

INDEPENDENT AUDITOR'S REPORT ON THE ABRIDGED FINANCIAL STATEMENTS



To the shareholder of Bancassurance Caribbean Limited

Our opinion

In our opinion, the accompanying abridged financial statements of Bancassurance Caribbean Limited (the Company) are consistent, in all material respects, with the audited financial statements, on the basis described in note 2.

The abridged financial statements

The Company's abridged financial statements derived from the audited financial statements for the year ended 31 December 2023 comprise:

- the abridged statement of financial position as at 31 December 2023;
- the abridged statement of income for the year then ended;
- the abridged statement of comprehensive income for the year then ended;
- the abridged statement of changes in equity for the year then ended;
- the abridged statement of cash flows for the year then ended; and
- the related notes to the abridged financial statements.

The abridged financial statements do not contain all the disclosures required by IFRS Accounting Standards. Reading the abridged financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The audited financial statements, and the abridged financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon


We expressed an unmodified audit opinion on the audited financial statements in our report dated 12 August 2024.

Management responsibility for the abridged financial statements

Management is responsible for the preparation of the abridged financial statements on the basis described in note 2.

Auditor's responsibility

Our responsibility is to express an opinion on whether the abridged financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.


Port of Spain
Trinidad, West Indies
12th August, 2024

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

	2023	Restated
	\$'000	2022
		\$'000
Loss for the year	<u>(3,084)</u>	<u>(3,778)</u>
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Finance income/(expenses) from insurance contracts issued	196	(4)
Net other comprehensive income/(loss) that may be reclassified subsequently to profit or loss	<u>196</u>	<u>(4)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>196</u>	<u>(4)</u>
Total comprehensive loss for the period, net of tax	<u>(2,888)</u>	<u>(3,782)</u>

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

ABRIDGED STATEMENT OF FINANCIAL POSITION

	31 December	Restated	Restated
	2023	31 December	1 January
	\$'000	2022	2022
		\$'000	\$'000
Assets			
Investment properties	25,102	27,796	27,705
Investment securities	230,931	237,085	236,426
Loans and receivables	521	347	273
Deferred tax assets	229	228	76
Insurance contract assets	120	127	127
Reinsurance contract assets	95	41	-
Taxation recoverable	5,846	5,846	5,837
Cash and cash equivalents	25,040	21,808	18,208
Cash and cash equivalents of mutual fund unit holders	<u>21,696</u>	<u>21,329</u>	<u>20,952</u>
Total assets	<u>309,580</u>	<u>314,607</u>	<u>309,604</u>
Equity and liabilities			
Share capital	15,013	9,163	9,163
Reserves	191	(5)	(1)
Retained earnings	<u>(12,434)</u>	<u>(3,500)</u>	<u>278</u>
Total equity	<u>2,770</u>	<u>5,658</u>	<u>9,440</u>
Liabilities			
Insurance contract liabilities	281,897	282,762	281,765
Reinsurance contract liabilities	58	55	144
Deferred tax liabilities	3,479	3,375	3,393
Provision for taxation	8,439	6,774	3,109
Due to related parties	11,637	15,157	11,161
Other liabilities	<u>1,300</u>	<u>826</u>	<u>592</u>
Total liabilities	<u>306,810</u>	<u>308,949</u>	<u>300,164</u>
Total equity and liabilities	<u>309,580</u>	<u>314,607</u>	<u>309,604</u>

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

On 9th August 2024, the Board of Directors of Bancassurance Caribbean Limited authorised these abridged financial statements for issue.

Director:



Director:



