APPENDIX I

The National Insurance Board
of Trinidad and Tobago

Corporate Headquarters: 14-19 Queen's Park East, Port of Spain, Trinidad, W.I.
Post Office Box 1195 PBX (868) 625-2171-8

September 30, 2022

The Honourable Colm Imbert
Minister of Finance
Ministry of Finance
Eric Williams Finance Building
Independence Square
PORT OF SPAIN

Dear Honourable Minister

REPORT ON THE OPERATIONS OF THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO FOR THE YEAR ENDED JUNE 30, 2022

Reference is made to the captioned subject.

I am pleased to advise that the Board of Directors at a special meeting held on September 26, 2022, reviewed and approved the audited Financial Statements for the year ending June 30, 2022. As such, I now submit herewith, in accordance with Section 13(2) of the National Insurance Act (NI Act):

1. A report on the proceedings and of the operations of the National Insurance System (NIS) for the year ended June 30, 2022.

2. The audited Financial Statements for the year ended June 30, 2022.

The Minister is informed that Section 13 of the NI Act requires the report to be laid in Parliament within two (2) months of the receipt of such report.

Yours sincerely
For and on behalf of the
National Insurance Board
of Trinidad and Tobago

Niala Persad-Poliah
EXECUTIVE DIRECTOR
:ss

The National Insurance Board
of Trinidad and Tobago

REPORT ON OPERATIONS

Financial Year
Ended June 30, 2022

ANNUAL REPORT 2021/2022

NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO CORPORATE ANNUAL REPORT 2022

Reporting requirements to the Minister of Finance under the National Insurance Act of Trinidad and Tobago

The National Insurance Board of Trinidad and Tobago (NIBTT) was established by an Act of Parliament No 32:01 of 1971. The NIBTT is a Body Corporate led by a tripartite Board of Directors comprising representatives of Government, Business and Labour and an independent Chairman. The Board is charged with the statutory duty to operate and manage the National Insurance System (NIS).

In keeping with the National Insurance Act, the NIBTT produces an Annual Report on its operations every financial year and this Report allows the organization to account to the Parliament and the public on the operations and financial performance of the body corporate and the NIS. At the NIBTT we consider our annual report to serve a much wider purpose, and as such, opportunity is taken to highlight what we do, how we deliver our services and the value the NIS provides to the people of Trinidad and Tobago.

The contents of this report comply with Section 13(2A) of the National Insurance Act Chap. 32:01 which stipulates:

The report referred to in subsection (2) shall include the –

a) number of contributors and beneficiaries in the National Insurance Scheme;

b) contribution income collected;

c) fixed expenditure incurred in respect of the administration of the National Insurance System;

d) composition of the investment portfolio;

e) yield on investments; and

f) statement of any financial or commercial arrangement with subsidiaries or associated companies.

EXECUTIVE DIRECTOR'S REPORT

The financial year July 1, 2021, through June 30, 2022, marked the 50th anniversary of the operation of the NIBTT in Trinidad and Tobago. Over these years, the NIBTT has continued to serve many and has become an important organization in the national landscape. In the year of our golden anniversary, it seems fitting that this year also marked the commencement of significant transitioning for the NIBTT.

During the financial year, the organization successfully navigated the tail-end of the pandemic whilst adjusting and implementing new measures to adapt to the new normal moving forward. Fortunately, some of the more technology-focused measures were already underway, however an apparent resurgence in economic activity meant we had to carefully and continuously amend our approach to serving our customers—balancing immediate needs with our medium-term projects that focussed on the achievement of our strategic objectives, as outlined in our current strategic plan.

The re-opening of economies followed by higher international energy prices occasioned by the unexpected military intervention in Ukraine resulted in increased economic activity which had a positive knock-on effect in the local economy. With the removal of almost all major COVID-19 restrictions between March and April of 2022, we witnessed a boosted demand for labour in the latter part of the year as more employees returned to work full-time. Those employers who were able to weather the economic stresses brought about by the pandemic lockdowns were able to provide increased employment especially between January and June 2022. This is evidenced by the CSO data which illustrated growth in the non-energy sector of 2.2% between January and March 2022 and a decline in unemployment from 6.5% to 5.1% (year-on-year).[1]

At the NIBTT we were able to respond effectively to the changes taking place as the economy gradually re-opened over the period July 2021 through March 2022. Following a period of reduced operating hours due to the high number of COVID-19 infections and deaths, the organization returned to normal operations around September 2021.

We recognize that part of our response to the new normal was leveraging the benefit associated with employing technological solutions to facilitate our customers' access to our services. During the year, we implemented a new Web Appointment Portal in an effort to better manage the scheduling of appointments for claim submissions. Additionally, within the year, we moved closer to our intended goal of implementing the EMPOWER ICT solution by advancing works on the digitization of National Insurance forms and other records (including contribution records). It is expected that when completed, this will allow for quicker turnaround times in the processing of benefit claims, especially long-term benefits such as the retirement pension.

During the financial year, the NIBTT engaged the International Labour Organisation (ILO) for the conduct of the 11th Actuarial Review. While the conduct of the review has been completed, the final report will be submitted by the ILO early in the new financial

[1] Central Bank of Trinidad & Tobago, Economic Bulletin, July 2022, pg. 5

year. Additionally, we partnered with the Ministry of Finance and other key stakeholders in sessions to discuss the recommendations included in the 10th Actuarial Review, particularly the proposal to introduce early retirement reduction factors for persons retiring before age 65. These stakeholder engagements are in line with one of our strategic objectives and are increasingly pertinent as Trinidad and Tobago continues to experience the effect of an ageing population, which is challenging the sustainability of the NIS.

Our key financial and performance highlights are now presented:

Table 1. Financial and Performance Highlights

	FY2020	FY2021	FY2022	% Increase/ Decrease 2021-2022
Benefit Recipients	204,613	206,569	214,490	3.83%
Long – Term Beneficiaries	177,410	181,147	186,332	2.86%
New Claims Paid	35,800	34,607	37,440	8.19%
Customer Base	588,401	633,782	648,366	2.30%
Insured Contributors	404,197	446,116	455,448	2.09%
Employers	20,274	19,281	18,635	-3.35%
Employers Surveyed	2,792	3,371	4,107	21.83%
Contribution Income ($Mn)	4,685.85	4,510.37	4,530.15	0.44%
Net Investment Income Realised ($Mn)	830.50	1,087.57	1,259.00	15.73%
Miscellaneous Income ($Mn)	4.14	3.24	3.38	4.32%
Benefit Expenditure ($Mn)	5,350.81	5,534.51	5,728.90	3.51%
Administrative Cost ($Mn)	251.17	231.15	225.86	-2.29%
Administrative Cost as a % of Contribution Income	5.36%	5.12%	4.99%	-0.13*
Administrative Cost as a % of Total Income	3.89%	2.95%	4.45%	-0.94*
Net Yield of Investment Portfolio (realised & unrealised) / Overall Investment Portfolio Return **	4.38%	14.18%	4.57%	-9.61*
Total Funds ($Bn)	28.65	30.78	29.94	-2.73%
Total Assets ($Bn)	28.93	31.05	30.24	-2.61%

**Percentage Points*
*** Return based on Investment Portfolio-Excludes Cash Balances from NIBTT's Pension Plan a/c, MAT securities (Mortgages) Funeral Grant Cash Account and other cash accounts related to Insurance Operations*

Key operational statistics include:

1. Contribution Income in FY2022 was $4,530.15 Mn, an increase of 0.44% when compared to the figure recorded in FY2021.

2. The number of Benefit Recipients increased by 7,921 or 3.83%, to 214,490 in FY2022 compared with 206,569 in the previous year.

3. Benefit Expenditure amounted to $5,728.90 Mn and represented an increase of 3.51% over the previous year.

4. Total Funds decreased by 2.73% from $30.78 Bn as at June 30, 2021 to $29.94 Bn as at June 30, 2022.

5. Total Assets decreased by 2.61% from $31.05 Bn as at June 30, 2021 to $30.24 Bn as at June 30, 2022.

6. Administrative Expenses decreased from $231.15 Mn to $225.86 Mn, a fall of 2.29%. As a percentage of Contribution Income, Administrative Expenditure decreased from 5.12% in FY2021 to 4.99% in FY2022. It should be noted that Actuarial Reviews have consistently examined the level of our administrative expenditure and advised that it is among the lowest in the region and compares favourably with other social security systems in the world[2].

Employer and Employee Registration

During the financial year, the number of employers registering with the NIBTT was 1,598. This represented a decrease of 128 or 7.42% in comparison with the employers registered in the previous Financial Year 2021. The Active Employer population decreased by 3.35% compared to the previous year, falling from 19,281 in FY2021 to 18,635 at the end of FY2022. With respect to employee registrations, of the 18,171 applications, 14,347 or 79% were new insured persons, an increase of 3,150 or 28% when compared with 11,197 new registrants in FY2021.

Benefit Administration

There were 214,490 beneficiaries who received a total of $5,728.90 Mn in benefit payments. This represented an increase in expenditure of 3.51% over the previous reporting period.

Long-Term Benefits

The suite of Long-Term benefits includes Retirement Pension, Retirement Grant, Invalidity and Survivors' Benefit recipients. There were 186,332 recipients of Long-Term Benefits which account for 86.87% of total beneficiaries for FY2022, an increase of 5.03%

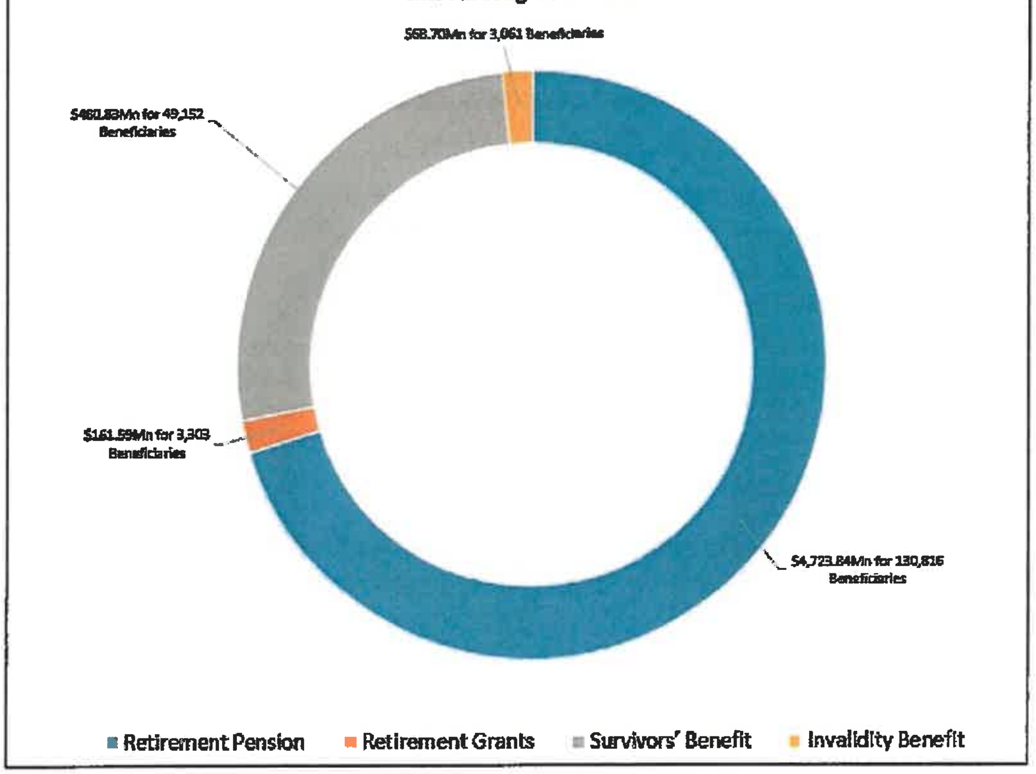
[2] Level of administrative expenditures, 9th Actuarial Review page 78 and 10th Actuarial Review page 29

from the 177,410 recorded in FY2021. This group of beneficiaries collected 94.87% of the total benefit expenditure or $5,434.97 Mn for FY2022, a marginal increase from the 94.7% or $5,257.44 Mn in FY2021. The Retirement Pension accounted for the largest component of Long-term Benefits, totalling $4,723.84 Mn or 86.92% of the total Long-Term Benefit Expenditure.

