of loans and advances made for specific purposes.

(f) **Other US\$ Loans**

This loan is secured by Republic of Trinidad and Tobago government bonds with a face value of TT\$21 million (2020: \$21 million), and is repayable by forty-eight (2020: twenty-one) equal monthly blended payments of principal and interest.

(g) **Repurchase agreements**

The Repurchase agreements are secured by investment securities totalling \$104.770 million (2020: \$2.298 million) (Note 7(d)).

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

12. Insurance Contracts Liabilities

	2021 \$'000	2020 \$'000
With discretionary participation features	834,585	791,091
Without discretionary participation features	997,993	961,707
Provisions for outstanding claims	178,333	197,177
Provisions for claims incurred but not reported	23,919	28,979
Provisions for unearned premiums	68,764	77,029
Provisions for unexpired risks	<u>5,157</u>	<u>5,777</u>
	<u>2,108,751</u>	<u>2,061,760</u>
(a) Reconciliation of changes for the year		
Balance brought forward	2,061,760	1,974,126
Change in reserves	58,483	56,279
Change in policyholder dividends	82	95
Change in claims	4,526	1,023
Change in reinsurance assets	<u>(16,100)</u>	<u>30,237</u>
Balance carried forward	<u>2,108,751</u>	<u>2,061,760</u>
(b) Net insurance contracts liabilities		
Insurance contracts liabilities	2,108,751	2,061,760
Less: reinsurance assets (Note 4(d))	<u>(120,330)</u>	<u>(136,430)</u>
	<u>1,988,421</u>	<u>1,925,330</u>
Represents		
With discretionary participation features	834,585	791,091
Without discretionary participation features	944,096	929,852
Provisions for outstanding claims	140,828	136,233
Provisions for claims incurred but not reported	19,020	19,089
Provisions for unearned premiums	46,411	45,642
Provisions for unexpired risks	<u>3,481</u>	<u>3,423</u>
	<u>1,988,421</u>	<u>1,925,330</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

12. Insurance Contracts Liabilities (Continued)

	2021 \$'000	2020 \$'000
(c) Concentration by lines of business		
Life assurance funds	620,035	568,934
Annuities	1,066,175	1,060,984
Deposit administration contracts	132,228	125,917
Policyholder dividends	5,976	5,894
Property	3,145	3,773
Motor	137,088	136,497
Liability	22,799	18,260
Marine	559	4,849
Pecuniary loss	416	222
Personal accident	-	-
	<u>1,988,421</u>	<u>1,925,330</u>
(d) Provision for outstanding claims		
Balance brought forward	197,177	180,391
Claims incurred for the year	157,504	156,095
Reinsurance assets	(23,439)	15,467
Payments made during the year	<u>(152,909)</u>	<u>(154,776)</u>
Balance carried forward	<u>178,333</u>	<u>197,177</u>
(e) Aged analysis of outstanding claims		
Short term insurance		
Up to 2017	46,675	65,041
2018	12,105	10,376
2019	13,297	12,603
2020	25,940	56,878
2021	<u>21,575</u>	-
	119,592	144,898
Long term insurance	<u>58,741</u>	<u>52,279</u>
	<u>178,333</u>	<u>197,177</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

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13. Stated Capital**Authorised**

An unlimited number of ordinary shares of no par value.

Issued and fully paid

10,871,387 shares of no par value.

Share premium, which was included in Capital Reserve, was added to Stated Capital during the previous year.

14. Capital Reserve

Capital reserve comprises surpluses on revaluation of owner-occupied properties.

	2021 \$'000	2020 \$'000
Revaluation surpluses (Note 9(b))	97,725	92,744
Share premium	<u>-</u>	<u>-</u>
	<u>97,725</u>	<u>92,744</u>

15. Catastrophe Reserve

Section 44 of the Insurance Act 2018 require every insurer carrying on property insurance business to establish and maintain at all times in respect of catastrophe risks, a Catastrophe Reserve Fund, and at the end of each financial year, to make an appropriation from its retained earnings to the Catastrophe Reserve Fund in an amount not less than twenty per cent of its net written premium income in relation to its property insurance business for that year, until the Catastrophe Reserve Fund is equal to, or exceeds the net written premium income in relation to its property insurance business for that year.

Under Section 10D of the Corporation Taxes Act contributions to the catastrophe reserve fund up to a maximum of 20% of net premium income on property business is allowed as a deduction in computing chargeable income.

16. General Reserve

The general reserve represents appropriations of retained earnings for any possible unforeseen losses on financial assets for which alternative specific provision is not made.

17. Investment Revaluation Reserve

The investment revaluation reserve represents unrealised gains and losses arising from changes in fair value of financial assets at fair value through other comprehensive income.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

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18. Foreign Currency Translation Reserve

The foreign currency translation reserve represents gains and losses arising on the translation of non-monetary assets and liabilities of foreign operations.

19. Statutory Reserves

- (a) The statutory surplus reserve which was required by Section 171 of the Insurance Act, 1980 was transferred to retained earnings.
- (b) The Financial Institutions Act, 2008 requires every financial institution to transfer no less than 10% of its net profit after deduction of taxes to a reserve fund until the amount standing to the credit of the reserve fund is equal at least to its paid up capital.

20. Non-Controlling Interests

	2021	2020
	\$'000	\$'000
Balance brought forward	121,809	116,926
Share of total comprehensive income	8,382	4,883
Dividends paid	<u>(2,660)</u>	<u>-</u>
	<u>127,531</u>	<u>121,809</u>
(a) Share of total comprehensive income		
Share of surplus after taxation	5,030	4,370
Share of other comprehensive income	<u>3,352</u>	<u>513</u>
	<u>8,382</u>	<u>4,883</u>
(b) Accumulated balances of material non-controlling interest		
Development Finance Limited – 50.25%	<u>127,530</u>	<u>121,808</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

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For The Year Ended December 31, 2021

20. Non-Controlling Interests (Continued)

	2021 \$'000	2020 \$'000
(c) Summarised financial information in respect of Development Finance Limited before intercompany eliminations is as follows:		
i) Statement of Financial Position		
Total assets	860,597	610,773
Total liabilities	<u>612,378</u>	<u>373,901</u>
	<u>248,219</u>	<u>236,872</u>
ii) Statement of Comprehensive Income		
Total income	<u>38,302</u>	<u>34,708</u>
Net surplus after taxation	10,010	8,697
Other comprehensive income	<u>6,344</u>	<u>1,020</u>
Total comprehensive income	<u>16,354</u>	<u>9,717</u>
iii) Statement of Cash Flows		
Cash flows from operating activities	61,508	40,907
Cash flows from investing activities	(216,575)	7,472
Cash flows from financing activities	<u>161,517</u>	<u>(55,714)</u>
Net increase in cash and cash equivalents	<u>6,450</u>	<u>(7,335)</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