ABRIDGED STATEMENT OF INCOME

	2023	Restated
	\$'000	2022
		\$'000
Insurance revenue	2,985	3,152
Insurance service expenses	(7,302)	(12,065)
Net expenses from reinsurance contracts held	<u>(261)</u>	<u>(223)</u>
Insurance service result	<u>(4,578)</u>	<u>(9,136)</u>
Investing activities		
Investment income from financial assets measured at amortised cost	4,361	4,683
Investment income from financial assets measured at fair value through profit or loss	2,304	923
Net realised losses on financial assets	(34)	-
Net fair value (losses)/gains	(400)	5,121
Other income/(loss)	91	(603)
Net impairment (losses)/gains on financial assets	<u>(271)</u>	<u>120</u>
Net income from investing activities	<u>6,051</u>	<u>10,244</u>
Finance expenses from insurance contracts issued	(1,798)	(674)
Finance expenses from reinsurance contracts held	-	(1)
Net insurance finance expenses	<u>(1,798)</u>	<u>(675)</u>
Net insurance and investment result	<u>(325)</u>	<u>433</u>
Operating expenses	<u>(445)</u>	<u>(267)</u>
(Loss)/profit before taxation	<u>(770)</u>	<u>166</u>
Taxation	<u>(2,314)</u>	<u>(3,944)</u>
Loss for the year	<u>(3,084)</u>	<u>(3,778)</u>

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

ABRIDGED STATEMENT OF CHANGES IN EQUITY

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2023 - as restated	9,163	(5)	(3,500)	5,658
Total comprehensive income/(loss)	-	196	(3,084)	(2,888)
Dividends capitalised	5,850	-	(5,850)	-
Balance at 31 December 2023	15,013	191	(12,434)	2,770
Balance at 1 January 2022	9,163	-	29,934	39,097
- as previously stated	-	(1)	(29,656)	(29,657)
Restatement under IFRS 17	-	(1)	(29,656)	(29,657)
Balance at 1 January 2022 - as restated	9,163	(1)	278	9,440
Total comprehensive loss	-	(4)	(3,778)	(3,782)
Balance at 31 December 2022 - as restated	9,163	(5)	(3,500)	5,658

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

ABRIDGED STATEMENT OF CASH FLOWS

	2023 \$'000	Restated 2022 \$'000
Cash flows from operating activities		
(Loss)/profit before taxation	(770)	166
Adjustment for specific items included on the accruals basis:		
- Investment income	(6,665)	(5,612)
Adjustment for non-cash items	780	(5,160)
Interest received	4,470	4,700
Dividends received	2,304	929
Operating profit/(loss) before changes in operating assets/liabilities	119	(4,977)
Change in insurance contract assets/liabilities	(662)	993
Change in reinsurance contract assets/liabilities	(51)	(130)
Purchase of investment securities	(358)	(232)
Proceeds from sale of investment securities	8,346	4,617
Purchase of/additions to investment properties	(2)	(34)
Net decrease in loans and receivables	(173)	(77)
Net (increase)/decrease in other operating assets/liabilities	(3,046)	4,230
Cash provided by operating activities	4,173	4,390
Net taxation paid	(546)	(458)
Net cash provided by operating activities	3,627	3,932
Cash flows from financing activities		
Proceeds from issue of shares	5,850	-
Dividends paid to equity holders of the company	(5,850)	-
Net cash provided by/(used in) financing activities	-	-
Net increase in cash and cash equivalents	3,627	3,932

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

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

1. Incorporation and principal activities of the Company

Bancassurance Caribbean Limited ("the Company") was incorporated in the Republic of Trinidad and Tobago on 18 January 1999 and operates under the provisions of the Insurance Act of 2018 which came into effect on January 1st 2021. Prior to the commencement of the new legislation, the company operated under the provisions of the Insurance Act 1980. The Company is engaged in the underwriting of all classes of long-term insurance business as defined in the Insurance Act 1980 of Trinidad and Tobago and associated investment activities. The Company is wholly owned by Guardian Insurance Limited, a company also incorporated in the Republic of Trinidad and Tobago.

The address of the registered office is 1 Guardian Drive, Westmoorings S.E., Trinidad and Tobago.

Guardian Holdings Limited is 61.77% (2022 61.77%) owned by NCB Global Holdings Limited (NCBGH and the 'Parent'), a limited liability holding company, which was incorporated in Trinidad and Tobago in December 2017. NCBGH is 100% owned by NCB Financial Group Limited ('NCBFG'). NCBFG was incorporated in Jamaica in April 2016 and is the financial holding company for the NCB Group. NCBFG is 49.58% (2022: 52.72%) owned by AIC (Barbados) Limited and the ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, O.J., a director of the Company.

The NCB Financial Group provides a diversified range of financial services through its subsidiaries and associates.