Table 2. Long-Term Benefits

Benefit Type	Number of Beneficiaries	Benefit Expenditure	% of Total Long-Term Beneficiaries	% of Total Long-Term Expenditure
Retirement Pension	130,816	$4,723,837,628.39	70.21%	86.92%
Retirement Grants	3,303	$161,594,106.93	1.77%	2.97%
Survivors' Benefit	49,152	$480,830,041.79	26.38%	8.85%
Invalidity Benefit	3,061	$68,703,749.14	1.64%	1.26%
Total	186,332	$5,434,965,526.25		
% of Total Beneficiaries	86.87%			
% of Total Benefit Expenditure		94.87%		

Chart 1. Long-Term Benefits



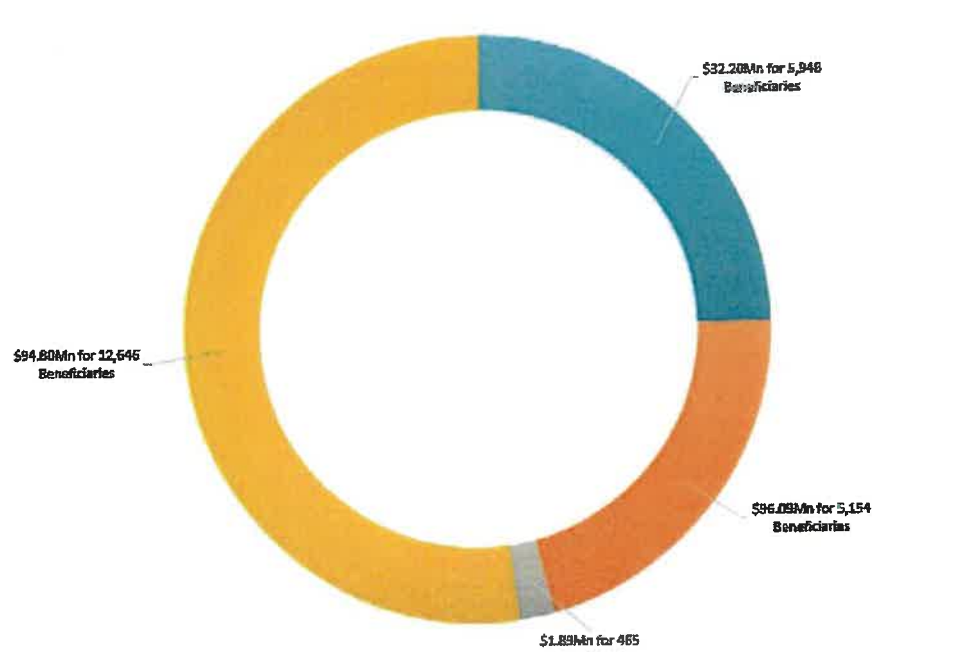
Short-Term Benefits

Short-Term benefits include Sickness Benefit, Maternity Benefit, Special Maternity Benefit and Funeral Grant. Payment to this group totalled $224.99 Mn or 3.93% of Total Benefit Expenditure. This represents an increase from $200.82 Mn in FY2021. The payment of Funeral Grants significantly increased as it accounted for 53.23% of Short-Term beneficiaries compared to 37% in FY2021. Benefit Expenditure for Funeral Grants also increased to $94.81 Mn in FY2022 up from $66.86 Mn in FY2021, a 41.80% increase.

Table 3. Short-Term Benefits

Benefit Type	Number of Beneficiaries	Benefit Expenditure	% of Total Short-Term Beneficiaries	% of Total Short-Term Expenditure
Sickness Benefit	5,948	$32,200,068.29	24.57%	14.31%
Maternity Benefit	5,154	$96,094,477.23	21.29%	42.71%
Special Maternity Grant	465	$1,890,000.00	1.92%	0.84%
Funeral Grant	12,646	$94,807,500.00	52.23%	42.14%
Total	24,213	$224,992,045.52		
% of Total Beneficiaries	11.29%			
% of Total Benefit Expenditure		3.93%		

Chart 2. Short-Term Benefits



Employment Injury Benefits

Disablement Pension, Disablement Grant, Death Benefit, Medical Expenses, and Injury Allowance make up the benefits under the Employment Injury branch of benefits. Payment of employment injury benefits across types totalled $68.95 Mn or 1.2% of total Benefit Expenditure. This represents a decrease of about 9.57% over total Employment Injury Benefit (EIB) expenditure for FY2021 of $76.25 Mn. There was a decrease from 4,461 beneficiaries in FY2021 to 3,945 in FY2022, an 11.57% reduction. EIB beneficiaries accounted for 1.41% of the total number of Beneficiaries in FY2022.

Table 4. Employment Injury Benefits

Benefit Type	Number of Beneficiaries	Benefit Expenditure	% of Total EIB Beneficiaries	% of Total EIB Expenditure
Disablement Pension	3,025	$51,041,924.86	76.68%	74.03%
Disablement Grant	23	$931,840.37	0.58%	1.35%
Death Benefit	412	$9,492,452.63	10.44%	13.77%
Medical Expenses	16	$37,464.79	0.41%	0.05%
Injury allowance	469	$7,447,430.14	11.89%	10.80%
Total	3,945	$68,951,112.79		
% of Total Beneficiaries	1.41%			
% of Total Benefit Expenditure		1.20%		

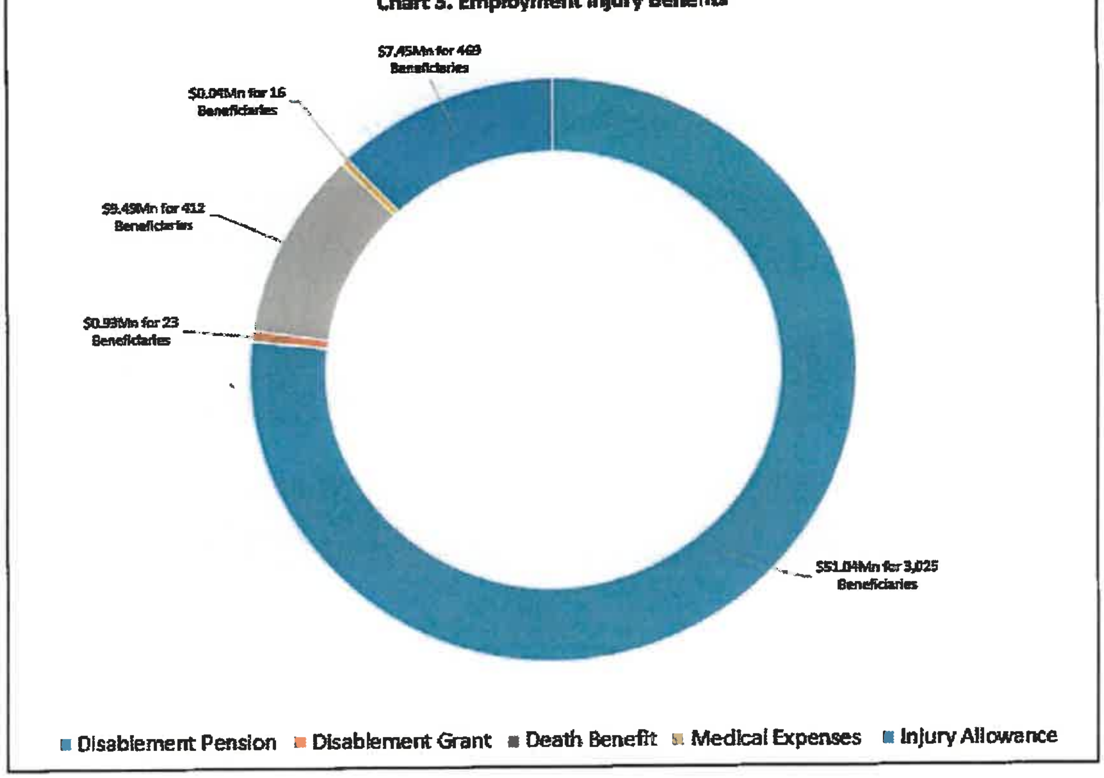


Chart 3. Employment Injury Benefits

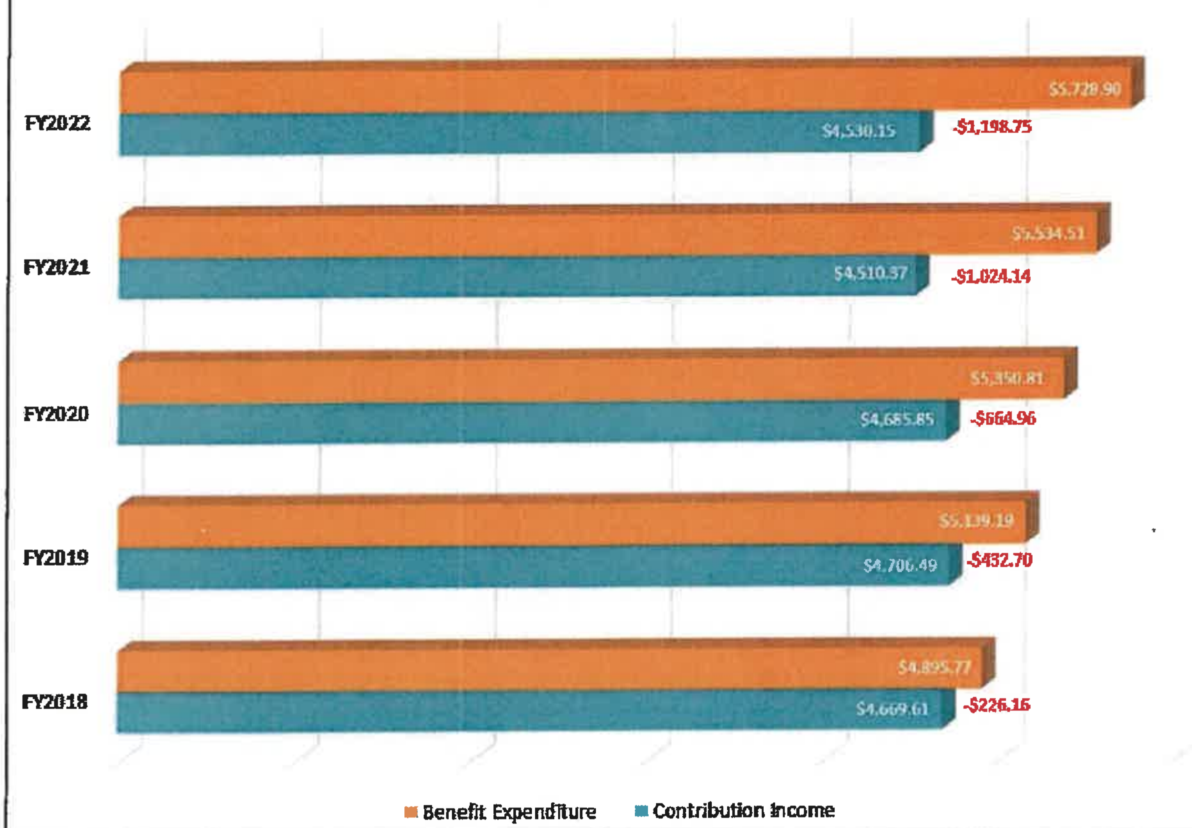
REVENUE

Contribution Income collected for the year ending June 30, 2022, was $4,530.15 Mn, $296.76 Mn above the budgeted estimate of $4,233.39 Mn for the financial year. Income from penalties and interest amounted to $33.55 Mn in FY2022, an increase of $2.94 Mn from the $30.6 Mn collected in the previous year. A comparison of Contribution Income for the years 2018 through 2022, giving a measure of annual fluctuations in Contribution Income, is provided below.