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For The Year Ended December 31, 2021

21. Investment Income

	2021	2020
	\$'000	\$'000
Interest income	150,502	144,019
Dividends	6,289	4,986
Rental income from operating leases	9,700	8,380
Foreign exchange (losses)/gains	(182)	442
Realised gains	4,403	1,195
Unrealised gains	103,096	(13,583)
Expected credit losses	<u>(577)</u>	<u>(3,015)</u>
	<u>273,231</u>	<u>142,424</u>
(a) Interest income		
Cash and cash equivalents	382	719
Fair value through profit or loss	996	1,978
Fair value through other comprehensive income	5,223	4,896
Amortised cost	103,467	94,999
Loans	41,804	42,670
Other	<u>(1,370)</u>	<u>(1,243)</u>
	<u>150,502</u>	<u>144,019</u>
(b) Gains/(losses)		
Fair value through profit or loss	25,779	(11,626)
Fair value through other comprehensive income	(193)	(1,391)
Amortised cost	553	(3,966)
Loans	(872)	227
Investment properties	80,996	3,475
Owner-occupied properties	-	84
Other	<u>659</u>	<u>(2,206)</u>
	<u>106,922</u>	<u>(15,403)</u>

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For The Year Ended December 31, 2021

22. Other Income

	2021 \$'000	2020 \$'000
Commissions	15,535	14,105
Revenue from sale of goods	44,388	46,238
Fee income	789	626
Miscellaneous income	4,168	4,533
	<u>64,880</u>	<u>65,502</u>

23. Policyholders' Benefits

Claims and surrenders	196,763	194,077
Dividends to participating policyholders	405	368
Provision for future policy benefits	64,721	60,058
	<u>261,889</u>	<u>254,503</u>

24. Other Direct Costs

Commissions/agents remuneration	57,741	47,368
Policy issue expenses	3,336	2,674
Depreciation on leased assets (net)	789	715
Cost of sales	35,315	36,956
Other costs	3,288	4,084
	<u>100,469</u>	<u>91,797</u>

Pension costs included in other direct costs	<u>1,323</u>	<u>1,289</u>
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25. Expenses of Management

Employee benefits	67,351	53,835
Depreciation (net)	7,713	7,312
Operating lease rentals	502	586
Other administrative expenses	91,511	73,405
	<u>167,077</u>	<u>135,138</u>

Pension costs included in employee benefits:

Defined Contribution Plans	1,840	1,865
Defined Benefit Plan (Note 4(e)(i))	(778)	(720)
	<u>1,062</u>	<u>1,145</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

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For The Year Ended December 31, 2021

26. Taxation

	2021 \$'000	2020 \$'000
(a) Tax charge for the year		
Current year	9,171	14,009
Prior year	(723)	(7,945)
Deferred taxation	<u>46</u>	<u>(11,953)</u>
	<u>8,494</u>	<u>(5,889)</u>
Insurance revenue statement	3,330	3,529
Shareholders	<u>5,164</u>	<u>(9,418)</u>
	<u>8,494</u>	<u>(5,889)</u>
(b) Reconciliation		
Income taxes in the Statements of Income vary from amounts that would be computed by applying the statutory tax rates for the following reasons:		
Surplus before taxation	<u>137,294</u>	<u>75,728</u>
Tax at applicable statutory rates	38,738	19,814
Effect of different tax rates of life insurance companies	(333)	(353)
Items not subject to tax	(28,957)	(5,492)
Temporary differences	552	572
Tax losses	2,096	3,718
Other	<u>(3,911)</u>	<u>(4,984)</u>
	8,185	13,275
Prior year	(723)	(20,475)
Business Levy	44	315
Green Fund Levy	<u>988</u>	<u>996</u>
	<u>8,494</u>	<u>(5,889)</u>
(c) Tax losses		
Tax losses in subsidiaries available for set off against future chargeable profits of those companies.	<u>32,085</u>	<u>25,266</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

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27. Cash and Cash Equivalents

	2021 \$'000	2020 \$'000
Cash and bank balances	178,849	156,976
Short term investments	17,246	99,583
Bank overdraft	<u>(14,740)</u>	<u>(20,129)</u>
	<u>181,355</u>	<u>236,430</u>

28. Capital Commitments

Mortgage and other loans	<u>24,439</u>	<u>35,251</u>
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29. Operating LeasesFuture rental income due on
non-cancellable operating leases

Up to one year	8,803	8,452
Two to three years	<u>15,209</u>	<u>13,690</u>
	<u>24,012</u>	<u>22,142</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

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30. Assets Pledged – Statutory Deposit, Statutory Fund and Catastrophe Reserve Fund

The fair value of assets deposited with and/or pledged to the order of the Inspector of Financial Institutions under the provisions of the Insurance Act, 1980 as at December 31, 2020 amounted to \$2,029,133 million.

Effective January 1, 2021 pursuant to the proclamation of the Insurance Act, 2018, local insurance companies, are no longer required to pledge assets to the order of the Central Bank of Trinidad and Tobago for the purposes of the statutory fund, the statutory deposit and the catastrophe reserve fund as previously required under the Insurance Act, 1980.

Section 83 of the Insurance Act 2018 require insurance companies to maintain adequate capital and to maintain and hold adequate assets to support its liabilities to its Trinidad and Tobago policyholders.

31. Related Party Transactions

Related party transactions are transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

Related parties include: persons, or a close member of that person's family, who has control, joint control, or significant influence over the Group, including members of the key management personnel; all subsidiaries (Note 38); all associates (Note 6) and joint venture partners; and the Group's post employment benefit plans for the employees of the Group.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

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

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

31. Related Party Transactions (Continued)

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

	2021 \$'000	2020 \$'000
(a) Associates		
Investments in stated capital	-	-
Impairment loss	-	-
Share of loss for the year	-	-
Share of other comprehensive income	-	-
Gain on disposal	<u>-</u>	<u>-</u>
(b) Post employment benefit plans		
i) Defined contribution plan		
Deposit administration contract	97,486	93,733
Pension fund contributions	2,428	2,275
Purchase of annuities	<u>4,837</u>	<u>1,801</u>
ii) Defined benefit plan		
Post-employment benefit asset	33,940	29,040
Actuarial gain/(loss)	4,122	(80)
Income	<u>778</u>	<u>720</u>
(c) Key management personnel		
Loans - secured	10,074	8,882
Customer deposits	3,504	2,532
Interest income	576	412
Interest expense	<u>90</u>	<u>64</u>
(d) Key management compensation		
Short term benefits	13,991	11,226
Post employment benefits	233	220
Other long term benefits	-	-
Termination benefits	<u>-</u>	<u>-</u>
	<u>14,224</u>	<u>11,446</u>

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Notes to The Consolidated Financial Statements

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32. Insurance Contracts – Assumptions, Changes in Assumptions and Sensitivity

(a) Long term insurance contracts

- i) The actuarial liabilities for long term insurance contracts are determined in accordance with the provisions of the Insurance Act, 2018 and following generally accepted actuarial practice in the Republic of Trinidad and Tobago. These liabilities are determined using the PPM (Note 2 (p) (iii)) which incorporates best-estimate assumptions for mortality, morbidity, policy lapses, surrenders, future investment yields, policy dividends, expenses and margins for adverse deviation. These assumptions are reviewed annually and when necessary are updated to reflect actual experience and market conditions.