2. Basis of preparation

The abridged financial statements are prepared in accordance with the Guideline on the Publication of Abridged Financial Statements issued by the Central Bank of Trinidad and Tobago.

The abridged financial statements are derived from the Company's audited financial statements which are prepared in accordance with IFRS Accounting Standards (previously referred to as International Financial Reporting Standards).

The abridged statement of financial position as at 31 December 2023 and abridged statements of income, comprehensive income, changes in equity and cash flows for the year then ended were exactly re-produced from the Company's audited financial statements. However, the disclosures within the abridged financial statements were limited to disclosures that were deemed material and necessary to present a true and fair view of the Company's performance through a succinct lens.

The abridged financial statements have been prepared in accordance with the accounting policies set out in the respective notes of the audited financial statements consistently applied from period to period. All new and amended accounting standards and interpretations that are mandatory for the periods disclosed and which are relevant to the Company have been adopted.

Effective 1 January 2023, the Company retrospectively adopted IFRS 17 'Insurance Contracts', in accordance with the transition provisions laid out by the standard. As stated in the IASB's Project Summary, IFRS 17 is the first comprehensive IFRS to establish the accounting for insurance contracts. IFRS 4 was always meant to be an interim standard, as it did not require insurers to account for insurance contracts in any one specific way and its disclosure requirements were relatively limited. The introduction of IFRS 17 was therefore meant to significantly increase the transparency and consistency of the measurement and reporting of insurance balances and transactions across the industry and reporting territories. In achieving this, the standard's impact was not limited to changes in financial reporting, but also triggered the reconfiguration of other business areas such as product design, budgeting and forecasting, and the collection and storage of data. The fundamental shift in how the finance, actuarial, and information technology teams collaborate cannot be overstated.

IFRS 17 has introduced many new concepts, the three most significant of which are arguably level of aggregation, measurement models, and the contractual service margin ("CSM"). The level of aggregation requirements define how entities can aggregate insurance contracts for measurement and disclosure purposes. This has significant implications for revealing the profitability or onerosity of groups of contracts, with consequential impact to the income statement. The 3 main measurement models allowed by IFRS 17 are the general measurement model ("GMM"), the variable fee approach ("VFA"), and the premium allocation approach ("PAA"). Each model has different implications for the level of data granularity required, data tracking, and degree of financial disclosure. Finally, the CSM may have the most significant and widespread impact of all, targeting insurers' pattern of profitability recognition. While a substantial degree of judgement is still involved, the clear impact of this concept is that the profitability of certain insurance contracts that may have been front-loaded under IFRS 4 is now far more evenly distributed over the lives of those contracts. This has resulted in profits previously recognised under IFRS 4 being clawed back into the insurance liability via the CSM. While any reduced profitability for new insurance contracts may be offset by the re-recognition of profitability for old contracts previously clawed back, the impact on net equity is significant.

Beyond the introduction of new concepts and their impacts, there is the dramatic increase in disclosure requirements under IFRS 17. There is now a high degree of transparency in how the insurance contract liability changes from year to year, visible by line of business. These disclosures are expected to provide new insights into the health and structure of insurers' business.

The 2022 financial statements were therefore the last to be reported under the existing IFRS 4 regime. The new standard materially changes the recognition and measurement of insurance contracts and the corresponding presentation and disclosure in the financial statements.

Full Retrospective Approach

The Company has determined that reasonable and supportable information was available for all contracts in force from 1 January 2022. In addition, for insurance contracts originated by the Company that are eligible for the PAA, the Company has concluded that only current and prospective information was required to reflect circumstances at the transition date, which made the full retrospective application practicable and, hence, the only available option for short-term contracts issued by the Company.

Accordingly, the Company has: identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied (except that a retrospective impairment test has not been performed); derecognised any existing balances that would not exist if IFRS 17 had always applied; and recognised any resulting net difference in equity.