Table 5. Contribution Income for FY2016 to FY2020

	FY2018	FY2019	FY2020	FY2021	FY2022
Contribution Income ($Mn)	$4,669.61	$4,706.49	$4,685.85	$4,510.37	$4,530.15
% Increase/Decrease		0.79%	-0.44%	-3.74%	0.44%

Chart 4. Contribution Income and Benefit Expenditure (Difference)



Demographic factors continue to impact the NIBTT, highlighted by an increasing beneficiary base and shrinking contributory base. Consequently, Benefit Expenditure has surpassed Contribution Income since financial year 2013. The chart above shows the margin of Benefit Expenditure over Contribution Income from FY2018 to FY2022. In FY2022 the shortfall was **$1,198.75 Mn,** an increasing and concerning trend. Note that total realised Investment Income for the year of **$1,259 Mn** was utilized in financing this shortfall.

INVESTMENT

Table 6: NIBTT FY2022 Asset Class Allocation

Asset Class	Market Value as at June 30, 2022*	Current Asset Allocation
Fixed Income	$8,053,439,000	27.73%
Equity**	$17,067,475,000	58.77%
Real Estate	$310,008,000	1.07%
Mutual Fund	$326,298,000	1.12%
Cash and Cash Equivalents	$3,282,591,000	11.30%
Mortgages	$841,000	0.00%
Total	**$29,040,652,000**	**100.00%**

*Figures based on the draft financials (20/9/2022) for FY2022
**Includes Investment in subsidiary companies

The market value of the NIBTT's investment portfolio stood at $29.04 billion as at June 30, 2022, reflecting a 2.64% or $786.74 million decline over the fund size compared to a year earlier. The decrease in the portfolio's market value was attributable to approximately $598.67 million in unrealised losses as well as the withdrawal of TT$1.36 billion to finance the NI System deficit.

The global economy, including the US stock market struggled during the financial year ending June 30, 2022, which hampered the overall performance of the NIBTT portfolio. The Russia-Ukraine invasion and related events created significant upward pressure on inflation and weighed on world-wide geopolitical economic activities. As a result, the US market faced significant uncertainty with inflation reaching a multi-decade peak of 9.1% in June 2022, from 5.4% in June 2021, whilst the unemployment rate in the US edged downwards reaching a low of 3.6% from a high of 5.9% twelve months prior[3].

The US Federal Reserve, with a view of achieving maximum employment and an inflation rate of 2% over the longer-term period decided to raise the target range for the federal funds rate three times during the past twelve months ending June 2022. Specifically, at their Meeting in June 2022, the Federal Reserve raised its rate by 75 basis points to a range of 1.5% to 1.75%, representing at that time the largest rate change since 1994[4]. Simultaneously the US stock market represented by the S&P 500 Index

[3] Bloomberg, US Bureau of Labor Statistics
[4] US Federal Reserve – Minutes of the Federal Open Market Committee, June 14-15, 2022

benchmark contracted by 10.64% as of June 30, 2022, when compared to the previous year.[5]

The top two countries in which the NIBTT's portfolio invested in were Trinidad and Tobago (79%) and North America (21%) whilst the two primary sector exposures were Financial (38%) and Sovereign (19%) as at June 30, 2022.

NIBTT's overall equity portfolio stood at $17.07 billion or 59% of the total fund at the end of FY2022. This market value represented a marginal increase of 0.12% or $19.79 million when compared to the prior year.

The locally listed equity portfolio reported a total return of 11.22% which outperformed its benchmark the ALL T&T Index return of 8.86% by 236 basis points. The outperformance was mainly attributable to the Fund's significant overweight position in Massy Holdings Limited which outperformed the market index by 22.06%.

However, the international equity segment of the portfolio, declined by 10.28% in total return, which was primarily exposed to the US market. Markets remained volatile amid concerns about a looming recession in the US, market supply chain constraints as well as heighted inflationary pressure prompted the US Federal Reserve to raise interest rates more aggressively, inflicting more downside pressure on returns for US equities.

As at June 30, 2022, the Fixed Income portfolio decreased by 4.80% or $405.84 million to $8.05 billion with a weighted average purchased yield to maturity of 4.88%. This portfolio was mainly affected by the aggressive maturity profile of high yielding fixed income assets with limited viable reinvestment opportunities and negative unrealized market value movements due to rising interest rates. Notwithstanding the many challenges, the NIBTT managed to take advantage of increasing interest rates on both the local and international markets by investing $1.153 million in new securities despite roughly $1.148 billion fixed income securities having matured.

Of note, the NIBTT's fixed income portfolio typically invests in high credit quality debt instruments as the portfolio primarily consists of government and government guaranteed local debt instruments which accounted for approximately 57% of the fixed income portfolio.

On July 21, 2022, the rating agency S&P Global Ratings revised the outlook on the Republic of Trinidad and Tobago to "Stable" from "Negative". Additionally, S&P Global Ratings affirmed its 'BBB-/A-3' long- and short-term foreign and local currency sovereign credit ratings on the country. S&P Global Ratings also affirmed its 'BBB' transfer and convertibility assessment.

The rating agency further noted that the stable outlook indicates that Trinidad and Tobago is expected to benefit from significantly higher energy and petrochemical prices, which will more than offset lower-than-expected energy production. S&P believes that

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5 Bloomberg, S&P 500 Index

higher prices will spur improved incomes and stronger government revenue collection than previously anticipated, helping to stem the rise in government debt. Meanwhile, in November 2021, Moody's Investors Service downgraded the Government of Trinidad & Tobago's long-term issuer and senior unsecured ratings to "Ba2" from "Ba1". The credit outlook was changed to "Stable" from "Negative". The stable outlook incorporated Moody's view that government's efforts will prove to be effective in improving the fiscal position by increasing non-hydrocarbon revenue and curtailing spending. Additionally, it is anticipated that fiscal and external buffers will continue to support Trinidad & Tobago's rating by limiting the sovereign's exposure to government liquidity and balance of payments risks in the case of adverse shocks.

Prolonged sluggish economic conditions locally as well as non-implementation of recommended structural changes, continued to widen the NI system deficit for FY2022. As such, the overall performance of the NIBTT's investment portfolio was significantly restricted by withdrawals of $1.36 billion from the Investments Cash Account to finance the NI system shortfalls. Against this backdrop, the overarching objective of the NIBTT's investment portfolio for the financial year continued to be mitigating the fund's liquidity risk and providing the necessary liquidity support to the National Insurance operations.

As highlighted in the tables 7 & 8 below, the NIBTT's investment holdings recorded a net unrealised investment loss over the period of TT$598.67 million with the equity and fixed income investments contributing losses of $298.30 million and $292.61 million respectively.

The unrealised losses from these two asset classes totalled $590.90 million. On the other hand, total realised investment income amounted to $1.30 billion, with its key drivers being interest income from bonds of $392.54 million, realised gain on the sale of foreign equities totalling $385.74 million and equity holdings generating $362.79 million in dividend income.

Table 7: Net Unrealized Investment Income/loss

Year on Year Net Unrealised Investment Income/loss ($'000)		
Asset Class	**FY2021**	**FY2022**
Equity	1,958,719	-298,296
Bonds	133,192	-292,608
Other	9,578	-7,767
Total	**2,101,489**	**-598,671**

Table 8: Total Realised Investment Income

Year on Year Total Realised Investment Income ($'000)		
	FY2021	FY2022
Interest Income	$408,460	$392,537
Dividend Income	$339,959	$362,791
Gain on sale of foreign equities	$201,304	$385,739
Gain/(loss) from foreign exchange	$8,918	$5,330
Gain on sale of foreign bonds	$6,838	$4,015
Gain/ (loss) on sale of mutual funds	$33,896	$29,104
Other Income	$121,432	$122,677
Total realised Investment Income	**$1,120,807**	**$1,302,193**

OPERATIONAL HIGHLIGHTS

The content that follows serves to provide information on other aspects of the NIS or NIBTT's operations which are beyond the requirements of NIBTT's reporting obligation, but which may be of informational value to stakeholders.

NIBTT Strategic Plan Vision 2020-2024

The organization's current Strategic Plan was approved by the Board of Directors (BoD) in FY2019 and spans the period FY2020-2024. However, as a result of the disruptions brought about by the COVID-19 pandemic, there was the recognition that business could not continue as normal, and the Strategic Plan was 'refreshed' with the output document being approved by the BoD early in August 2021. Implementation, monitoring and evaluation of the relevant initiatives and goals continued throughout FY2022.

Digital Transformation

On May 27, 2022, the NIBTT executed an agreement with Fujitsu Caribbean (Trinidad) Limited for the implementation of our new end-to-end ICT solution. This EMPOWER project is the NIBTT's digital solution which is designed to address strategic organisational needs and the business requirements of several key areas of the NIBTT. Leveraging technology is a fundamental deliverable of the NIBTT's Vision 2024 Strategic Plan, and the EMPOWER project is critical to advancing this technological thrust as we seek to improve our operational efficiencies.

In support of EMPOWER, digitization projects continued in the form of digitization of NI forms and the digitization of all records in retention. These project seeks to improve the quality of data being received by the NIBTT through the implementation of fillable forms with built-in data validation. This digitization project also aims to deliver a

Document Management System that allows digital access to NI Claim Forms and supporting documents.

Health, Safety and Customer Service Delivery

The NIBTT developed and implemented a COVID-19 Health and Safety program which provided guidance on the treatment, management and reporting of all COVID-19 related incidents. With the declaration of nationwide measures to restrict the spread of COVID-19, the NIBTT sought to proactively implement and recommend measures in the best interest of all staff and customers.

Since the onset of the pandemic, customer service has been the most heavily impacted area of the NIBTT's operations, largely because of the public health regulations and restrictions. An Appointment and Queue Management System was successfully delivered, with a Web Appointment Portal being launched on March 31, 2022. This is expected to aide in the delivery of more efficent customer service as we continue to operate in the "new normal".

Education and Outreach

The NIBTT, disseminates information to the public via seminars, workshops, outreach programs and symposia. For FY2022, 147 seminars with a total of 4,639 participants were conducted. The number of participants increased by 33% when compared to the 3,075 participants in the previous financial year. These were knowledge-building sessions aimed at enhancing general knowledge about National Insurance among key stakeholders within both the private and public sectors, with special emphasis on the NIBTT's Online Contribution Payments facility.

In June 2022, as part of the NIBTT's Corporate Social Responsibility and in recognition of World Environment Day, the NIBTT engaged in a Beach Clean-up and Seedling Distribution Drive, in collaboration with the SURE Foundation. Both initiatives successfully achieved their objectives with the removal of 200 bags of garbage from Quinam Beach and the distribution of 35,000 seedlings to customers, employees and members of the public.

50th Anniversary Celebrations

The NIBTT celebrated the milestone of its 50th anniversary by hosting a signature cocktail reception event, which was attended by Ministers of Government, the Chairman and Members of the Board of Directors at the NIBTT, executive management as well as several industry partners and subsidiaries of the NIBTT. A 12-page supplement was also published in the print media, where we highlighted two of our oldest pensioners who were each receiving NIS pensions for well over 40 years. The supplement also featured an address from the Minister of Finance. Several past chairpersons and industry stakeholders paid homage to the NIBTT on its 50th year within the publication.

CONCLUSION AND ACKNOWLEDGEMENTS

In closing, I must acknowledge the tenacity and dedication demonstrated by staff as the organization transitioned from pandemic to post-pandemic operations. Their commitment to serve the most vulnerable in society, at a time when they most needed it, is admirable and must not go without commendation. I must also acknowledge the unrelenting support of the Board of Directors, my management team, and all stakeholders. Your support and guidance in these challenging times have positively impacted our efforts to clear the path to organizational transformation and the long-term success of the National Insurance System. To our customers, I thank you for your continued support and the confidence you have placed in us.