The most significant impact on the valuation of this liability results from a change in the assumption for future investment yields. Future investment yields may be sensitive to variations in reinvestment interest rates, which may affect the valuation of policy benefit liabilities.

Total net policy liabilities increased from \$1,540 million to \$1,640 million as a result of the following:

- The normal increase for in-force and new business was an increase of \$69.274 million;
- The impact on liabilities from changes in methods and assumptions resulted in a net decrease in net actuarial liabilities of \$17.929 million as follows:
 - Changes to mortality and morbidity assumptions resulted in a net decrease of \$1.526 million
 - Adjustments to lapse assumptions resulted in a net increase of \$11.403 million
 - Year end 2021 interest rates were updated based on 2021 yields on underlying investments. Scenario testing was carried out using a base and four additional interest rate scenarios. The valuation interest rates were chosen based on the scenario producing the highest net actuarial liabilities. This resulted in a net decrease of \$34.664 million
 - Amounts are included in actuarial liabilities to provide for the costs of administering in-force policies, including the costs of premium collection, adjudication and processing of claims, periodic actuarial calculations, preparation and mailing of policy statements, and related indirect expenses and overhead. Policy maintenance expenses are derived from the Group's internal cost analyses, which are reviewed and updated annually and then projected into the future with an allowance for inflation. The impact on liabilities was a net decrease of \$6.487 million; and
 - Model refinements, data correction, methodology and management action, and adjustments for reinsurance, lapses and mortality resulted in a net increase of \$13.345 million.

(Maritime Life (Caribbean) Limited and its subsidiaries)

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32. Insurance Contracts – Assumptions, Changes in Assumptions and Sensitivity (Continued)

(a) Long term insurance contracts (continued)

ii) Sensitivity

The liability adequacy tests were performed using the PPM and current best estimate assumptions. The sensitivity of the liability adequacy test carried out was as follows:

Scenario	Change in Assumption	% Sensitivity of Liabilities to Changes in Assumptions
Increase in interest	+1%	-7.7%
Decrease in interest	-1%	+11.7%
Increase in mortality (life insurance) Decrease in mortality (annuities)	+10%	+1.5%
Decrease in mortality (life insurance) Increase in mortality (annuities)	-10%	-1.4%
Increase in lapses	+10%	0.0%
Decrease in lapses	-10%	+0.1%
Increase in expenses	+20%	+3.2%
Decrease in expenses	-20%	-3.1%
Increase in critical illness incidence	+10%	+1.4%
Decrease in critical illness incidence	-10%	-0.8%

(b) Short term insurance contracts

- i) The most significant liability arising from short term insurance contracts is the provisions for outstanding claims. These provisions are determined using input from loss adjustors and past experience. To this is added provisions made for claims and claims expenses incurred but not reported until after the year-end date. These provisions cannot be determined with certainty because of the substantial delay between the occurrences, reporting and final settlement of the claims. They are reviewed and amended on an ongoing basis as new information becomes available, claims are settled and new claims reported.

Experience and industry information is used to assess the impact of external factors such as legislative changes, judicial decisions and technological changes. The claims reserves are sensitive to these assumptions.

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32. Insurance Contracts – Assumptions, Changes in Assumptions and Sensitivity (Continued)

(b) Short term insurance contracts (continued)

ii) Claims development - short term insurance

Underwriting year	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	Total \$'000
Estimate of cumulative claims						
At end of year	54,429	77,329	50,210	77,545	39,241	298,754
One year later	55,996	69,374	49,198	53,709		
Two years later	53,486	54,678	51,538			
Three years later	51,953	56,837				
Four years later	50,975					
Estimate of cumulative claims	50,975	56,837	51,538	53,709	39,241	252,300
Cumulative payments	<u>(41,530)</u>	<u>(44,732)</u>	<u>(38,241)</u>	<u>(27,769)</u>	<u>(17,666)</u>	<u>(169,938)</u>
Claims outstanding	<u>9,445</u>	<u>12,105</u>	<u>13,297</u>	<u>25,940</u>	<u>21,575</u>	82,362
Liability in respect of prior years						<u>37,230</u>
Total Liability						<u>119,592</u>

33. Insurance Risk

The Group is involved in underwriting, pricing, and accepting various kinds of risks in exchange for premiums. The insurance contract gives rise to the traditional insurance risk, which is the uncertainty that an insured event will occur resulting in financial consequences covered by the insurance contract, in addition to regulatory, legal, and pricing risk. Regulatory risk is associated with the potential of laws, directives and guidelines affecting the insurance industry to change and impact the insurance operations. Legal risk arises out of the costs associated with a possible dispute over policy terms and conditions, subrogation, and any other legal matter arising from the insurance contract. Pricing risk is the possibility that the premiums paid for the transfer of various risks are not sufficient.

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33. Insurance Risk (Continued)

The objective of risk management of insurance contracts is to properly identify, assess, control, evaluate and price all risks so as to increase stakeholder value.

As part of the Group's enterprise risk management strategy, risks are managed through the underwriting processes, claims management, reinsurance, diversification among various products, asset liability management, and actuarial consultation.

(a) **Underwriting**

The principal area of risk management begins in the underwriting process. Underwriting is the entire process that entails selecting policyholders by recognizing and evaluating hazards, establishing prices and determining policy terms and conditions. These processes are continually reviewed as it is at this stage that the Group determines if a risk will be accepted, rejected, or modified.

The Group has strict underwriting guidelines that have been developed with the assistance of actuarial support. These guidelines are reviewed and audited to ensure compliance.