Fair Value Approach

After making reasonable efforts to gather necessary historical information, the Company has determined that, for certain groups of contracts, such information was not available or was not available in a form that would enable it to be used without undue cost and effort. It was therefore impracticable to apply the full retrospective approach, and the fair value approach was used for these groups. The Company applied significant judgement in determining the transition amounts under this approach.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (continued)

2. Basis of preparation (continued)

Judgements in applying the fair value approach

The Company applied the fair value approach to insurance contracts that were originated on 31 December 2021 and prior. Applying the fair value approach, the Company determined the CSM to be the difference between the fair value of a group of insurance contracts, measured in accordance with IFRS 13, 'Fair Value Measurement' (IFRS 13), and its FCF at the transition date. The Company did not apply the deposit floor when measuring insurance contracts when using the fair value approach on transition.

The fair value of an insurance liability is the price that a market participant would be willing to pay to assume the obligation and the remaining risks of the in-force contracts as at the transition date. Where available, recent market transactions were used to estimate the fair value of groups of contracts. In the absence of recent market transactions for similar contracts, a present value technique was used to value groups of contracts.

Restatement under IFRS 17

The initial application of IFRS 17 resulted in a reduction of total equity of \$29.7 million as at 1 January 2022. The opening IFRS 17 statement of financial position and related adjustments are presented below.

	As previously reported 31-Dec-21 \$'000	IFRS 17 Initial application adjustments 1-Jan-22 \$'000	Restated 1-Jan-22 \$'000
Assets			
Loans and receivables	12,015	(11,742)	273
Deferred tax assets	76	-	76
Insurance contract assets	-	127	127
Other assets	309,159	(31)	309,128
Total assets	<u>321,250</u>	<u>(11,646)</u>	<u>309,604</u>
Equity and liabilities			
Share capital	9,163	-	9,163
Reserves	-	(1)	(1)
Retained earnings	29,934	(29,656)	278
Total equity	<u>39,097</u>	<u>(29,657)</u>	<u>9,440</u>
Insurance contract liabilities	263,354	18,411	281,765
Reinsurance contract liabilities	-	144	144
Other liabilities	18,799	(544)	18,255
Total liabilities	<u>282,153</u>	<u>18,011</u>	<u>300,164</u>
Total equity and liabilities	<u>321,250</u>	<u>(11,646)</u>	<u>309,604</u>

The initial application adjustments arise principally from:

- The introduction of the CSM.
- The measurement of the risk adjustment, which is similar to the margins for adverse deviation previously estimated under IFRS 4, but with some differences in measurement under IFRS 17.
- Changes in the determination of discount rates under IFRS 17.
- Other measurement changes, such as the manner in which contracts are aggregated for measurement purposes and how contract boundaries are defined.
- Presentation changes, resulting in several assets and liabilities being reclassified from other areas of the financial statements, and now included within insurance contract liabilities or reinsurance contract assets.

These abridged financial statements are prepared solely for statutory purposes and do not reflect the consolidation of the accounts of subsidiary companies.

The abridged financial statements have been prepared on a going concern basis.

The Company's audited financial statements are available for any user on the Company's website or can be accessed at the Company's office during normal business hours.

3. Functional and Presentation Currency

Items included in the Company's abridged financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional' currency). The abridged financial statements are presented in Trinidad and Tobago dollars, rounded to the nearest thousand, which is the Company's functional and presentation currency.

4. Contingent liabilities

Legal proceedings

The Company is a defendant in various legal actions. In the opinion of the Directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss.

Taxation

There is a possible obligation that may arise for the interest and penalties relating to the tax on future distributions. The existence of this obligation will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Property Taxes

Legislation for Trinidad and Tobago is enacted however not yet enforced. Rates for the calculation of the tax are available, however, the information on values ascribed or the approach to such is still unknown. As a result of these factors, the Company is unable to reliably estimate the liability.

5. Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The ultimate parent of the Company is Portland Holdings Inc.

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

The following transactions were carried out with related parties:

	2023 \$'000	2022 \$'000
(a) Dividend income from: -Key associates	1,528	-
(b) Financial assets of: -Key associates	114,906	116,956
(c) Due to related parties: Fatum Holding N.V. Affiliated companies	901 <u>10,736</u>	904 <u>14,253</u>
	<u>11,637</u>	<u>15,157</u>

6. Subsequent events

There were no events or transactions that have occurred that would require adjustments to the disclosures in the abridged financial statements.