Our golden anniversary served as a time to reflect on all that we have accomplished, as we strategically chart our vision and plans for the future. The NIBTT is a beacon of hope to many who rely on us for their financial support. Fifty years reinforces the knowledge that we have served a noble purpose in the lives of many, and this anniversary is an encouragement for us to press on to sustainability and enhanced service.

Niala Persad-Poliah
EXECUTIVE DIRECTOR

THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2022
(Expressed in Trinidad and Tobago Dollars)

Ernst & Young Services Limited

Building a better working world

THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying special purpose financial statements of The National Insurance Board of Trinidad and Tobago ('the Board' or 'NIBTT') which comprise the statement of financial position as at 30 June 2022 and the statements of comprehensive income, cash flows and changes in funds for the year then ended, and a summary of significant accounting policies and other explanatory information;

- Ensuring that the Board keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Board's assets, detection/prevention of fraud, and the achievement of entity'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 National Insurance Act 35 of 1971; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited special purpose financial statements, management utilised the financial reporting provisions of the National Insurance Act. Where the financial reporting provisions of the National Insurance Act is not clear reference is made to International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago to determine the Board's alternative accounting treatments. 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 Board will not remain a going concern up to the date the accompanying special purpose financial statements have been authorised for issue.

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

Executive Director

Chief Operating Officer – Corporate Services

29 September 2022

Building a better
working world

Ernst & Young Services Limited
P.O. Box 158
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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

Report on the Audit of the Special Purpose Financial Statements

Our Opinion

We have audited the special purpose financial statements of The National Insurance Board of Trinidad and Tobago ("the Board"), which comprise the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of cash flows and the statement of changes in funds for the year then ended, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose financial statements present fairly, in all material respects, the financial position of the Board as at 30 June 2022 and its financial performance and its cash flows for the year then ended in accordance with the financial reporting provisions of The National Insurance Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements* section of our report. We are independent of the Board in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 4 of the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to assist the Finance Minister of the Government of Trinidad and Tobago in meeting their reporting requirements under the National Insurance Act. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the Government of Trinidad and Tobago, and may be made available to the Inspector of Financial Institutions of the Central Bank of Trinidad and Tobago and should not be distributed to or used by parties other than those stipulated. Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

Report on the Audit of the Special Purpose Financial Statements
(Continued)

Other information included in the Board's 2022 Annual Report

Other information consists of the information included in the Board's 2022 Annual Report, other than the special purpose financial statements and our auditor's report thereon. Management is responsible for the other information. The Board's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of Management and the Audit, Risk and Compliance Committee for the Special Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with the financial reporting provisions of The National Insurance Act, and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, management is responsible for assessing the Board'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 Board or to cease operations, or has no realistic alternative but to do so.

The Audit, Risk and Compliance Committee is responsible for overseeing the Board's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

Report on the Audit of the Special Purpose Financial Statements
(Continued)

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose 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 Board'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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

Report on the Audit of the Special Purpose Financial Statements
(Continued)

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements
(Continued)

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

EY

Port of Spain
TRINIDAD
29 September 2022

THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022
(Expressed in Trinidad and Tobago Dollars)

	Notes	2022 $'000	2021 $'000
Assets			
Property, plant and equipment	5	215,988	225,810
Investment properties	6	310,008	305,363
Investment in subsidiary companies	7	1,720,317	1,875,333
Investment securities	8	23,726,895	24,054,024
Mortgage advances	9	841	2,118
Property being developed for sale	10	613	613
Right-of-use assets	11	683	7,599
Other assets	12	972,468	972,790
Post-employment benefit asset	13	21,343	–
Cash and cash equivalents	14	3,282,591	3,590,553
Total assets		30,251,747	31,034,203
Funds, reserves and liabilities			
Long-term benefits fund	15	28,815,950	29,605,665
Short-term benefits fund	15	449,984	401,644
Employment injury benefits fund	15	689,510	762,531
Total funds		29,955,444	30,769,840
Revaluation reserve	16	73,280	72,624
Total funds and reserves		30,028,724	30,842,464
Lease liabilities	11	815	7,779
Post-employee benefit liability	13	–	43,749
Other liabilities	17	222,208	140,211
Total liabilities		223,023	191,739
Total funds, reserves and liabilities		30,251,747	31,034,203

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

These special purpose financial statements have been authorised for issue on 29 September 2022.

Chairman

Executive Director

Chief Operating Officer - Corporate Services

THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022
(Expressed in Trinidad and Tobago Dollars)

	Notes	2022 $'000	2021 $'000
Income			
Contributions			
Employers in compliance		3,934,028	4,086,266
Employers in arrears		597,906	424,721
Voluntary		130	219
		4,532,064	4,511,206
Refunds		(1,911)	(832)
Total net contributions		4,530,153	4,510,374
Net realised investment income	18	1,258,603	1,087,569
Net unrealised investment (loss)/income	19	(598,671)	2,101,489
Revaluation of subsidiaries	7	(155,016)	109,443
Revaluation of property, plant and equipment	5	(443)	–
Revaluation of investment properties	6	3,450	(19,351)
Penalties and interest		34,100	30,604
Miscellaneous income		3,108	3,241
Total income		5,075,284	7,823,369
Expenditure			
Benefits expenditure			
Long-term		5,434,965	5,257,438
Short-term		224,992	200,822
Employment injury		68,951	76,252
Total benefits expenditure		5,728,908	5,534,512
Administrative expenditure			
Staff salaries, allowances and benefits	20	150,226	154,251
Board of Directors expenses		790	1,078
Depreciation	5	9,608	11,863
Depreciation – right-of-use assets	11	6,916	6,219
Expected credit loss	12	(3,562)	(6,505)
Other expenses	21	61,886	64,239
Total administrative expenditure		225,864	231,145
Other			
Pension expense		19,761	22,439
Total other		19,761	22,439
Total expenditure		5,974,533	5,788,096
(Deficit)/surplus of income over expenditure		(899,249)	2,035,273
Re-measurement of defined benefit asset/liability	13	84,853	77,921
Total comprehensive (loss)/income		(814,396)	2,113,194

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

THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022
(Expressed in Trinidad and Tobago Dollars)

	2022 $'000	2021 $'000
Cash flows from operating activities		
(Deficit)/surplus of income over expenditure	(899,249)	2,035,273
Adjustments:		
Unrealised investment loss/(income)	598,671	(2,101,489)
Net realised investment (gain)	(44,522)	(50,208)
Gain from foreign exchange	(5,330)	(8,918)
Depreciation	9,608	11,863
Depreciation – right-of-use assets	6,916	6,219
Pension expense	19,761	22,439
Revaluation of investment in subsidiary companies	155,016	(109,443)
Revaluation of investment properties	(3,450)	19,351
Revaluation of property, plant and equipment	443	–
Adjustments to property, plant and equipment	6,234	504
Deficit before working capital changes	(155,902)	(174,409)
Decrease in mortgage advances	1,277	289
Decrease/(increase) in other assets	322	(14,720)
Increase in other liabilities	81,997	46,785
Cash used in operations	(72,306)	(142,055)
Repayment of principal portion of lease liabilities	(6,658)	(6,210)
Net cash (used in) operating activities	(78,964)	(148,265)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,256)	(3,739)
Purchase of investment properties	(1,195)	(112)
Purchase of investments	(3,340,244)	(2,436,644)
Sale/maturity of investments	3,116,697	3,322,194
Net cash (used in)/generated by investing activities	(228,998)	881,699
Net (decrease)/increase in cash and cash equivalents	(307,962)	733,434
Cash and cash equivalents at beginning of the year	3,590,553	2,857,119
Cash and cash equivalents at the end of the year	3,282,591	3,590,553

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

THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2022
(Expressed in Trinidad and Tobago Dollars)

	Long-term benefits		Short-term benefits		Employment injury benefits		Total funds	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Fund balance as at 1 July	29,605,665	27,451,842	401,644	407,974	762,531	796,830	30,769,840	28,656,646
Income								
Contribution	4,031,836	4,014,233	271,809	270,622	226,508	225,519	4,530,153	4,510,374
Penalties and interest	33,551	30,075	160	151	389	378	34,100	30,604
Revaluation of subsidiaries	(155,016)	109,443	–	–	–	–	(155,016)	109,443
Revaluation of property, plant and equipment	(443)	–	–	–	–	–	(443)	–
Revaluation of investment properties	3,450	(19,351)	–	–	–	–	3,450	(19,351)
Net realised investment income	1,238,322	1,068,645	5,913	5,438	14,368	13,486	1,258,603	1,087,569
Net unrealised investment (loss)/income	(589,025)	2,064,923	(2,812)	10,507	(6,834)	26,059	(598,671)	2,101,489
Miscellaneous income	3,108	3,241	–	–	–	–	3,108	3,241
Total income	4,565,783	7,271,209	275,070	286,718	234,431	265,442	5,075,284	7,823,369
Expenditure								
Benefits								
Retirement benefit	4,723,837	4,548,580	–	–	–	–	4,723,837	4,548,580
Survivors benefit	480,830	456,022	–	–	–	–	480,830	456,022
Invalidity benefit	68,704	76,302	–	–	–	–	68,704	76,302
Retirement grant	161,594	176,534	–	–	–	–	161,594	176,534
Funeral grant	–	–	94,808	66,860	–	–	94,808	66,860
Sickness benefit	–	–	32,200	38,155	–	–	32,200	38,155
Maternity benefit	–	–	96,094	93,167	–	–	96,094	93,167
Special maternity	–	–	1,890	2,640	–	–	1,890	2,640
Employment injury	–	–	–	–	68,951	76,252	68,951	76,252
	5,434,965	5,257,438	224,992	200,822	68,951	76,252	5,728,908	5,534,512
Administrative expenditure	201,019	205,719	13,552	13,869	11,293	11,557	225,864	231,145
Pension expense	19,443	22,017	93	135	225	287	19,761	22,439
Total expenditure	5,655,427	5,485,174	238,637	214,826	80,469	88,096	5,974,533	5,788,096
Surplus/(deficit)	(1,089,644)	1,786,035	36,433	71,892	153,962	177,346	(899,249)	2,035,273
Other comprehensive income	75,519	76,472	5,091	452	4,243	997	84,853	77,921
Transfers	224,410	291,316	6,816	(78,674)	(231,226)	(212,642)	–	–
Fund at end of year	28,815,950	29,605,665	449,984	401,644	689,510	762,531	29,955,444	30,769,840

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

1. Incorporation and principal activity

The National Insurance Board of Trinidad and Tobago (NIBTT or the Board) was incorporated under the National Insurance Act No. 35 of 1971 (The National Insurance Act), as subsequently amended, and commenced operations in 1972. The principal activity of NIBTT is to carry out the requirements of The National Insurance Act in providing social security benefits to the insurable population of Trinidad and Tobago. The registered office is located at 14-19 Queen's Park East, Port-of-Spain, Trinidad and Tobago.

2. Actuarial review

Section 70 (1) of The National Insurance Act requires an Actuarial Review of the National Insurance System (NIS) at intervals not exceeding five years. The 10th Actuarial Review was conducted as at 30 June 2016 and was completed by the International Labour Organization (ILO) on 30 June 2018. The 11th Actuarial Review has become due, for the period as at 30 June 2020 and is currently near completion, by the ILO. The main objectives of this review are to assess the long-term financial condition of the National Insurance Fund and to make recommendations for improving its sustainability.

In general, contribution receipts and benefit payments are based on a system of earnings classes. The contribution amount is paid by the employer and the employee in a proportion of two-thirds/one-third respectively. Benefits are grouped into three funds: long-term benefits, short-term benefits and employment injury benefits. The total benefit expenditures and administrative expenses are funded by both contribution income and investment income. At present the fund is meeting all its obligations.