(b) **Long term insurance contracts**

Policy benefits under long term insurance contracts become payable when an insurable event such as death or critical illness occurs, at a specified time such as at the retirement date specified by an annuity contract and on the exercise of policy options such as surrender or request for a policy loan by a policyowner.

i) **Underwriting**

Underwriting risk inherent in long term insurance contracts is the risk that the company's rates will prove inadequate because experience (mortality, morbidity, lapse, expense, average size cases etc,) worsens vis a vis pricing parameters.

ii) **Longevity risk on annuity business**

The Group is exposed to a risk exposure to improvement in mortality on its annuity business. This risk is managed by using a conservative mortality assumption in pricing including mortality improvement projections.

iii) **Mortality and morbidity risk**

Mortality and morbidity risks including critical illness incidence are managed through pricing and underwriting strategies and reinsurance arrangements. Mortality improvement continues to be experienced, however the Group is exposed to the risk of a sudden and severe spike in mortality rates due to either a global or region specific pandemic. These risks are mitigated through catastrophe reinsurance arrangements.

iv) **Lapse risk**

Lapse risk is managed through product design and conservation strategies.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

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33. Insurance Risk (Continued)

(b) Long term insurance contracts (continued)

v) Experience studies

Experience studies are carried out on a regular basis to monitor experience vis a vis pricing assumptions and to determine experience assumptions for cash flow and profitability projections.

vi) Reinsurance

Reinsurance is used to reduce any single exposure of an insured. Limits and retentions are set according to the risk tolerance of stakeholders. The Group in certain cases also relies on the reinsurers' expertise in analyzing risks, product development and training.

vii) Pricing risk

The Group's insurance contracts are subject to pricing risk, which includes risks associated with mortality, expenses, and investments. The Group manages its pricing risk through actuarial support in the review of existing products and new product development. The Appointed Actuary assists in managing the development and deployment of an appropriate and efficient product development process that is tailored to the organizational structure and available resources. The Appointed Actuary approves all product design and pricing and conducts experience studies on mortality and morbidity, lapses and expenses.

(c) Short term insurance contracts

Insurance risks are accepted from insureds in consideration for premiums calculated on the basis of the client, company and the industry experience with particular types of risks. The Group carries significant exposure on the various lines of business written, with the most significant being the motor and property lines. Material losses arise from low frequency, high severity events such as catastrophes, major fires and motor liability claims. The loss potential for these events is limited by ceding certain portions of these risks to reinsurers.

i) Underwriting

The Group has underwriting guidelines for various product lines that are followed by staff underwriters and agents that have been authorized to bind coverage. These guidelines are reviewed annually.

ii) Reinsurance

The Group relies on a significant amount of reinsurance. Reinsurance is used as a risk transfer mechanism, to smooth the Group's loss experience and to provide for large line capacity, catastrophe protection and underwriting guidance.

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33. Insurance Risk (Continued)

(c) Short term insurance contracts (continued)

ii) Reinsurance (continued)

Because some risk exposures can be very large in nature, the Group utilizes reinsurance to accept the liability for loss exposures that the Group is unwilling or unable to retain. Reinsurance allows the Group to increase its market share while limiting the financial consequences of potential losses. Further, the Group insures various property and major exposures that are subject to earthquakes and windstorms. The Group purchases excess of loss insurance to mitigate the losses of these catastrophic events. The Group also utilizes the reinsurers for underwriting assistance, claims management and overall guidance.

Reinsurers are selected based on their track record and capability to meet their contractual obligations. In addition, the ratings assigned to reinsurers by the international rating agencies such as A.M. Best and Standard and Poors are used in determining whether or not reinsurers are acceptable. These ratings are monitored on an ongoing basis.

(d) Concentration of insurance risk

- i) The Group is exposed to significant insurance risk on the various lines of business written.
- ii) The total sums assured/insured analysed by major classes of business is as follows:

	2021 \$'000	2020 \$'000
Gross		
Long term insurance	11,691,858	11,041,848
Short term insurance	<u>14,178,672</u>	<u>13,893,358</u>
	<u>25,870,530</u>	<u>24,935,206</u>
Net		
Long term insurance	5,433,751	5,131,591
Short term insurance	<u>4,246,104</u>	<u>4,801,266</u>
	<u>9,679,855</u>	<u>9,932,857</u>

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34. **Financial Risk**

(a) **Enterprise risk management**

The Group's overall strategy is to move away from traditional risk management to enterprise risk management (ERM), whereby each company within the Group assesses, controls, exploits, finances and monitors risks from all sources affecting it for the purpose of increasing stakeholder value, and also within the context of the Group as a whole. This holistic approach allows the Group to mitigate risk and create value. In essence, the Group can increase stakeholder value while maintaining an acceptable level of risk to stakeholders. As a part of the ERM strategy the Group identifies and evaluates all risks in the context of one another as opposed to distinct risks.

The Group is exposed to financial risk including credit risk, liquidity risk, currency risk, interest rate risk and price risk. In particular, the key financial risk is that proceeds from its financial and reinsurance assets are not sufficient to fund obligations arising from insurance contracts and financial liabilities.

(b) **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group is exposed to credit risk mainly on its short term investments, accounts receivable, reinsurance assets and investments in bonds, mortgages, loans to small and medium-sized enterprises and other loans.

i) **Short term investments**

The credit risk on short term investments is limited because the funds are invested in deposits with licensed banks and financial institutions, and in treasury bills.

ii) **Accounts receivable**

Accounts receivable are stated at amounts outstanding less impairment provision. Adequate provisions have been made for any uncollectible amounts.

iii) **Reinsurance assets**

The Group reduces its credit risk associated with reinsurance assets by entering into treaty agreements only with reinsurers who have acceptable credit ratings.

iv) **Bonds**

The Group invests in bonds issued only by governments, state enterprises, licensed financial institutions and corporations with acceptable credit ratings. The Group actively reviews all bond-issuing entities in which investments are being considered. The Group also limits the size of any given bond issue compared to size of its investment portfolio.

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34. **Financial Risk (Continued)**

(b) **Credit risk (continued)**

v) **Mortgage loans**

The value at risk associated with mortgage loans is not very significant as they are secured by property, which has experienced significant increases in value.

vi) **Loans to small and medium-sized enterprises (SME)**

The principal activity of the subsidiary, Development Finance Limited, is the granting of loans to SMEs in the Caribbean. These are vulnerable to interruptions in the supply chain due to transport facilities, weather, utilities, licensing regimes and natural disasters such as hurricanes and flooding as well as changes in customer preferences due to global influences and variable household incomes. Cash flow is often affected by the slow receipt of receivables from larger entities, including Governments.

This risk is highly correlated with “Country risk” in terms of governance, economic conditions and the operation of markets. The correlation between SME risk and Country risk arises from the inability of some Caribbean countries to increase competitiveness due to delays in improving infrastructure, in delivering appropriately trained entrants to the work force and in creating conditions that allow markets to function effectively. This reduces sustained access by SME to markets and operating finance.

The subsidiary manages “Country risk” using conventional country assessments to provide country ratings that are indexed to its assessment of its home country. This relative risk rating provides a loan pricing scale.

The Subsidiary’s Board is responsible for managing credit risk along with the Chief Executive Officer who is responsible for implementing the credit and risk management policy approved by the Board which relies on oversight by the Board’s Audit and Risk Committee. Specific management measures include:

- Ensuring that suitably qualified staff is adequately trained in various aspects of credit risk management and providing advice, guidance and specialist skills and training to business units to promote sound techniques and practices.
- Formulating credit policies covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- The authorisation structure for the approval of credit and related decisions.

(Maritime Life (Caribbean) Limited and its subsidiaries)

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34. **Financial Risk (Continued)**

(b) **Credit risk (continued)**

vi) **Loans to small and medium-sized enterprises (SME) (continued)**

- Limitation of credit concentrations, industry and country risk exposure and reviewing compliance of business units with agreed exposure limits and the credit quality of local portfolios and ensuring that appropriate corrective action is taken where required.
- Developing and maintaining the company's risk rating and pricing systems and its procedures for determining impairment loss.

Credit risk in the subsidiary refers mainly to "Business enterprise risk" which is the probability that an enterprise might fail and not be able to meet its obligations because of poor management or poor judgement or inadequate execution of plans. Management deals with that risk as follows:

- Management evaluates business proposals using a three-tiered approach that centres on the business enterprise, the environment in which it will operate and the likely effects of global factors related to the industry and to the enterprise as well as reassessment of Key Success Factors and credit criteria. The results of the evaluations and management's insights and judgements provide inputs for a risk rating model that takes Country Risk into account. The model centers on a normal risk threshold. There are two ratings above this level and two ratings below. The score explicitly takes into account likely loss given default based on exposure at default. Loan pricing is based on the risk level which is a composite rating of Enterprise, Industry and Country risk. Results based on scores that are higher than statistically derived normal ranges are subject to independent review.
- Management monitors "Business enterprise risk" by regularly reviewing the performance of companies in its portfolio.
- The subsidiary's credit risk is managed primarily at source by Management and reviewed by the Board and monitored through the Enterprise Risk Management framework managed by senior management.
- The subsidiary has its own internal self-assessment and risk management controls. Loan operations and loan management services are segregated from loan origination and enterprise appraisal responsibilities.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

34. **Financial Risk (Continued)**

(b) **Credit risk (continued)**

vii) **Other loans**

The Group relies heavily on a written Credit Advances Policy Manual, which sets out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the Group's lending philosophy, provide policy guidelines to team members involved in lending, establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration, as well as create the foundation for a sound credit portfolio.

All team members involved with the lending activity are required to be familiar with the contents of the Credit Advances Policy Manual and are required to adhere to the policies therein; serious breaches results in disciplinary measures being taken. It is the responsibility of the General Manager to ensure that policies are adhered to.

The Group's loan portfolio is adequately secured by collateral and where necessary, provisions are made for estimated losses when, in the opinion of the directors, the related loans are impaired.

viii) **Concentration**

The Group has set an upper limit of total assets that can be invested with any one company or group of related companies so as to avoid any significant concentration of credit risk.

ix) **Global economic developments and government policies**

The Group actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

34. Financial Risk (Continued)

(b) Credit risk (continued)

x) Credit Risk Ratings and Probability of Default (PD) estimations

The Group uses internal credit risk ratings, which reflect its assessment of the individual counterparties risk profile. The Group has two internal rating models one tailored to companies and the other to individuals. Borrower and loan specific information collected at the time of the application (such as asset value, sales turnover, credit history, security structure, geographical location) is fed into the model. Each exposure is allocated a credit risk rating on initial recognition based on the information inputted into the model.

Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk-rating band. The monitoring typically involves use of the following data:

- Information obtained during periodic review of customer files – eg. audited financial statements, management accounts. Examples of areas of particular focus are; gross profit margin, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, key management changes, etc.;
- Actual and expected significant changes in the financial, economic, political, regulatory and technological environment of the borrower and/or in its business activities;
- Payment records inclusive of overdue status (where applicable); and
- Utilization of approved credit facilities.

The Group's credit risk ratings are the primary input into the determination of PDs for exposures. The Group looked at performance and number of defaults over a period of time analyzed by credit risk grading. Historical PDs were developed using statistical models, which analyzed the data collected, generating estimates of the Probability of Default of exposures.

For debt securities in our Investment portfolios, external credit rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realized default over the prior 12 months as published by the rating agency.

xi) Significant increase in credit risk

In order to determine whether a financial asset or portfolio of financial assets are subject to 12 month ECL or lifetime ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. Whether the risk of default on a financial instrument has increased significantly, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and credit assessment.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

34. Financial Risk (Continued)

(b) Credit risk (continued)

xii) Default and credit impaired assets

The Group considers a financial asset defaulted and therefore Stage 3 (credit-impaired) for ECL calculations when it meets one or more of the following criteria:

- The borrower is more than 180 days past due on its contractual obligations;
- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as collateral realization;
- It is probable that there would be a modification to the original agreement due to the borrower's inability to pay its credit obligations; and
- The exposure has been classified as Accounts in Liquidation as per the Group's classification process.

xiii) The Calculation of ECL

The group calculates ECLs as the discounted product of the Probability of Default (PD) and the Loss Given Default (LGD). These are defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months or the remaining lifetime of the obligation; and
- The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is the difference between the contractual cash flows that are due to the Group and the present value of any collateral held adjusted for realization expenses.

The discount rate used in the ECL calculation is the original effective interest rate.

For financial assets classified in Stage 1, the 12 month ECL allowance is calculated based on the expectation of default occurring in the 12 months following the reporting date. These expected 12-month PDs are multiplied by the expected LGDs as defined above to derive a 12-month allowance.

For financial assets in Stage 2, having shown a significant increase in credit risk, the Group records an allowance for the lifetime ECLs. The calculations are similar to those explained above.

For financial assets considered credit impaired, the Group recognizes the lifetime ECLs, similar to that for those in Stage 2, with the PD set at 100%.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

34. Financial Risk (Continued)**(b) Credit risk (continued)****xiii) The Calculation of ECL (continued)**

The following table sets out our ECL calculation of loans and advances at amortized cost, displayed by Stages.