3. Legislative amendments

The following legislative amendments were proposed in line with recommendations of the 10th Actuarial Report:

i. Increase the contribution rate to 16.2 percent;

ii. The minimum pension should be frozen until it is at most 80 per cent of the minimum wage;

iii. Gradually increase from 60 to 65 the age at which the full NIS pension may be received, by reducing pensions by 6 percent for each year of retirement before the stipulated retirement age.

These recommendations will be reassessed in the 11th Actuarial Review.

4. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the special purpose financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

a. Basis of preparation

These special purpose financial statements are prepared in accordance with the financial reporting provisions of The National Insurance Act. In cases where the financial reporting provision is not clear or does not address particular situations, reference is made to International Financial Reporting Standards (IFRS) for guidance in determining NIBTT's accounting policy. The Board and management of NIBTT are currently reviewing its financial reporting framework to determine whether it can in the future prepare its special purpose financial statements in accordance with IFRS.

These special purpose financial statements are the parent company unconsolidated financial statements of NIBTT. NIBTT does not prepare consolidated financial statements. Further, these special purpose financial statements are prepared on the historical cost basis, except for the following items in the statement of financial position:

- Investment securities are measured at fair value;
- Investment properties are measured at fair value;
- Investments in subsidiary companies are measured at fair value;
- Artwork and freehold properties classified as property, plant and equipment are measured at fair value;
- The defined benefit asset/liability is recognised as plan assets, plus unrecognised past service cost, less the present value of the defined benefit obligation and based on actuarial valuations.

The preparation of these special purpose financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Information about critical estimates in applying accounting policies that have the most significant effect on the amounts recognised in the special purpose financial statements is included in Note 4q.

b. Right-of-use assets and lease liabilities

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

4. Summary of significant accounting policies (continued)

b. Right-of-use assets and lease liabilities (continued)

The NIBTT as a lessee

The NIBTT applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The NIBTT recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets

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

- Land and building 3 – 10 years
- Office equipment 3 – 4 years

If ownership of the leased asset transfers to the NIBTT at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii. Lease liabilities

At the commencement date of the lease, the NIBTT recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

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

4. Summary of significant accounting policies (continued)

b. Right-of-use assets and lease liabilities (continued)

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

The NIBTT applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term. The NIBTT recognised rent expense from low-value leases of $1.1 million for the year ended 30 June 2022 (2021: $1.1 million).

c. Investment in subsidiary companies

Subsidiaries are all entities over which the NIBTT has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. These are as follows:

	Percentage ownership	
Companies	**2022**	**2021**
National Insurance Property Development Company Limited (NIPDEC)	100%	100%
Trinidad and Tobago Mortgage Finance Company Limited (TTMF)	51%	51%
Home Mortgage Bank (HMB)	100%	100%

Investment in subsidiary companies are initially recorded at cost and adjusted to fair market value based on valuations conducted by an independent professional valuator. Gains and/or losses arising from the change in fair value are included in the statement of comprehensive income.

Investment in subsidiary companies are valued by an independent valuator and are based on the assumption that they will continue to operate as going concerns and that the principal activities and legal structure of the companies will remain unchanged. NIPDEC and HMB was valued using the asset approach and TTMF was valued using the price to book approach. The Board deems these approaches to be most applicable to the individual entities.

4. Summary of significant accounting policies (continued)

d. Foreign currency

i. Functional and presentation currency

Items included in these special purpose financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). These special purpose financial statements are presented in Trinidad and Tobago dollars, which is NIBTT's functional and presentation currency, unless otherwise stated.

ii. Foreign currency

Transactions in foreign currencies are initially recorded at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at the rate of exchange ruling on the reporting date as obtained from the Central Bank of Trinidad & Tobago. All differences arising are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

e. Cash and cash equivalents

Cash and cash equivalents, for the purpose of the statement of cash flows, represent cash and bank balances and highly liquid investments with a maturity period of three months or less.

f. Financial assets

Classification and measurement

Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Purchase or sales of financial assets are recognized on the trade date, which is the date on which NIBTT commits to purchase or sell the asset.

NIBTT's financial assets include cash and cash equivalents, investment securities, mortgage advances and other assets.

4. Summary of significant accounting policies (continued)

f. Financial assets (continued)

Classification and measurement (continued)

NIBTT has applied IFRS 9 and classifies its financial assets in the following measurement categories:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost (AC). The carrying amount of these assets is adjusted by any ECL allowance recognised. NIBTT classified cash and cash equivalents, mortgage advances and other assets at AC.

(ii) Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in statement of comprehensive income. NIBTT did not classify any of its financial assets as FVOCI.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for AC or FVOCI are measured at fair value through profit or loss (FVPL). A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of comprehensive income in the year in which it arises. NIBTT on initial recognition, irrevocably designate a financial asset that otherwise meets the requirements to be measured at AC or FVOCI as FVPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets held for trading or are managed and whose performance is evaluated on a fair value basis, are measured at fair value through statement of comprehensive income. NIBTT classified investment securities at FVPL.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as mortgage advances, government and corporate bonds and floating NAV mutual funds.

4. **Summary of significant accounting policies** (continued)

f. **Financial assets** (continued)

Classification and measurement (continued)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares. Subsequent to initial recognition, NIBTT measures all equity investments at fair value, and changes in the fair value of equity instruments are recognised in the statement of comprehensive income.

Classification and subsequent measurement of debt and equity instruments depend on:

a. NIBTT's business model for managing the asset; and
b. the cash flow characteristics of the asset.

NIBTT performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics.

Business model assessment

The business model reflects how NIBTT manages the assets in order to generate cash flows. Factors considered by NIBTT in determining the business model include:

- past experience on how these cash flows were collected;
- the past and future objectives of the portfolio. Specifically whether NIBTT's objective is solely to collect contractual cash flows or to collect both contractual cash flows and cash flows from the sale of the assets;
- determination of assets performance and how this is evaluated and reported to key management personnel; and
- NIBTT's assessment of risk and how these are managed.

NIBTT's main objective for holding financial assets is to provide liquidity support to its Insurance Operations. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the business model and measured at FVPL. An assessment was performed by NIBTT which noted that there would be a liquidity gap in the near future resulting in NIBTT having to sell some of its financial assets. Therefore, the main factor affecting how NIBTT manages its investment portfolio is future liquidity requirements.

4. Summary of significant accounting policies (continued)

f. Financial assets (continued)

Classification and measurement (continued)

The solely payments of principal and interest (SPPI) test

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, NIBTT assesses whether the financial assets' cash flows represent solely payments of principal and interest. In making this assessment, NIBTT considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

NIBTT reclassifies debt instruments when and only when its business model for managing those assets changes. The re-classification takes place from the start of the first reporting year following the change. Such changes are expected to be very infrequent and none occurred during the current year.

Recognition and de-recognition

NIBTT's financial assets and financial liabilities are recognised in the statement of financial position when it becomes party to the contractual obligation of the instrument. A financial asset is derecognised when the right to receive the cash flows from the asset has expired or where NIBTT has transferred all the risks and rewards of ownership of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. All "regular way" purchases and sales are recognised at settlement date.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received is recognised in the statement of comprehensive income. In addition, on de-recognition of an investment in a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to the statement of comprehensive income.

4. Summary of significant accounting policies (continued)

f. Financial assets (continued)

Modification of financial assets

If the terms of financial assets have been modified, NIBTT assesses whether or not the new terms are substantially different to the original terms. If the terms are substantially different, NIBTT derecognises the original financial assets and recognises a new financial asset at fair value. The date of modification is consequently considered to be the date of initial recognition for impairment purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. NIBTT also assesses whether the new financial asset is deemed to be credit impaired at initial recognition. Differences in the carrying amount are also recognized in statement of comprehensive income as a gain or loss on derecognition.

If the terms are not substantially different, the modification of the terms do not result in derecognition and NIBTT recalculates the gross carrying amount based on the revised cash flows and recognises a modification gain or loss in the statement of comprehensive income. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit impaired financial assets).

Impairment of financial assets

With respect to impairment of financial assets, NIBTT applied a simplified approach of recognizing expected credit loss (ECL) for contributions receivable. Cash and cash equivalents are short term funds placed with reputable financial institutions and the risk of default is considered to be low, therefore ECL was determined to be nil.

The measurement of the ECL allowance for contributions receivable, measured at amortised cost, is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of employer's defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk;
- choosing appropriate models and assumptions for the measurement of ECL;
- establishing groups of similar employers for the purposes of measuring ECL;
- determination of default for contributions receivable;
- establishing the number and relative weightings of forward-looking scenarios for each type of employers and the associated ECL.

NIBTT reviewed and validates the models and inputs to the models to reduce any differences between ECL estimates and actual credit loss experience.

4. Summary of significant accounting policies (continued)

g. Mortgage advances

Mortgage advances are financial assets with fixed or determinable payments and are not quoted in an active market created by NIBTT providing money to a debtor other than those created with the intention of short-term profit sharing. Such assets are stated at amortised cost, net of any advances for credit losses using the effective interest method.

Mortgage advances are measured net of provisions for impairment. A mortgage advance is classified as impaired (non-performing) when there is objective evidence that NIBTT will not be able to collect all amounts due according to the original contractual terms of the loan. Objective evidence of impairment includes observable data that comes to the attention of NIBTT such as:

- Significant financial difficulties of the borrower
- Actual delinquencies
- Adverse change in the payment status of a borrower
- Bankruptcy or reorganisation by the borrower.

If there is objective evidence that an impairment loss on mortgage advance has been incurred, the amount of the allowance for impairment is measured as the difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

The allowance which is made during the year, less amounts released, and recoveries of bad debts previously written off, is charged against the revenue and expenditure accounts. When a loan is deemed uncollectible, it is written off against the related allowance for losses.

NIBTT reviews its problem mortgage advances at each reporting date to assess whether an allowance for impairment should be recorded in the statement of comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowances against individually significant mortgage advances, NIBTT also makes a collective impairment allowance where applicable, against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any deterioration in country risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

4. Summary of significant accounting policies (continued)

h. Investment properties

Investment properties are properties held by NIBTT to earn rental income or for capital appreciation or both. Property held for undetermined future use is regarded as investment properties, as such is held for capital appreciation.

Some properties comprise a portion that is held to earn rental income or for capital appreciation and another portion that is held for use in providing services or for administrative purposes. If these portions can be sold separately or leased out separately under a finance lease, NIBTT accounts for the portions separately as investment properties or property, plant and equipment (Note 4 i) respectively. If the portions cannot be sold separately, the property is classified as investment property, only if an insignificant portion is held for use in providing services or for administrative purposes. Otherwise it is considered property, plant and equipment (Note 4 i).

Investment properties are initially measured at cost. After initial recognition, investment properties are measured at fair value based on valuations conducted by an independent professional valuator. Gains and losses arising from the change in fair value are included in the statement of comprehensive income.

The valuators have adopted standard valuation methods and assumed good title, vacant possession and no unduly restrictive covenants or onerous or unusual outgoings running with the land.

4. **Summary of significant accounting policies** (continued)

i. Property, plant and equipment

Property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees and owner-occupied property awaiting disposal are deemed to be property, plant and equipment.

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses except for artwork and freehold properties which are stated at valuations conducted by independent professional valuators every 3 years. Freehold properties were professionally valued in June 2022 using the market approach (Note 5). Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to NIBTT and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

If an asset's carrying value is increased as a result of a revaluation, the increase is credited directly to reserves under the heading revaluation reserve. If an asset's carrying value is decreased as a result of a revaluation, the decrease is debited directly to equity to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Any decrease in excess of this amount is recognised in the statement of comprehensive income.

Additionally, for those assets that are revalued as at the statement of financial position date, the accumulated depreciation for the revalued assets are credited to the revaluation reserve. The accumulated depreciation for revaluated assets is therefore brought to zero.