December 31, 2021	Stage 1	Stage 2	Stage 3	Total \$'000
Mortgage and other loans				
Gross Loans	419,781	60,580	40,631	520,992
Expected credit loss allowance	<u>(2,267)</u>	<u>(345)</u>	<u>(2,210)</u>	<u>(4,822)</u>
Carrying amount	<u>417,514</u>	<u>60,235</u>	<u>38,421</u>	<u>516,170</u>

December 31, 2020**Mortgage and other loans**

Gross Loans	423,306	58,031	21,976	503,313
Expected credit loss allowance	<u>(2,105)</u>	<u>(393)</u>	<u>(3,886)</u>	<u>(6,384)</u>
Carrying amount	<u>421,201</u>	<u>57,638</u>	<u>18,090</u>	<u>496,929</u>

xiv) Maximum exposure to credit risk

The Group's maximum exposure to credit risk without taking account of any collateral held or other credit enhancements is as follows:

	2021 \$'000	2020 \$'000
Maximum exposure to credit risk	<u>3,330,823</u>	<u>2,953,642</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

34. **Financial Risk (Continued)**

(c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group is exposed to daily calls on its available cash resources to settle trade, financial and insurance liabilities.

i) **Risk environment**

The Group operates in an environment in which most investments are subject to liquidity risk. There is no active bond market and the Trinidad and Tobago Stock Exchange lists less than forty public companies. There are also only a few local licensed banking and financial institutions to deposit funds. Liquidity risk is also increased because of restrictions imposed by the provisions of the Insurance Act, 1980 that govern the investments of statutory deposits and statutory funds.

ii) **Risk management**

The Group operates a central treasury function. To manage and reduce liquidity risk the Group's Asset Liability Committee actively meets to match cash inflows with liability requirements. The Group maintains a minimum percentage of its assets in short term investments and has un-drawn credit lines available to meet its short term obligations as they fall due. In addition, the Group's investments in marketable bonds and equities can be used for liquidity support if the need arises.

iii) **Liquidity gap**

The Group's exposure to liquidity risk is summarised in the table below which analyses assets and liabilities by relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date, except for insurance contracts liabilities which are analysed by estimated timings:

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

34. Financial Risk (Continued)

(c) Liquidity risk (continued)

iii) Liquidity gap (continued)

	2021				
	Up to one year \$'000	Two to five years \$'000	Over five years \$'000	Undated \$'000	Total \$'000
Assets					
Liquid assets	196,095	-	-	-	196,095
Financial assets	314,536	955,504	1,606,096	332,039	3,208,175
Other assets	<u>270,896</u>	<u>-</u>	<u>-</u>	<u>628,304</u>	<u>899,200</u>
	<u>781,527</u>	<u>955,504</u>	<u>1,606,096</u>	<u>960,343</u>	<u>4,303,470</u>
Liabilities					
Borrowings	491,388	322,333	112,524	-	926,245
Insurance contracts	260,226	89,348	1,712,930	46,247	2,108,751
Other liabilities	<u>129,505</u>	<u>1,095</u>	<u>-</u>	<u>12,078</u>	<u>142,678</u>
	<u>881,119</u>	<u>412,776</u>	<u>1,825,454</u>	<u>58,325</u>	<u>3,177,674</u>
Liquidity gap	<u>(99,592)</u>	<u>542,728</u>	<u>(219,358)</u>	<u>902,018</u>	<u>1,125,796</u>
Cumulative gap	<u>(99,592)</u>	<u>443,136</u>	<u>223,778</u>	<u>1,125,796</u>	<u>-</u>
	2020				
	Up to one year \$'000	Two to five years \$'000	Over five years \$'000	Undated \$'000	Total \$'000
Assets					
Liquid assets	256,559	-	-	-	256,559
Financial assets	236,652	891,542	1,318,951	232,315	2,679,460
Other assets	<u>269,533</u>	<u>-</u>	<u>-</u>	<u>539,065</u>	<u>808,598</u>
	<u>762,744</u>	<u>891,542</u>	<u>1,318,951</u>	<u>771,380</u>	<u>3,744,617</u>
Liabilities					
Borrowings	290,400	272,264	-	-	562,664
Insurance contracts	300,317	81,775	1,635,794	43,874	2,061,760
Other liabilities	<u>123,697</u>	<u>834</u>	<u>-</u>	<u>11,933</u>	<u>136,464</u>
	<u>714,414</u>	<u>354,873</u>	<u>1,635,794</u>	<u>55,807</u>	<u>2,760,888</u>
Liquidity gap	<u>48,330</u>	<u>536,669</u>	<u>(316,843)</u>	<u>715,573</u>	<u>983,729</u>
Cumulative gap	<u>48,330</u>	<u>584,999</u>	<u>268,156</u>	<u>983,729</u>	<u>-</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

34. Financial Risk (Continued)

(d) **Market risk**

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

(e) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates primarily in the Republic of Trinidad and Tobago. Most of the Group's liabilities are denominated in local currency and are matched with local assets. The strategy for dealing with foreign exchange risk is to, as far as possible, offset foreign currency liabilities with assets denominated in the same currency.

Due to the unavailability of foreign exchange from the local banking system, the Group holds foreign currency assets for investment purposes and to settle obligations in foreign currencies.

The Group's net exposure to currency risk is as follows:

	2021	2020
Net Foreign Currency Assets	\$'000	\$'000
United States Dollars	764,916	680,922
Other Currencies	<u>37,330</u>	<u>17,433</u>
	<u>802,246</u>	<u>698,355</u>

(f) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including short term investments, investments in bonds, mortgage loans, other loans, bank overdraft, customer deposits and other funding instruments.

i) **Risk management**

Exposure is managed using interest rate sensitivity management.

In the Republic of Trinidad and Tobago, the availability of creative hedging strategies is very limited. Therefore, the Group attempts to maintain a well-balanced portfolio by matching interest sensitive assets with interest sensitive liabilities.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

34. Financial Risk (Continued)

(f) Interest rate risk (continued)

ii) Short term investments

The short maturities of these investments allow the Group to take advantage of rising interest rates. However, the Group is exposed to falling interest rates. As part of a well-balanced portfolio, if interest rates decrease, the increase in value of the bond portfolio will reduce the negative effect of the reduction in interest rate.

iii) Bonds

The Group invests mainly in medium to long term bonds consisting of both floating rate and fixed rate instruments.

Financial assets classified as at fair value through profit or loss comprise mainly floating rate securities. The market values of these bonds are not very sensitive to changes in interest rates.

Financial assets classified as held to maturity comprise mainly fixed rate bonds. The market values of these bonds are sensitive to changes in interest rates. The longer the maturity of the bonds, the greater is the sensitivity to changes in interest rates. Because these assets are being held to maturity and are not traded, any changes in market value will not impact profit or loss.

The Group actively monitors bonds with maturities greater than ten years, as well as the interest rate policies of the Central Bank of Trinidad and Tobago.

iv) Mortgage loans

Mortgage loans are for terms of up to thirty years. The interest rates on mortgage loans are generally fixed for the first three years and adjustable thereafter.

v) SME loans

Most of the loans to small and medium-sized enterprises earn fixed interest rates. These loans are funded by long term borrowings in the form of bond issues on the capital market and finance contracts with international institutions.

vi) Other loans

The Group generally invests in fixed rate loans for terms not exceeding five years. These are funded mainly by borrowings in the form of customer deposits and other funding instruments.

vii) Interest rate sensitivity gap

The Group's exposure to interest rate risk is summarised in the table below which analyses assets and liabilities at their carrying amounts categorised by the earlier of contractual re-pricing or maturity dates except for insurance contracts liabilities which are analysed by estimated timings.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

34. **Financial Risk (Continued)**(f) **Interest rate risk (continued)**vii) **Interest rate sensitivity gap (continued)**

	2021				
	Up to one year \$'000	Two to five years \$'000	Over five years \$'000	Non-Interest bearing \$'000	Total \$'000
Assets					
Liquid assets	196,095	-	-	-	196,095
Financial assets	536,443	870,815	1,541,070	259,847	3,208,175
Other assets	-	-	-	899,200	899,200
	<u>732,538</u>	<u>870,815</u>	<u>1,541,070</u>	<u>1,159,047</u>	<u>4,303,470</u>
Liabilities					
Borrowings	626,313	236,632	63,300	-	926,245
Insurance contracts	893,326	297,724	618,936	298,765	2,108,751
Other liabilities	-	-	-	142,678	142,678
	<u>1,519,639</u>	<u>534,356</u>	<u>682,236</u>	<u>441,443</u>	<u>3,177,674</u>
Interest rate gap	<u>(787,101)</u>	<u>336,459</u>	<u>858,834</u>	<u>717,604</u>	<u>1,125,796</u>
Cumulative gap	<u>(787,101)</u>	<u>(450,642)</u>	<u>408,192</u>	<u>1,125,796</u>	<u>-</u>
	2020				
	Up to one year \$'000	Two to five years \$'000	Over five years \$'000	Non-Interest bearing \$'000	Total \$'000
Assets					
Liquid assets	256,559	-	-	-	256,559
Financial assets	523,714	874,697	1,121,241	159,808	2,679,460
Other assets	-	-	-	808,598	808,598
	<u>780,273</u>	<u>874,697</u>	<u>1,121,241</u>	<u>968,406</u>	<u>3,744,617</u>
Liabilities					
Borrowings	386,180	176,484	-	-	562,664
Insurance contracts	843,370	286,007	617,574	314,809	2,061,760
Other liabilities	-	-	-	136,464	136,464
	<u>1,229,550</u>	<u>462,491</u>	<u>617,574</u>	<u>451,273</u>	<u>2,760,888</u>
Interest rate gap	<u>(449,277)</u>	<u>412,206</u>	<u>503,667</u>	<u>517,133</u>	<u>983,729</u>
Cumulative gap	<u>(449,277)</u>	<u>(37,071)</u>	<u>466,596</u>	<u>983,729</u>	<u>-</u>

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

34. Financial Risk (Continued)

(g) **Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (equity and commodity prices) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

i) **Equity price risk**

The Group is exposed to equity price risk on its investments in equity instruments classified as investments in associates, available for sale financial assets and financial assets at fair value through profit or loss.

Most of these investments are listed on the Trinidad and Tobago Stock Exchange. The Group actively reviews the financial performance, future growth potential and economic environment before investing in any equities.

The Group manages its exposure to price risk by trading these investments to reduce the impact of any adverse price movements.

The Group has very limited investments in unquoted equity instruments. These investments are stated at cost less provision for impairment losses.

The Group's total exposure to investments in equity instruments is as follows:

	2021	2020
Investments in Equity Instruments	\$'000	\$'000
Fair value through profit or loss	193,367	141,533
Fair value through other comprehensive income	<u>66,480</u>	<u>18,275</u>
	<u>259,847</u>	<u>159,808</u>

ii) **Commodity price risk**

The Group is not exposed to commodity price risk.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

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35. Fair Value Measurement

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 existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The Group measures fair values of financial instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs.

The following methods have been used to estimate the fair values of various classes of financial instruments:

i) **Current assets and current liabilities**

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

ii) **Quoted securities**

The fair values of quoted securities are determined on the basis of quoted market prices available at December 31, 2021.

iii) **Unquoted securities**

The fair values of unquoted securities are determined using various valuation techniques. Unquoted securities are stated at cost less accumulated impairment provisions.

iv) **Loans**

Loans are stated net of specific provisions for impairment losses. These assets result from transactions under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values, which are substantially in accordance with financial statement amounts.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

36. Capital Risk Management

The Group manages its capital to ensure that it:

- Complies with the regulatory capital requirements as required by the Insurance Act 2018, Capital Adequacy Regulations, and the Securities Industry Act 2012
- Continues as a going concern
- Maintains a strong capital base to support the development of its business
- Maximizes the return to shareholders relative to the considerations above.

The Group's overall strategy remains unchanged from 2020.

The capital structure of the Group consists of equity attributable to shareholders, comprising issued capital, reserves and retained earnings.

Capital adequacy is managed at the operating company level with regular reporting to the Regulators, Executive Management and the Board of Directors.

The minimum required regulatory capital adequacy ratio for insurance companies registered under the Insurance Act 2018 is 150% based on the Insurance Act 2018 and Capital Adequacy Regulations, and 15% for the non-bank financial institutions licensed under the Financial Institutions Act 2008, based on the Basel Committee on Banking Supervision Guidelines. In addition, the Group seeks to maintain capital adequacy at levels higher than the minimum regulatory requirements.

For the years ended December 31, 2021 and 2020, the Group has complied with all the regulatory requirements to which it is subject.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