Depreciation is provided on a straight-line basis at varying rates sufficient to write-off the cost/market value respectively of the assets over their estimated useful lives. The rates used are as follows:

Freehold and leasehold properties	- 2% on buildings
Improvements to premises:	
Owned	- Equal annual instalments over a period of ten years
Leased	- Equal annual instalments over the period of the lease
Machinery, equipment, furniture and fittings:	- 7.5% - 25%
Artwork and motor vehicles	- 25%

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with their carrying amount and are recognised in the statement of comprehensive income.

4. Summary of significant accounting policies (continued)

j. Property being developed for sale

Property available for sale is carried at cost less provisions for impairment. The provision is estimated as the difference between the cost and the selling price of the units available for sale less the estimated cost to complete the units.

k. Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the NIBTT has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

l. Basis of allocation

Contribution income and other income have been allocated to the various fund accounts on the basis set out in the Actuarial Review.

i. Contribution income

Contribution income is allocated as follows:	2022 %	2021 %
Long-term benefits fund	89	89
Short-term benefits fund	6	6
Employment injury benefit fund	5	5
	100	100

ii. Other income

Other income comprising investment income less expenses, penalty income and pension asset income is allocated to the benefit funds in the ratio of their opening fund balances. Investment expenses comprise direct staff costs and overhead expenses of the investments department and other direct expenses including mortgage management fees and provisions for diminution in value of investments.

4. Summary of significant accounting policies (continued)

l. Basis of allocation (continued)

iii. Fund ratios

Based on the recommendations of the eighth actuarial review and maintained in the ninth and tenth actuarial reviews, NIBTT implemented the following: short-term benefit fund and employment injury benefit fund balances will be maintained at 2.0 times and 10 times the respective benefits incurred during the current year, the remaining excess of income over expenditure is to be allocated to the long-term benefit fund.

These fund allocations are based solely on the ratios recommended by the independent actuary and do not represent NIBTT's liability to beneficiaries at 30 June 2022.

m. Employee benefits

i. Short-term

Employee benefits are all forms of consideration given by NIBTT in exchange for service rendered by its employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions and annual leave. It also includes non-monetary benefits such as, medical care and loans; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: short-term employee benefits are recognised as a liability, net of payments made and charged as expense. Post-employment benefits are accounted for as described below.

ii. Post-employment

NIBTT contributes to a defined benefit staff pension plan which covers all qualifying employees. Members contribute 5% (2021: 5%) of their pensionable salaries to the plan, whilst NIBTT currently contributes 14% (2021: 14%). All permanent employees are eligible for membership and temporary employees under certain conditions.

The liability recognised in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

4. Summary of significant accounting policies (continued)

m. Employee benefits (continued)

ii. Post-employment (continued)

In countries where there is no deep market in such bonds, the market rates on the government bonds are used. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of comprehensive income in the year in which it arise. Past-service costs are recognised immediately in income.

n. Determination of fair values

A number of NIBTT's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i. Investment securities

Investment securities are measured at their fair values based on quoted market prices. Where the instrument is not actively traded or quoted on recognised exchanges, fair value is determined using discounted cash flow analysis, recent arm's length transaction and other valuation techniques. Professional valuations are also used to value these securities. Where fair value cannot be reliably measured, it is determined by using internally developed models.

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

Level 1

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

4. **Summary of significant accounting policies** (continued)

n. **Determination of fair values** (continued)

i. Investment securities (continued)

Level 2

Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued based using its own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

ii. Investment in subsidiary companies

An external, independent valuation company, having appropriate recognised professional qualifications and experience is used to value NIBTT's investment in subsidiary companies. In determining the value of subsidiary companies, three (3) valuation methods were considered. The three valuation approaches are income approach, market approach and asset (or cost) approach. The approach best suited to each subsidiary is used to value NIBTT investment in subsidiary companies at year end.

iii. Investment properties and property, plant and equipment at fair value

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, was used by NIBTT to value its investment property portfolio. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

4. Summary of significant accounting policies (continued)

n. Determination of fair values (continued)

iv. Other

The carrying amounts of financial assets and liabilities, included under other assets, cash and cash equivalents and other liabilities, approximate their fair values because of the short-term maturities on these instruments. The carrying values of fixed deposits are assumed to approximate fair value due to their term to maturity not exceeding one year.

o. Revenue recognition

i. Contribution

Contribution income is generally accounted for on the cash basis. An accrual is made at the statement of financial position date to take account of employers that have not settled amounts due up to the statement of financial position date. The amount due is estimated using the average of payments made for the past twelve months and applying the average contribution amount to the periods not paid by reference to the date last paid. An expected credit loss is recognised on contributions receivable.

ii. Interest income

Interest income is recognised using the effective interest method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- Purchased or originated credit-impaired financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to their amortised cost i.e. net of the expected credit loss provision.

p. Benefits

Benefit expenditure is generally accounted for on a cash basis. Benefits paid in the final month of the year which relate to the following year are reflected as a prepayment at the statement of financial position date.

4. Summary of significant accounting policies (continued)

q. Significant accounting estimates and judgements

The preparation of these special purpose financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future. These assumptions include the following and are further described within the respective notes:

- Impairment losses on contributions receivable
- Fair valuation of financial assets
- Employee benefits

On 30 January 2020, the World Health Organization declared the outbreak, of a novel strain of coronavirus ("COVID-19"), to constitute a "Public Health Emergency of International Concern." This global outbreak has disrupted supply chains across a range of industries.

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

5. Property, plant and equipment

	Land freehold/ leasehold buildings $'000	Machinery equipment furniture and fittings $'000	Motor vehicles $'000	Art $'000	Total $'000
Year ended 30 June 2022					
Cost/valuation at beginning of year	235,967	90,694	4,256	1,295	332,212
Purchases	–	3,580	676	–	4,256
Revaluation	(716)	–	–	273	(443)
Adjustments/transfers	(4,153)	(1,515)	(566)	–	(6,234)
At the end of year	231,098	92,759	4,366	1,568	329,791
Accumulated depreciation at beginning of year	31,009	71,988	3,029	376	106,402
Current year charge	4,318	4,482	800	8	9,608
Revaluation	–	–	–	–	–
Disposal/adjustments	–	(1,256)	(567)	(384)	(2,207)
At the end of year	35,327	75,214	3,262	–	113,803
Net book value	195,771	17,545	1,104	1,568	215,988
Year ended 30 June 2021					
Cost/valuation at beginning of year	236,017	87,654	4,011	1,295	328,977
Purchases	199	3,040	500	–	3,739
Revaluation	–	–	–	–	–
Adjustments/transfers	(249)	–	(255)	–	(504)
At the end of year	235,967	90,694	4,256	1,295	332,212
Accumulated depreciation at beginning of year	24,435	67,401	2,678	281	94,795
Current year charge	5,612	5,549	607	95	11,863
Revaluation	–	–	–	–	–
Disposal/adjustments	962	(962)	(256)	–	(256)
At the end of year	31,009	71,988	3,029	376	106,402
Net book value	204,958	18,706	1,227	919	225,810

Note:

Valuation of land and freehold and leasehold buildings has been expressed by way of open market values as determined by valuations conducted by independent professional valuators every 3 years.

6. Investment properties

	1 July 2021 $'000	Additions $'000	Appreciation/ (depreciation) in fair value $'000	Transfers $'000	2022 $'000
Buildings	118,063	1,195	1,550	–	120,808
Land	187,300	–	1,900	–	189,200
	305,363	1,195	3,450	–	310,008

	1 July 2020 $'000	Additions $'000	Appreciation/ (depreciation) in fair value $'000	Transfers $'000	2021 $'000
Buildings	119,602	112	(1,651)	–	118,063
Land	205,000	–	(17,700)	–	187,300
	324,602	112	(19,351)	–	305,363

Rental income from investment properties during the year amounted to $6.89 million (2021: $7.8 million). Direct operating expenses incurred on investment properties during the year amounted to $5.5 million (2021: $5.4 million).

The valuation of the investment properties was conducted as at June 2022 by an independent professional valuator in accordance with the Royal Institute of Chartered Surveyors valuation – professional standards.

The Income Approach which considers a property's potential cash flow and analyses the present worth of the anticipated future benefits to the owner over an assumed holding period was the methodology used to value the buildings.

The market approach and residual technique were utilised for the valuation of land. The market approach measures the value of a property by comparing recent sales or offerings of similar or substitute property and related market data. The residual technique begins with an estimate of gross proceeds of sale that are expected from the sale of developed lots in the proposed sub-division. All costs (hard and soft) associated with the development of the proposed sub-division, together with an allowance for entrepreneurial profit are then deducted from the estimated gross proceeds of sale. Development costs obtained from engineers and entrepreneurial profit is based on discussions with developers. This technique was utilised in the valuation of the lands at Palmiste.

For all other properties where the market approach was adopted the value in the special purpose financial statements are based on its highest and best use.

7. Investment in subsidiary companies

The investments in subsidiary companies comprise the following companies reported at fair value:

	2022 $'000	2021 $'000
NIPDEC	146,567	163,333
TTMF	573,750	612,000
HMB	1,000,000	1,100,000
	1,720,317	1,875,333

Movement in the carrying value of investments in subsidiaries is as follows:

2022	NIPDEC $'000	TTMF $'000	HMB $'000	Total $'000
Balance as at 30 June 2021	163,333	612,000	1,100,000	1,875,333
Market value adjustments	(16,766)	(38,250)	(100,000)	(155,016)
Balance as at 30 June 2022	146,567	573,750	1,000,000	1,720,317

2021	NIPDEC $'000	TTMF $'000	HMB $'000	Total $'000
Balance as at 30 June 2020	174,280	566,610	1,025,000	1,765,890
Market value adjustments	(10,947)	45,390	75,000	109,443
Balance as at 30 June 2021	163,333	612,000	1,100,000	1,875,333

The cost of investment in subsidiaries is as follows:

2022	NIPDEC $'000	TTMF $'000	HMB $'000	Total $'000
Balance as at 30 June 2021	25,000	7,200	496,404	528,604
Purchases	–	–	–	–
Balance as at 30 June 2022	25,000	7,200	496,404	528,604

2021	NIPDEC $'000	TTMF $'000	HMB $'000	Total $'000
Balance as at 30 June 2020	25,000	7,200	496,404	528,604
Purchases	–	–	–	–
Balance as at 30 June 2021	25,000	7,200	496,404	528,604

8. Investment securities

	2022 $'000	2021 $'000
Fair value through profit or loss:		
Bonds (8 i.)	8,053,439	8,459,281
Equities (8 ii.)	15,347,158	15,172,352
Mutual funds (8 iii.)	326,298	422,391
	23,726,895	24,054,024

The analysis below shows the composition of the various investment categories.

i. *Bonds*

Foreign	390,398	378,871
Government	4,820,778	4,934,786
Corporate	2,842,263	3,145,624
	8,053,439	8,459,281

Local and corporate bonds earn interest at rates varying between to 1.95% and 8.45% (2021: 1.95% and 11.75%).

ii. *Equities*	2022 $'000	2021 $'000
Quoted		
Foreign	4,988,245	5,611,528
Local	10,053,656	9,322,665
Unquoted	305,257	238,159
	15,347,158	15,172,352

iii. *Mutual funds*

Quoted		
Local	270,243	367,191
Unquoted	56,055	55,200
	326,298	422,391

8. Investment securities (continued)

The following table shows an analysis of investment securities recorded at fair value by level of fair value hierarchy:

30 June 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Bonds	390,398	7,663,041	–	8,053,439
Equities	15,068,738	276,863	1,557	15,347,158
Mutual funds	270,243	–	56,055	326,298
	15,729,379	7,939,904	57,612	23,726,895

30 June 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Bonds	2,005,333	6,453,948	–	8,459,281
Equities	14,934,193	236,509	1,650	15,172,352
Mutual funds	367,191	–	55,200	422,391
	17,306,717	6,690,457	56,850	24,054,024

The following table shows a reconciliation of all movement in the fair value of investment securities categorised within level 3 between the beginning and end of the reporting year:

	2022 $'000	2021 $'000
Balance at the beginning of the year	56,850	56,030
Transfers/Repayments	762	820
Net unrealised gain	–	–
Balance at the end of the year	57,612	56,850

9. Mortgage advances

Mortgage balances are stated net of specific allowance for non-performing advances as follows:

	2022 $'000	2021 $'000
Gross mortgage advances	52,473	52,473
Specific allowance for non-performing advances (ECL stage 3)	(51,632)	(50,355)
	841	2,118

The movement in the specific allowance for non-performing advances was as follows:

	2022 $'000	2021 $'000
Balance as at beginning of the year	50,355	50,355
Movement for the year	1,277	–
Balance as at end of the year	51,632	50,355

Mortgage advances earn interest at an average effective rate of 8.00% (2021: 8.00%).