37. Contingent Liabilities

- i) During the period March to June 2002 a number of charges were preferred against two of the Company's subsidiaries, Maritime General Insurance Company Limited ("Maritime General") and Fidelity Finance and Leasing Company Limited ("Fidelity"), and others. These charges refer to offences which are alleged to have taken place between 1st July 1996 and 21st December 2000. The defendants in this matter are presently appealing a decision of the presiding Magistrate to commit them for trial after discharging them. This appeal was heard by the Judicial Committee of the Privy Council on 16th March 2022. The attorneys acting on behalf of defendants remain positive for a successful outcome in this matter.
- ii) On 20th May 2004 the Company along with others, including its two subsidiaries Maritime General and Fidelity were charged with the offence of conspiring with other persons to obtain contracts and payments contrary to section 34 of the Larceny Act, Chapter 11:12. The Company's attorneys have always advised that this is not an offence known in law. On 23rd February 2005, four additional charges were preferred against the Company, its two subsidiaries and others. Those charges each alleged a conspiracy to defraud contrary to common law. In April 2011, approximately seven years after the initial charge was preferred against the Company, the Prosecution informed the Court that they would not be proceeding with this and other charges. On 14th July 2017, after hearing all of the Prosecution's evidence, the Magistrate discharged Maritime Life and Fidelity in respect of all the remaining charges on the basis that there was no evidence to disclose a prima facie case against them. It is important to emphasize that the Prosecution did not seek to challenge the Magistrate's decision to discharge them. On 29th January 2021, the Company initiated proceedings against the Attorney General on the basis that it had been maliciously prosecuted. These proceedings are at a preliminary stage. No directions have yet been given by the Court as to when the matter will be heard. In relation to Maritime General the preliminary inquiry is ongoing. It is the unanimous view of all the attorneys in the matter that the Prosecution have not made out, and cannot make the crucial elements of the offences charged, and further that the proceedings are baseless and should be dismissed.
- iii) Regardless of the outcome of all of these proceedings, the interests of policyholders are adequately protected under the Insurance Act, 2018. For the avoidance of doubt, there are no pending criminal charges or allegations against Maritime Life.
- iv) No provision has been made in these financial statements in respect to any of the alleged charges. Legal fees in connection with these matters are expensed as incurred.

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

38. Subsidiaries

	Place of Incorporation	2021 % Shareholding	2020 % Shareholding
Balandra By The Bay 1 Limited Land development	Republic of Trinidad and Tobago	100.00	100.00
Development Finance Limited Term lenders and equity investors in small and medium sized private industrial and commercial enterprises in the Caribbean	Republic of Trinidad and Tobago	49.75	49.75
Fidelity Finance and Leasing Company Limited Acceptance of deposits and carrying on the business of a finance house or finance company, trust company and leasing corporation	Republic of Trinidad and Tobago	100.00	100.00
Inter-Island Mortgage Finance Limited Granting of mortgage loans	Republic of Trinidad and Tobago	100.00	100.00
Keystone Property Developers Limited Building contractors and real estate developers	Republic of Trinidad and Tobago	100.00	100.00
Las Cuevas South West Limited Land development	Republic of Trinidad and Tobago	100.00	100.00
Maritime Capital Limited Registered under the provisions of the Securities Act, 2012 as a Broker-Dealer to conduct the activities of Broker-Dealer as agent and Broker- Dealer as Principal	Republic of Trinidad and Tobago	100.00	100.00
Maritime Capital Limited Income and Growth Fund	Republic of Trinidad and Tobago	91.70	92.74
Maritime Capital Limited Global Equity Fund	Republic of Trinidad and Tobago	90.00	89.84
Maritime General Insurance Company Limited Underwriting all classes of general insurance business in Trinidad and Tobago	Republic of Trinidad and Tobago	100.00	100.00
Maritime Leasing Company Limited Leasing of equipment and commercial properties	Republic of Trinidad and Tobago	100.00	100.00
Maritime Residences Limited Development, trade and rental of newly constructed dwelling houses	Republic of Trinidad and Tobago	100.00	100.00
Nettletons Limited Retail operations	Republic of Trinidad and Tobago	100.00	100.00
Comteq Technological Services Company Limited On-line sales	Republic of Trinidad and Tobago	100.00	100.00
Marnett Security Company Limited Provision of security services	Republic of Trinidad and Tobago	100.00	100.00

(Maritime Life (Caribbean) Limited and its subsidiaries)

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

38. Subsidiaries (Continued)

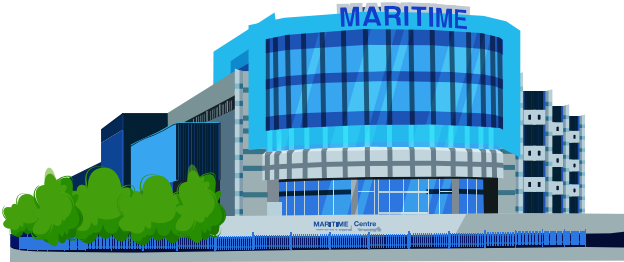
	Place of Incorporation	2021 % Shareholding	2020 % Shareholding
Caribbean Microfinance Trinidad and Tobago Ltd Microfinance/investment administration services	Republic of Trinidad and Tobago	100.00	100.00
South Coast One Limited Leasing of properties	Republic of Trinidad and Tobago	100.00	100.00
South Coast Two Limited Leasing of properties	Republic of Trinidad and Tobago	100.00	100.00
Belle Vue Bay Limited Property holdings	Republic of Trinidad and Tobago	100.00	100.00
Maritime Residences 167 Limited Property holdings	Republic of Trinidad and Tobago	100.00	100.00

39. Dividends

(a) Dividends Paid	2021 \$'000	2020 \$'000
Year ended December 31, 2019 (Final - 40¢)	-	4,348
Year ended December 31, 2020 (Final - 40¢)	<u>4,348</u>	<u>-</u>
	<u>4,348</u>	<u>4,348</u>

- (b) The Board of Directors proposed a final dividend of 40¢ per share for the year ended December 31, 2021 (2020: 40¢ per share). This dividend, amounting to \$4,348,555 (2020: \$4,348,555) is not recorded as a liability in the Statement of Financial Position in accordance with IAS 10.

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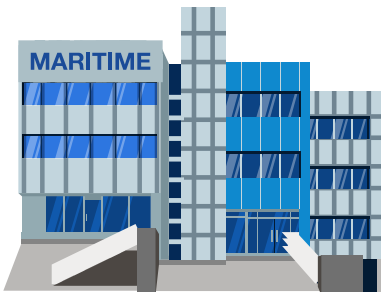
Chaguanas



25-27 Yard Street
Chaguanas
Trinidad, West Indies



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San Fernando



190 -192 Ciperio Street
San Fernando
Trinidad, West Indies



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Port of Spain

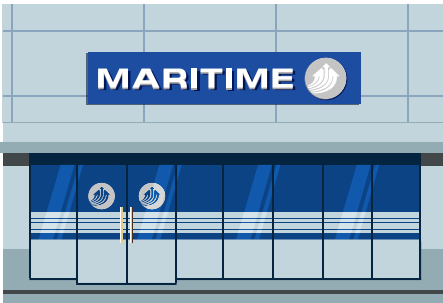


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Tobago



62 Breeze Hall, Milford Road
Scarborough
Tobago, West Indies



607-MARI (6274) / 674-0130



Contact us



maritimefinancial



maritimefinancial



The Maritime Financial Group



maritimefinancial.com



+1(868) 607 - MARI (6274)



+1(868) 727 - 3672