10. Property being developed for sale

In 2004, the NIBTT commenced development of a residential gated community in D'Abadie, O'Meara known as Riverwoods comprising of single-family homes and townhouses. The single-family units were successfully completed in 2017.

	2022 $'000	2021 $'000
The carrying value of properties being developed for sale was arrived at as follows:		
Cost as at 1 July	613	613
Units sold	–	–
	613	613

11. Leases

Below are the carrying amounts of right-of-use assets and lease liabilities recognized and the movements during the year:

2022	Land and building $'000	Office equipment $'000	Total $'000
Right-of-use assets			
Balance – beginning of year	4,946	2,653	7,599
Additions	–	–	–
Depreciation expense	(4,727)	(2,189)	(6,916)
Balance – end of year	219	464	683
Leased liabilities			
Balance – beginning of year	5,126	2,653	7,779
Additions	–	–	–
Accretion of interest	295	112	407
Principal payments	(5,421)	(1,950)	(7,371)
Balance – end of year	–	815	815
Current			815
Non-current			–

The following amounts are recognized in the statement of comprehensive income:

	2022 $'000	2021 $'000
Depreciation expense of right-of-use assets	6,916	6,219
Interest expense on lease liabilities	407	448
	7,323	6,667

11. Leases (continued)

2021	**Land and building $'000**	**Office equipment $'000**	**Total $'000**
Right-of-use assets			
Balance – beginning of year	9,975	3,843	13,818
Additions	–	–	–
Depreciation expense	(5,029)	(1,190)	(6,219)
Balance – end of year	4,946	2,653	7,599
Leased liabilities			
Balance – beginning of year	10,146	3,843	13,989
Additions	–	–	–
Accretion of interest	277	171	448
Principal payments	(5,297)	(1,361)	(6,658)
Balance – end of year	5,126	2,653	7,779
Current			6,109
Non-current			1,670

12. Other assets	2022 $'000	2021 $'000
Investment income receivable	87,209	93,574
Sundry debtors	78,674	67,342
Prepayments	419,465	392,290
Contributions receivable	387,120	419,584
	972,468	972,790
Contributions receivable		
Gross contributions receivable	436,613	472,639
Less: Expected credit losses	(49,493)	(53,055)
	387,120	419,584
The movement in the expected credit losses is as follows:		
Balance – beginning of year	53,055	59,560
Movement during the year	(3,562)	(6,505)
Balance – end of year	49,493	53,055
Claims receivable: Clico Investment Bank Limited (CIB)		
Gross amount	313,878	313,630
Provision for impairment	(313,878)	(313,630)
Carrying amount	-	-

Over the period September 2008 to January 2009, the NIBTT deposited sums of money with Clico Investment Bank Limited (CIB) as Investment Note Certificates (INC). In November 2009, legal action was initiated by the NIBTT due to breach on the part of CIB. On 27 September 2011, judgement was awarded in favour of the NIBTT on the deposited sums with interest at the rate of 6% per annum from the dates of maturity of each deposit to the date of judgement.

On or about October 2011, CIB was placed in compulsory liquidation and Deposit Insurance Corporation (DIC) appointed Liquidator. The NIBTT has adopted a prudent approach and maintained the full provision on this debt.

13. Post-employment benefit

The amounts recognised in the statement of financial position are as follows:

	2022 $'000	2021 $'000
Net (asset)/liability in statement of financial position		
Present value of defined benefit obligation	1,068,250	1,148,026
Fair value of assets	(1,089,593)	(1,104,277)
Net defined benefit (asset)/liability	(21,343)	43,749
Movement in present value of defined benefit obligation		
Defined benefit obligation at start of year	1,148,026	1,098,789
Current service cost	30,095	29,895
Interest cost	61,852	59,369
Members' contributions	4,389	4,442
Re-measurements		
- Experience adjustments	(44,736)	(5,241)
- Actual (gains)/losses from changes in financial assumptions	(83,844)	–
Benefits paid	(47,532)	(39,228)
Defined benefit obligation at end of year	1,068,250	1,148,026

The defined benefit obligation is allocated between the Plan's members as follows:

	2022	2021
Active	45%	47%
Deferred members	1%	1%
Pensioners	54%	52%

The weighted average duration of the defined benefit obligation 15.7 years.

94% of the value of the benefits for active members is vested.

29% of the defined benefit obligation for active members is conditional on future salary increases.

13. **Post-employment benefit** (continued)	**2022 $'000**	**2021 $'000**
Movement in fair value of plan assets		
Fair value of plan assets at start of year	1,104,277	999,558
Interest income	59,898	54,370
Return on plan assets, excluding interest income	(43,727)	72,680
Board contributions	12,288	12,455
Members' contributions	4,389	4,442
Benefits paid	(47,532)	(39,228)
Fair value of plan assets at end of year	1,089,593	1,104,277
Actual return on plan assets	16,171	127,050
Asset allocation		
Regionally listed equities (prices quoted on regional exchanges)	310,719	297,180
Overseas equities (developed markets outside of CARICOM)	183,163	210,287
TT$ Gov't and Gov't Guaranteed bonds (no quoted market prices)	489,042	472,368
TT$ corporate bonds (no quoted market prices)	45,480	63,385
US$ bonds (no quoted market prices)	13,066	13,303
Local equity/income mutual fund	10,497	10,415
Cash and cash equivalents	37,626	37,339
Fair value of plan assets at end of year	1,089,593	1,104,277

All asset values as at 30 June 2022 were provided by the Plan's Investment Manager (First Citizens Asset Management Limited).

The majority of the Plan's government bonds were issued by the Government of Trinidad and Tobago.

	2022 $'000	**2021 $'000**
Expense recognised in profit or loss		
Current service cost	30,095	29,895
Net interest on net defined benefit liability/(asset)	1,954	4,999
Net pension cost	32,049	34,894

13. Post-employment benefit (continued)	**2022 $'000**	**2021 $'000**
Re-measurements recognised in comprehensive income		
Experience (gains)/losses	(84,853)	(77,921)
Effect of asset ceiling	–	–
Total amount recognised in comprehensive income	(84,853)	(77,921)
Reconciliation of opening and closing statement of financial position entries		
Opening defined benefit liability	43,749	99,231
Net pension cost	32,049	34,894
Re-measurements recognised in comprehensive income	(84,853)	(77,921)
Board contributions paid	(12,288)	(12,455)
Closing defined benefit (asset)/liability	(21,343)	43,749

	2022	**2021**
Discount rate	6.0%	5.5%
General salary increases	4.0%	4.0%
Salary increases due to age, merit and promotion	1.0%	1.0%
Total individual salary increases	5.0%	5.0%
Future pension increases	3.0%	3.0%
Life expectancy at age 60 for current pensioner in years		
-Male	21.9	21.8
-Female	26.1	26.1
Life expectancy at age 60 for current members age 40 in years		
-Male	22.7	22.7
-Female	27.1	27.0

Sensitivity analysis	**1%pa lower $000**	**1%pa higher $000**
Discount rate	179,196	(139,825)
Future salary increases	(35,725)	41,090
Future pension increases	(106,373)	128,380

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 June 2022 by $21.96 million (2021: $25.8 million).

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

13. Post-employment benefit (continued)

Funding

NIBTT meets the balance of the cost of funding the defined benefit pension plan and must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the plan and the assumptions used to determine the funding required may differ from those set out above. NIBTT expects to pay contributions of $12.3 million to the pension plan during 2022/23. However, this amount could increase if outstanding pay negotiations are completed during the year.

14. Cash and cash equivalents	**2022 $'000**	**2021 $'000**
Cash at bank (TT$)	2,379,091	2,794,604
Cash at bank (US$)	417,196	276,113
Money Market Fund (TT$)	2,615	2,584
Money Market Fund (US$)	483,689	517,252
	3,282,591	3,590,553

15. Benefits fund

The benefits fund comprise the following funds:

- Long-term benefits fund which is held to cover retirement pensions, retirement grants, invalidity and survivors' benefits for qualifying persons.
- Short-term benefits fund which is held to cover sickness and maternity benefits and funeral grants for qualifying persons.
- Employment injury benefits fund which is held to cover employment injury benefits to eligible insured persons.

As described in Notes 2 and 4, the benefits fund balances do not represent NIBTT's liability to beneficiaries but instead reflects the allocation of the accumulated fund based on the application of certain ratios as advised by NIBTT's Actuary.

16. Revaluation reserve

The revaluation reserve reflects gains or losses on revaluation of freehold properties.

	2022 $'000	2021 $'000
Opening balance for the year	72,624	72,624
Movement for the year	656	–
Closing balance for the year	73,280	72,624

17. Other liabilities

	2022 $'000	2021 $'000
Sundry creditors and accruals	209,144	123,565
Provision for other payables	13,064	16,646
	222,208	140,211

18. Net realised investment income

	2022 $'000	2021 $'000
Interest income – local	392,537	408,460
Dividend income – local	362,791	339,959
Rental income	6,895	7,951
Miscellaneous income	3,019	5,242
Income – mutual funds	7,092	13,625
Income – foreign equity	95,077	80,400
Income – foreign bonds	10,595	14,214
Gain on sale of foreign equities	385,738	201,304
Gain from foreign exchange	5,330	8,918
Gain on sale of foreign bonds	4,015	6,838
Gain on sale of mutual funds	29,104	33,896
Total realised investment income	1,302,193	1,120,807
Investment expense	(43,590)	(33,238)
Net realised investment income	1,258,603	1,087,569

		2022 $'000	2021 $'000
19.	**Net unrealised investment (loss)/income**		
	Local equity	771,029	590,342
	Foreign equity	(1,069,325)	1,368,377
	Mutual funds	(7,767)	9,578
	Foreign bonds	(21,446)	6,099
	Local bonds	(271,162)	127,093
		(598,671)	2,101,489
20.	**Staff salaries, allowances and benefits**		
	Pension contributions (Note 13)	12,288	12,455
	Salaries and other related expenses	126,681	130,043
	Group health plan	3,279	2,292
	National insurance contributions	6,975	7,324
	Training	156	871
	Travelling and subsistence	596	911
	Other	251	355
		150,226	154,251
21.	**Other expenses**		
	Janitorial	4,913	5,103
	Advertising and publicity	2,139	2,115
	Bank charges	1,721	1,829
	Electricity	3,692	2,549
	Insurance	1,125	2,421
	Legal and professional	10,705	10,391
	Printing stationery and office supplies	2,047	2,097
	Rent	1,476	1,100
	Repairs and maintenance – equipment	2,294	2,857
	Repairs and maintenance – premises	4,404	5,335
	Security	8,220	8,416
	Pension administration	4,220	6,466
	Telephone	4,286	8,646
	Interest expense – leases (Note 11)	407	448
	Data Processing Services	5,072	–
	Other	5,165	4,466
		61,886	64,239

As at 30 June 2022, administrative expenses amounted to 4.98% (2021: 5.12%) of contribution income and this did not exceed the limit established by NIBTT of 7.5%.

22. Contingent liabilities and capital commitments

i. *Pending litigation and outstanding appeals*

As at 30 June 2022, there were certain legal proceedings outstanding against NIBTT. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.

ii. *Industrial relations*

A provision of $117.2 million (2021: $87.41 million) has been made in the accounts for wage negotiations up to June 2022 for bargaining units A & B staff.

23. Related party transactions and balances

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 operating decisions. These transactions were carried out on normal terms and conditions at market rates.

The following table provides the total amount of balances and transactions, which have been entered into with related parties for the relevant financial year.

i. *Transactions with related parties*

During the years ended 30 June 2022 and 2021, NIBTT carried out the following significant transactions with related parties during the course of normal operations:

	2022 $'000	**2021 $'000**
Net investments/(redemptions) in debt of subsidiary companies	72,566	(233,900)
Interest received	59,643	131,236
	132,209	(102,664)

ii. *Balances due to/from related parties*

The amounts due to/from related companies comprise of the following:

Balance due to	378	3,143
Balance due from	1,055	2,896

23. Related party transactions and balances (continued)

iii. Transactions with key management personnel

In addition to their salaries, NIBTT also provides non-cash benefits to executive officers and contributions to a post-employment defined benefit plan on their behalf. The key management personnel compensations are as follows:

	2022 $'000	2021 $'000
Short-term employee benefits	4,986	5,386
Post-employment benefits	(428)	1,728
Balance due	4,558	7,114

24. Taxation

The Board was established under the laws of Trinidad and Tobago and is not subject to income, capital gains or other corporate taxes. The Board's operations do not subject it to taxation in any other jurisdictions, except for withholding taxes imposed by certain countries on investment income and capital gains for investments domiciled in those countries.

25. Financial risk management

The NIBTT's activities expose it to credit risk, liquidity risk and market risk. Its principal financial instruments comprise investment securities, mortgage advances, other assets and cash and cash equivalents.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. NIBTT is mainly exposed to credit risk with respect to its investment securities (excluding equities), mortgage advances, other assets and cash and cash equivalents. Credit risk is the single largest risk for the Board due to the magnitude of the balances of these assets; management therefore carefully manages its exposure to credit risk. The executive management team therefore carefully manages its exposure to credit risk and reports to the Board of Directors regularly. The Board has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

The Board limits its exposure to credit risk by investing in liquid securities and with counterparties that have high credit quality. As a consequence, management's expectation of default is low. The Board limits its exposure with respect to its investment portfolio by investing only in securities issued by the Government of Trinidad and Tobago or institutions with high credit worthiness.

25. **Financial risk management** (continued)

Credit risk (continued)

The Board has documented investment policies which facilitate the management of credit risk on investment securities and resale agreements. The Board's exposure and the credit ratings of its counterparties are continually monitored.

In respect to the mortgage portfolio, constant monitoring is also employed. The necessary contact with mortgagors is maintained to ensure that payments are received in a timely manner, where necessary mortgage re-scheduling is done, which considers the borrowers new financial position. In the event where recovery may seem doubtful, specific loss allowances are made.

Exposure to credit risk on receivables is managed through regular analysis of the ability of continuing customers and new customers to meet repayment obligations.

Cash and cash equivalents are held in financial institutions which management regards as strong and there is no significant concentration. The strength of these financial institutions is continually reviewed by the Mark to Market Committee.

The carrying amount of investment securities (excluding equities), mortgage advances, other assets and cash and cash equivalents represent the maximum credit exposure. The following table shows the maximum exposure to credit risk without taking account of any collateral or other credit enhancements:

	2022 $'000	2021 $'000
Bonds	8,053,439	8,459,281
Mutual funds	326,298	422,391
Mortgage advances	841	2,118
Contributions receivable	387,120	419,584
Other assets	585,348	553,206
Cash and cash equivalents	3,282,591	3,590,553
Total credit risk exposure	12,635,637	13,447,133

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

25. Financial risk management (continued)

Credit risk (continued)

The maximum exposure to credit risk for investment securities (excluding equities), mortgage advances, other assets and cash and cash equivalents at the reporting date by location was:

	2022 $'000	**2021 $'000**
Trinidad and Tobago	10,705,704	11,967,806
North America	1,539,495	866,851
Europe	390,438	583,204
Other Caribbean	–	29,272
Total geographic concentration	12,635,637	13,447,133

The Board applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contribution receivables.

To measure the expected credit losses, contribution receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of contributions over a period of 36 months before 30 June 2022 and the corresponding historical credit losses experienced within this year. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of registered employers to settle the receivables. The Board has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Contribution receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Board, and a failure to make payments for a period of greater than 365 days past due. Impairment losses on contribution receivables are presented as net impairment losses within administrative expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

25. **Financial risk management** (continued)

Credit risk (continued)

On that basis, the loss allowance as at 30 June 2022 and 2021 was determined as follows:

30 June 2022	**ECL rate %**	**Gross contributions receivable $'000**	**ECL allowance $'000**	**Net Contributions Receivable $'000**
Current	1.09	335,440	3,650	331,790
More than 30 days	15.50	47,180	7,311	39,869
More than 60 days	36.62	10,273	3,762	6,511
More than 90 days	47.47	12,114	5,750	6,364
More than 180 days	73.32	9,691	7,105	2,586
More than 365 days	100.00	21,915	21,915	-
		436,613	49,493	387,120

30 June 2021	**ECL rate %**	**Gross contributions receivable $'000**	**ECL allowance $'000**	**Net Contributions Receivable $'000**
Current	0.99	346,202	3,418	342,784
More than 30 days	15.21	63,893	9,720	54,173
More than 60 days	37.07	12,588	4,667	7,921
More than 90 days	47.09	18,624	8,770	9,854
More than 180 days	71.44	16,988	12,136	4,852
More than 365 days	100.00	14,344	14,344	-
		472,639	53,055	419,584

25. **Financial risk management** (continued)

Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting obligations associated with financial instruments when they fall due under normal and stress circumstances. To mitigate this risk the daily liquidity position for both operational and the payment of benefits is monitored to ensure that the bank accounts are adequately serviced. Transfers are done between bank accounts and the excess of contribution income over benefit payments are taken up and invested to earn above average interest rate margins through investing in high quality, high yielding assets with acceptable risk.

Parliament mandated that benefit payments be made from current monthly contributions as per the National Insurance Act.

The table below analyses the undiscounted cash flows of the Board's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

30 June 2022	**Up to one year $'000**	**One to five years $'000**	**Over five years $'000**	**Total $'000**
Financial liabilities				
Lease liabilities	815	–	–	815
Other liabilities	222,208	–	–	222,208
	223,023	–	–	223,023

30 June 2021	**Up to one year $'000**	**One to five years $'000**	**Over five years $'000**	**Total $'000**
Financial liabilities				
Lease liabilities	6,109	1,670	–	7,779
Other liabilities	140,211	–	–	140,211
	146,320	1,670	–	147,990

25. **Financial risk management** (continued)

Market risk – interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Board is primarily exposed to interest rate risk with respect to its fixed rate debentures, government securities and bonds.

At the reporting date, the interest rate profile of the Board interest bearing financial instruments was:

Asset allocation - 2022	**<1 mth $'000**	**1-3 mths $'000**	**3 mths- 1 yr $'000**	**1 yr- 5 yrs $'000**	**Over 5 yrs $'000**	**Non-interest bearing $'000**	**Total $'000**
Bonds	203,319	107,697	1,161,626	2,961,619	3,619,178	–	8,053,439
Equities	–	–	–	–	–	15,347,158	15,347,158
Mutual funds	–	–	–	–	–	326,298	326,298
Other assets	–	–	–	–	–	972,468	972,468
Cash and cash equivalents	2,436,766	486,306	–	–	–	359,519	3,282,591
Total	2,640,085	594,003	1,161,626	2,961,619	3,619,178	17,005,443	27,981,954

Asset allocation - 2021	**<1 mth $'000**	**1-3 mths $'000**	**3 mths- 1 yr $'000**	**1 yr- 5 yrs $'000**	**Over 5 yrs $'000**	**Non-interest bearing $'000**	**Total $'000**
Bonds	–	–	–	3,702,596	4,756,685	–	8,459,281
Equities	–	–	–	–	–	15,172,352	15,172,352
Mutual funds	–	–	–	–	–	422,391	422,391
Other assets	–	–	–	–	–	972,790	972,790
Cash and cash equivalents	2,802,566	519,837	–	–	–	268,150	3,590,553
Total	2,802,566	519,837	–	3,702,596	4,756,685	16,835,683	28,617,367

25. Financial risk management (continued)

Market risk – interest rate risk (continued)

Fair value sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year-end would have increase/(decrease) the total funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022 and 2021.

	100bp increase $'000	**100bp decrease $'000**
June 2022	(305,243)	305,243
June 2021	(369,593)	369,593

Market risk – currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board's exposure to the effects of fluctuations in foreign currency exchange rates arises mainly from its financial assets. The Board has no financial liabilities denominated in currencies other than the reporting currency. The table below summaries the Board's exposure to currency risks:

As at 30 June 2022	**TT $'000**	**US $'000**	**Total $'000**
Assets			
Cash and cash equivalents	2,381,705	900,886	3,282,591
Bonds	6,009,432	2,044,007	8,053,439
Equities	10,120,567	5,226,591	15,347,158
Mutual funds	326,298	–	326,298
Fixed deposits	–	–	–
Treasury bills	–	–	–
Right-of-use assets	683	–	683
Mortgage advances	841	–	841
Other assets	972,468	–	972,468
Total financial assets	19,811,994	8,171,484	27,983,478

25. **Financial risk management** (continued)

Market risk – currency risk (continued)

As at 30 June 2021	**TT $'000**	**US $'000**	**Total $'000**
Assets			
Cash and cash equivalents	2,797,188	793,365	3,590,553
Bonds	6,217,471	2,241,810	8,459,281
Equities	9,371,974	5,800,378	15,172,352
Mutual funds	422,391	–	422,391
Fixed deposits	–	–	–
Treasury bills	–	–	–
Right-of-use assets	7,599	–	7,599
Mortgage advances	2,118	–	2,118
Other assets	972,790	–	972,790
Total financial assets	19,791,531	8,835,553	28,627,084

The following significant exchange rates were applied during the year:

	Average mid-rate		**Reporting date spot rate**	
	30 June 2022	**30 June 2021**	**30 June 2022**	**30 June 2021**
USD	6.75305	6.7474	6.75305	6.7474

Sensitivity analysis

A 1% strengthening/weakening of TTD against USD at year end would have decreased/increased the total funds by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2022 and 2021.

	2022 $'000	**2021 $'000**
TTD + / - 1%	81,716	88,356

25. **Financial risk management** (continued)

Market risk – equity price risk

Equity price risk is the risk that investments held in the portfolio will fluctuate due to changes in market price.

The Board invests in financial instruments that are traded on registered exchanges. These securities are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Board has set investment objectives to reduce its market risk by setting limits to its exposure by geographical concentration and industry sector. Through ongoing daily control procedures, management closely monitors the exposure of the Board's investment portfolio to changes in market prices and is therefore able to mitigate the market risk resulting from fluctuations in underlying prices.

The table below summarises the Board's exposure to price risk by geographical concentrations:

	2022 $'000	**2021 $'000**
Trinidad and Tobago	10,332,169	9,604,294
North America	5,014,989	5,568,058
Total geographic concentration	15,347,158	15,172,352

26. **Staff complement**

The staff complement as at 30 June 2022 was 606 (2021: 635).

27. **Subsequent events**

There were no subsequent events noted by management up to the date of authorisation of the special purpose financial statements that require adjustment to or disclosure in these special purpose financial statements.

The COVID-19 pandemic has created unprecedented uncertainty of the economic environment, in particular on employment and contribution income, and the continued lack of market transactions which are ordinarily a strong source of evidence for valuations of investments. Actual economic events and conditions in the future may be materially different from those estimated by the Board at the reporting date. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further adverse impacts to contribution income and the fair value of the Board's investment in subsidiaries and properties. At the date of these special purpose financial statements, an estimate of the future effects of the COVID-19 pandemic on the Board's portfolio cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown.