ANSA BANK LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2024

Ernst & Young Services Limited

Building a better
working world

ANSA BANK LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

CONTENTS **Page**

ANSA BANK LIMITED

Statement of Management's Responsibilities

Management is responsible for the following:

The Financial Institutions Act, 2008 (the Act), requires that management prepare and acknowledge responsibility for preparation of the financial statements annually, establish and maintain an adequate internal control structure and procedures for financial reporting, safeguarding the assets of the Bank as well as ensuring compliance with the Act.

It is management's responsibility to apply the appropriate accounting policies and make accounting estimates that are reasonable. Management is responsible for ensuring that the statements presented are a fair and true representation of the state of affairs of the Bank which includes ensuring that the information from which the statements are derived are designed and properly monitored in a manner which would allow accurate information to be provided. In addition, management is responsible for ensuring that the information presented is free from material misstatement whether due to fraud or error.

Management accepts responsibility for the annual financial statements as well as the responsibility for the maintenance of the accounting records and internal controls which form the basis of the financial statements. The financial statements of ANSA Bank Limited are prepared in accordance with International Financial Reporting Standards and the appropriate accounting policies have been established and consistently applied in a manner which gives a true and fair view of the Bank's financial affairs and operating results.

In addition, it is noteworthy to mention that nothing has come to the attention of management to indicate that the Bank will not remain a going concern for the next twelve months from the date of this statement.

Savon Persad
Managing Director
27 February 2025

Donna Babb
Senior Finance Manager
27 February 2025

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ANSA BANK LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ANSA Bank Limited (the 'Bank'), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, the statement of other comprehensive income, statement of changes in equity, statement of cash flows for the year ended 31 December 2024, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards.

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 Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' 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.

Responsibilities of the Board of Directors, Management and the Audit Committee for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

The Board of Directors and Audit Committee is responsible for overseeing the Bank's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ANSA BANK LIMITED

Report on the Audit of the Financial Statements
(Continued)

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 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 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 controls 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 Bank’s internal controls.

- 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 Bank’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 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 Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ANSA BANK LIMITED

Report on the Audit of the Financial Statements
(Continued)

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

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

EY

Port of Spain
TRINIDAD
28 February 2025

ANSA BANK LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2024	2023
Assets			
Cash and cash equivalents		34,996	53,761
Balance with Central Bank	3	250,697	259,130
Investments	4	119,828	151,065
Loans and advances	5	797,619	788,710
Other assets	7	11,370	4,859
Property and equipment	6	10,606	12,600
Right-of-use assets	9	17,383	20,692
Intangible assets	8	105,058	96,300
Deferred tax asset	19	37,428	32,501
Total assets		**1,384,985**	**1,419,618**
Shareholder's equity and liabilities			
Shareholder's equity			
Stated capital	10	177,560	152,560
Statutory reserve	11	972	972
Accumulated deficit		(52,390)	(29,958)
Total shareholder's equity		**126,142**	**123,574**
Liabilities			
Customer deposits	12	1,162,749	1,211,714
Debt securities in issue	13	25,000	25,000
Lease liabilities	9	19,676	20,905
Other liabilities and accruals	14	37,707	26,416
Deferred tax liability	19	13,603	11,916
Employee benefits obligation	20	108	93
Total liabilities		**1,258,843**	**1,296,044**
Total shareholder's equity and liabilities		**1,384,985**	**1,419,618**

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

On 27 February 2025, the Board of Directors of ANSA Bank Limited authorised these financial statements for issue.

Savon Persad **Managing Director**	**Angella Persad** **Director**

ANSA BANK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2024	2023
Interest income			
Interest on loans and advances	15	45,289	47,365
Interest from investments	4	4,652	1,598
		49,941	48,963
Interest expense			
Interest on customer deposits	12	15,187	9,968
Interest on debt securities	13	1,425	1,425
		16,612	11,393
Net interest income		**33,329**	**37,570**
Other income			
Fees and commissions	16	2,301	2,369
Foreign currency trading gains		13,198	1,483
Other income		-	41
Total other income		**15,499**	**3,893**
Non-interest expenses			
Administrative and other expenses	18	30,538	26,139
Advertising and marketing		957	2,803
Amortisation of intangible asset	8	3,151	3,065
Depreciation of property and equipment	6	2,580	2,459
Depreciation on right-of-use assets	9	4,583	2,233
Staff costs	17	21,993	17,487
Total non-interest expenses		**63,802**	**54,186**
Other expenses			
Expected credit (gains)/losses on investments	4	(14)	6
Expected credit losses on loans, net of recoveries	5.1	18,096	15,266
(Release)/provision on other assets	7	(4,522)	11,300
Interest expense on lease liabilities	9	1,196	648
Total other expenses		**14,756**	**27,220**
Net loss for the year before taxation		(29,730)	(39,943)
Taxation credit	19	7,263	13,733
Net loss for the year after tax		**(22,467)**	**(26,210)**

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

ANSA BANK LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2024	2023
Net loss for the year after tax		(22,467)	(26,210)
Items that will not be reclassified subsequently to profit or loss:			
Re–measurement gain on defined benefit plans	20	54	43
Income tax effect	19	(19)	(15)
Other comprehensive profit for the year, net of tax		35	28
Total comprehensive loss for the year, net of tax		**(22,432)**	**(26,182)**

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

ANSA BANK LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in thousands of Trinidad and Tobago dollars)

	Stated capital	**Statutory reserve**	**Accumulated deficit**	**Total shareholder's equity**
Balance as at 1 January 2023	102,560	972	(3,776)	99,756
Net loss for the year	–	–	(26,210)	(26,210)
Other comprehensive profit	–	–	28	28
Issuance of shares (Note 10)	50,000	–	–	50,000
Balance as at 31 December 2023	**152,560**	**972**	**(29,958)**	**123,574**
Balance as at 1 January 2024	152,560	972	(29,958)	123,574
Net loss for the year	–	–	(22,467)	(22,467)
Other comprehensive profit	–	–	35	35
Issuance of shares (Note 10)	25,000	–	–	25,000
Balance as at 31 December 2024	**177,560**	**972**	**(52,390)**	**126,142**

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

ANSA BANK LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2024	2023
Cash flows from operating activities			
Net loss for the year before taxation		(29,730)	(39,943)
Adjustments for:			
Amortisation of intangible asset	8	3,151	3,065
Depreciation of property and equipment	6	2,580	2,459
Depreciation of right-of-use asset	9	4,583	2,233
Loss on disposal of assets		–	4,154
Net change in employee benefits obligation	20	69	42
Foreign exchange (gains)/losses		(346)	661
Interest expense on lease liabilities	9	1,196	648
Expected credit (gains)/losses on investments	4	(14)	6
Expected credit losses on loans, net of recoveries	5.1	18,096	15,266
(Release)/provision on other assets	7	(5,210)	11,300
Other movements		177	1,888
		(5,448)	1,779
Changes in operating assets and liabilities:			
Net decrease/(increase) in balance with Central Bank		8,433	(81,194)
Net increase in loans and advances		(27,005)	(113,716)
Net increase in other assets and accrued income		(1,989)	(7,268)
Net (decrease)/increase in customer deposits		(49,329)	268,997
Net increase in other liabilities and accruals		11,291	11,009
Cash (used in)/generated from operations		(64,047)	79,607
Tax losses surrendered for Group loss relief		4,397	–
Tax paid		(411)	(313)
Net cash flows (used in)/generated from operating activities		(60,061)	79,294
Cash flows from investing activities			
Purchase of property and equipment	6	(586)	(7,927)
Proceeds from property and equipment		–	32
Purchase of intangible assets	8	(11,909)	(26,635)
Disposal of investments		1,656,761	1,157,036
Purchase of investments		(1,624,800)	(1,227,738)
Net cash flows generated from/(used in) investing activities		19,466	(105,232)

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

ANSA BANK LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

	Notes	2024	2023
Cash flows from financing activities			
Share issuance	10	25,000	50,000
Lease repayments	9	(3,170)	(2,721)
Net cash flows from financing activities		21,830	47,279
Net (decrease)/increase in cash and cash equivalents		(18,765)	21,341
Cash and cash equivalents			
Cash and cash equivalents at beginning of year		53,761	32,420
Net (decrease)/increase in cash and cash equivalents		(18,765)	21,341
Cash and cash equivalents at 31 December		**34,996**	**53,761**
Represented by:			
Cash in hand		25,396	38,403
Due from other financial institutions		9,600	15,358
		34,996	**53,761**

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

1. Incorporation and principal activity

Bank of Baroda (Trinidad & Tobago) Limited was incorporated in the Republic of Trinidad and Tobago on 13 March 2006 and commenced operations on 17 October 2007. Effective 26 February 2021, the Bank was 100% acquired by ANSA Merchant Bank Limited ("the Parent") whose ultimate parent is ANSA McAL Limited ("the Group Parent"). Effective 24 March 2021, the Bank changed its name to ANSA Bank Limited (the Bank). The Bank is licensed under the Financial Institutions Act 2008. The Bank offers a complete range of banking and financial services. The Bank's registered office is at TATIL Building (4th Floor), 11A Maraval Road, Port of Spain, Trinidad and Tobago.

2. Summary of material accounting policy information

This note provides a list of the material accounting policy information adopted in the preparation of these financial statements to the extent that they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

These financial statements of the Bank have been prepared in accordance with IFRS accounting standards.

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

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

The Bank presents its statement of financial position broadly in order of liquidity. An analysis of recovery or settlement in the 12 months after the statement of financial position date (current) and greater than 12 months after the statement of financial position date (non-current) is presented in Note 26.

2. Summary of material accounting policy information (continued)

b. Presentation of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

c. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards and interpretations noted below.

(i) New and amended standards and interpretations

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1 – Effective 1 January 2024

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities as well as any facts and circumstances that indicate the entity may have difficulty complying with the covenants.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

These amendments had no material impact on the financial statements of the Bank.

2. Summary of material accounting policy information (continued)

c. Changes in accounting policies and disclosures (continued)

(i) New and amended standards and interpretations (continued)

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 – Effective 1 January 2024

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

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback.

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

These amendments had no impact on the financial statements of the Bank.

Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 – Effective 1 January 2024

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

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

2. Summary of material accounting policy information (continued)

c. Changes in accounting policies and disclosures (continued)

(i) New and amended standards and interpretations (continued)

Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 – Effective 1 January 2024 (continued)

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

The amendments require information to be provided about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.

These amendments had no impact on the financial statements of the Bank.

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

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The Amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

2. Summary of material accounting policy information (continued)

c. Changes in accounting policies and disclosures (continued)

(i) New and amended standards and interpretations (continued)

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

Disclosures

- The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.
- An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.
- The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

These amendments had no impact on the financial statements of the Bank.

(ii) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's separate financial statements are disclosed below.

The Bank is currently assessing the potential impact of these new standards and interpretations and will adopt them when they become effective.

- Amendments to IAS 21: Lack of exchangeability - Effective 1 January 2025
- Amendments to IFRS 7 and IFRS 9: Classification and Measurement of Financial Instruments – Effective 1 January 2026
- Amendments to IFRS 18: Presentation and Disclosure in Financial Statements – Effective 1 January 2027
- Amendments to IFRS 19: Subsidiaries without Public Accountability: Disclosures - Effective 1 January 2027

2. Summary of material accounting policy information (continued)

d. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Bank's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included below together with information about the basis of calculation for each affected line item in the financial statements.

(i) Estimation of the impairment loss on the loan portfolio

Measurement of the expected credit loss allowance under IFRS 9
The process in arriving at the individual components of ECL and the forward-looking adjustments involved critical estimates and judgements. This is discussed in Note 2(f) (b) Impairment of financial assets.

(ii) Income taxes

Judgement is required in determining provisions for income taxes and there are some transactions and calculations for which the ultimate tax determination is uncertain.

When appropriate, particularly where the ultimate tax determination is uncertain, management also obtains opinions or advice from leading tax advisors and regularly reassesses its strategy in relation to such exposures.

(iii) Pension and other post-employment benefits

The cost of other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. Further details are given in Note 20.

2. Summary of material accounting policy information (continued)

d. Critical accounting estimates and judgements (continued)

(iv) Estimating the incremental borrowing rate

If the Bank cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank ‘would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

e. Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (the 'functional currency').

The financial statements are presented in Trinidad and Tobago dollars which is the Bank's functional and presentation currency.

(ii) Transactions and balances

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. All differences 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.

2. Summary of material accounting policy information (continued)

f. Financial instruments

Financial assets

a. Initial recognition and subsequent measurement

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

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

Amortised cost and effective interest method
Due from banks and debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt instruments that are designated as at fair value through the statement of comprehensive loss on initial recognition):

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

2. Summary of material accounting policy information (continued)

f. Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

Amortised cost and effective interest method (continued)
Interest income and expense are recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

Income is recognised on an effective interest basis for due from banks and debt instruments measured subsequently at amortised cost. Interest income is recognised in the statement of comprehensive income and is included in Note 15.

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

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

A financial asset is held for trading if:

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

2. Summary of material accounting policy information (continued)

f. Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

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

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

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

Debt instruments
The Bank applied the FVOCI category under IFRS 9, for debt instruments measured at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual cash flows of an asset give rise to payments on specified dates that are SPPI on the principal amount outstanding ("the SPPI test").

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the statement of other comprehensive income. Interest income is recognised in the statement of comprehensive income in the same manner as for financial assets measured at amortised cost.

Financial assets at fair value through statement of comprehensive income (FVSI)
Investments in equity instruments are classified as FVSI, unless the Bank designates an investment that is not held for trading as FVOCI on initial recognition. The Bank does not have any equity instruments. On initial application of IFRS 9, the Bank did not have any investments in equity instruments.

2. Summary of material accounting policy information (continued)

f. Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

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

Debt instruments that do not meet the amortised cost criteria are measured as FVSI. In addition, debt instruments that meet the amortised cost criteria but are designated as FVSI are measured at FVSI. A debt instrument may be designated as FVSI upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

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

Financial assets at FVSI are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of comprehensive income. The Bank has not designated any debt instrument as FVSI.

Foreign exchange gains and losses

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

Therefore:

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

The Bank has no foreign currency denominated debt instruments for the reporting period.

2. Summary of material accounting policy information (continued)

f. Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets

The Bank assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortized cost.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- Stage 1

  This category comprises instruments which are performing in accordance with the contractual terms and conditions and display no deterioration in credit risk since initial recognition. This category also includes those financial instruments with low credit risk such as Treasury Bills and Repos.

- Stage 2

  This category includes instruments which display a significant increase in credit risk (SICR) since initial recognition but have not yet defaulted. To assess whether there is a significant increase in credit risk, the Bank compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. As a practical expedient, the Bank assumes that a SICR has occurred if contractual payments are more than 30 days past due. These loans are categorised as underperforming loans.

- Stage 3

  This category includes instruments that are in default. As a practical expedient, loans and advances with contractual payments more than 90 days past due are assumed to be in default. A default on a Treasury Bill or Repo occurs when the issuer has missed a single payment of principal and/or interest.

2. Summary of material accounting policy information (continued)

f. Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets (continued)

ECL is measured as follows:

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.
- Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. The Bank utilised a probability-weighted assessment of macroeconomic factors which it believes will have an impact on forward-looking rates. These factors include unemployment and GDP.

The formula for ECL is generally the 'Probability of Default' (PD) multiplied by the Exposure at Default' (EAD) multiplied by the 'Loss Given Default' (LGD). An adjustment is made to reflect the time value of money by considering the original effective interest rate on the individual instruments. The overall models involved the use of various PD, EAD and LGD tables which were then applied to individual instruments based on several pre-determined criteria, including type, time to maturity, whether they are in Stages 1, 2 or 3 and other indicators.

2. Summary of material accounting policy information (continued)

f. Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets (continued)

Measurement of the expected credit loss allowance under IFRS 9
The measurement of the Expected Credit Loss (ECL) Allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the expected losses which may arise). 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 forward-looking scenarios and evaluating the appropriateness of the relationships, weightings, and overall outcome of statistical analysis, and
- Establishing groups of similar financial assets for the purposes of measuring ECL

ECL calculations are shown in Notes 4 and 5.

Modification of loans
The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to the amounts the borrower is expected to be able to pay,
- Whether any substantial new terms are introduced that substantially affects the risk profile of the loan,
- Significant extension of the loan term,
- Significant change in the interest rate,
- Significant changes to collateral, other security or credit enhancements.

If the terms are substantially different, the Bank derecognizes the original financial asset and recognizes a "new" asset at the fair value and recalculates the new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

2. Summary of material accounting policy information (continued)

f. Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets (continued)

Modification of loans (continued)

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes 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).

Due from Banks and Balance with Central Bank

Due from banks are short-term funds placed with correspondent banks. These funds are placed with high quality counterparties and have no history of default, ECL is not applied for these financial instruments as the risk is assessed as low.

Balance with Central Bank include funds placed in accordance with requirements of the Financial Institutions Act, 2008. These funds have no history of default, ECL is not applied for these financial instruments as the risk is assessed as low.

c. Derecognition of financial assets other than a modification

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

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

2. Summary of material accounting policy information (continued)

f. Financial instruments (continued)

Financial liabilities

(i) Initial recognition and subsequent measurement

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

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

(ii) Derecognition of financial liabilities

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

g. Cash and cash equivalents

Cash and cash equivalents include currency notes and coins on hand, balances held with other financial institutions, which are highly liquid financial assets with less than 90 days to maturity from the date of acquisition, are subject to insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

h. Statutory deposits with Central Bank

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

2. Summary of material accounting policy information (continued)

i. Investments

Investments include all securities classified as amortised cost.

j. Related parties

A party is related to the Bank, if:

(i) Directly, or indirectly through one or more intermediaries, the party:

a. is controlled by, or is under common control with, the Bank (this includes parents, subsidiaries and fellow subsidiaries),

b. has a direct or indirect interest in the Bank that gives it significant influence, or

c. has joint control over the Bank,

(ii) the party is an associate of the Bank,

(iii) the party is a joint venture in which the Bank is a venture partner,

(iv) the party is a member of the key management personnel of the Bank or its parent,

(v) the party is a close member of the family of any individual referred to in (i) and (iv),

(vi) the party is an entity that is controlled, jointly controlled, or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Bank, or of any entity that is a related party of the Bank.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

The Bank has a related party relationship with its directors and key management personnel, representing certain senior officers of the Bank, its parent company and all their affiliates.

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

2. Summary of material accounting policy information (continued)

k. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. 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 the Bank 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 period in which they are incurred.

Depreciation on furniture, fittings and equipment, which consist of machinery and office equipment, is provided on the reducing balance method at various rates sufficient to write off the assets over their estimated useful lives. All depreciation on property, plant and equipment are computed using the reducing balance method except for depreciation on computer equipment which is written off using the straight-line method.

The rates used are as follows:

Leasehold improvements	- 10%
Furniture, fittings and equipment	- 25%
Motor vehicles	- 25%
Computer equipment	- 33 1/3%
ATM	- 25%

The asset's residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. Gains and losses on disposal of property and equipment are determined by comparing proceeds with their carrying amount and are taken into account in determining operating profit.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting date.

2. Summary of material accounting policy information (continued)

l. Intangible assets

Computer software

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

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

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

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed fifteen (15) years.

These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use.

2. Summary of material accounting policy information (continued)

m. Provisions

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

n. Revenue recognition

(i) Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing instruments on an accrual basis using the effective interest rate method based on the actual purchase price.

Interest income and expense are calculated by applying the effective interest rate to the gross carrying amount of a financial asset or financial liability except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income includes income from investments and loans and advances, excluding gains and losses on disposals. Interest income contains coupons earned on fixed income financial asset instruments and trading securities as well as accrued discount and premium on treasury bills and other discounted instruments.

(ii) Fees and commission income

Unless included in the effective interest calculation, fees and commissions are recognized on an accrual basis as the service is provided. Commissions and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, are recognized on completion of the underlying transaction. The Bank also makes foreign exchange gains on the sale and purchase of foreign currency.

2. Summary of material accounting policy information (continued)

o. Accounting for leases – where the Bank is the lessee

At inception of a contract, the Bank assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified
- The Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Bank as a lessee
The Bank mainly leases various commercial office space used in its operations. Rental contracts for these leases are typically made for fixed periods but may have extension options, which are described below. Some contracts contain lease and non-lease components, which are accounted for as separate components based on the standalone prices stated in the contracts.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

The Bank applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. At lease commencement date, the Bank recognizes a right-of-use asset and a lease liability in the statement of financial position.

The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred by the Bank, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequent to initial measurement, the right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Bank also assesses the right-of-use asset for impairment when such indicators exist. The Bank does not revalue any of its right-of-use assets.

2. Summary of material accounting policy information (continued)

o. Accounting for leases – where the Bank is the lessee (continued)

The Bank as a lessee (continued)
The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate, the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments included in the measurement of the lease liability comprise the following:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives,
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date,
- Lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option; and
- Penalty payments for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

The Bank remeasures the lease liability when there is a change in future lease payments arising from a change in an index or rate, or if the Bank changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero. Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments. The Bank did not have any variable lease payments that do not depend on an index or a rate for the period ended 31 December 2024.

The Bank applies the short-term lease recognition exemption to its short-term leases 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 to leases that are considered to below value. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Summary of material accounting policy information (continued)

p. Employee benefits

The Group Parent (refer Note 1) operates pension plans with defined contribution for all eligible full time employees at the Group Parent company, plus all employees within the subsidiary companies of the Group Parent, inclusive of employees at the Bank. The pension plans are generally funded by payments from employees and by the relevant companies, taking account of the rules of the pension plans and recommendations of independent qualified actuaries.

Defined contribution plan
A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Under the defined contribution plan, the Bank has no further payment obligations once the contributions have been paid. Contributions are recognised as an expense when they are due.

Other post-employment benefit plans
The Bank also provides other post-employment benefits to their retirees. These benefits are unfunded. The entitlement to these benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

q. Taxation

Current income tax is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised in the statement of comprehensive income for the period except to the extent it relates to items recognised directly in equity. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by at the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

(Expressed in thousands of Trinidad and Tobago dollars)

2. Summary of material accounting policy information (continued)

q. Taxation (continued)

The principal temporary differences arise from depreciation on property and equipment, provisions, leases and tax losses carried forward.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

r. Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction net of tax, from the proceeds.

s. Comparative information

Where necessary, comparatives have been adjusted to conform with changes in presentation in the current period.

3. Balances with Central Bank

In accordance with the Financial Institutions Act, 2008, the Bank is required to hold and maintain, as a non-interest-bearing deposit with the Central Bank of Trinidad & Tobago, a cash reserve balance equivalent to 10% of total prescribed liabilities (2023 - 14%). The amount held at Central Bank of Trinidad & Tobago comprised of primary reserve and other deposits as follows:

	2024	**2023**
Primary reserve	105,863	115,041
Other deposits	144,834	144,089
	250,697	**259,130**

(Expressed in thousands of Trinidad and Tobago dollars)

4. Investments

	2024	2023
Investments at amortised cost:		
Mutual funds	136	5,560
Fixed deposits	119,702	145,529
	119,838	151,089
Less provision for expected credit losses	(10)	(24)
	119,828	**151,065**
Interest from investments	4,652	1,598

The following is a movement analysis of the ECL provision:

	2024	2023
Balance at beginning of year	(24)	(18)
Net changes to provisions during the year	14	(6)
Balance at end of year	(10)	(24)
Effective ECL loss rate	0.01%	0.02%

Mutual funds have no maturity dates and fixed deposits mature within less than one year. These investments are considered low risk financial instruments. Accordingly, these instruments were classified as Stage 1 as of the date of initial application and the statement of financial position date. There were no transfers among staging categories during the year.

The fair value of mutual funds and fixed deposits approximate their cost since the assets will mature within the next year and the rates are not materially different from the market rate.

(Expressed in thousands of Trinidad and Tobago dollars)

5. Loans and advances

	2024	2023
Performing and underperforming loans	699,995	704,628
Non-performing loans	144,423	112,758
	844,418	817,386
Less: Provision for expected credit losses (Note 5.1)	(46,799)	(28,676)
	797,619	788,710

5.1 Provision for loan losses

	Average ECL rate %	Carrying amount	Expected credit loss
As at 31 December 2024			
Performing (Stage 1)	0.54%	635,654	(3,430)
Underperforming (Stage 2)	1.30%	64,341	(836)
Non-performing (Stage 3)	29.45%	144,423	(42,533)
Subtotal per above	5.54%	844,418	(46,799)
Loan commitments (Note 23)	0.28%	5,060	(14)
Total		849,478	(46,813)
As at 31 December 2023			
Performing (Stage 1)	0.78%	566,837	(4,399)
Underperforming (Stage 2)	0.95%	137,791	(1,307)
Non-performing (Stage 3)	20.37%	112,758	(22,970)
Subtotal per above	3.51%	817,386	(28,676)
Loan commitments (Note 23)	0.37%	11,151	(41)
Total	3.47%	828,537	(28,717)

(Expressed in thousands of Trinidad and Tobago dollars)

5. **Loans and advances** (continued)

5.1 **Provision for loan losses** (continued)

	Advances under Stage 1	Advances under Stage 2	Advances under Stage 3	Total
Movement analysis loans and advances carrying amount by category				
Year ended 31 December 2024				
Balance at beginning of the year	566,837	137,791	112,758	817,386
New assets originated	181,954	16,631	5,404	203,989
Assets derecognised or repaid	(131,135)	(29,992)	(15,830)	(176,957)
Transfers through stage 1	83,236	(53,143)	(30,093)	–
Transfers through stage 2	(36,347)	48,820	(12,473)	–
Transfers through stage 3	(28,891)	(55,766)	84,657	–
Balance at end of the year	**635,654**	**64,341**	**144,423**	**844,418**
Year ended 31 December 2023				
Balance at beginning of the year	642,230	26,696	37,875	706,801
New assets originated	227,515	23,571	25,572	276,658
Assets derecognised or repaid	(141,405)	(12,177)	(12,491)	(166,073)
Transfers through stage 1	7,858	(5,985)	(1,873)	–
Transfers through stage 2	(112,239)	117,422	(5,183)	–
Transfers through stage 3	(57,122)	(11,736)	68,858	–
Balance at end of the year	**566,837**	**137,791**	**112,758**	**817,386**

(Expressed in thousands of Trinidad and Tobago dollars)

5. Loans and advances (continued)

5.1 Provision for loan losses (continued)

	Advances under Stage 1	**Advances under Stage 2**	**Advances under Stage 3**	**Total**
Movement analysis ECL by category				
Year ended 31 December 2024				
Balance at beginning of the year	(4,399)	(1,307)	(22,970)	(28,676)
New assets originated	(1,210)	(287)	(401)	(1,898)
Assets derecognised or repaid	301	163	234	698
Remeasurements	1,878	595	(19,396)	(16,923)
Transfers through stage 1	(518)	1,054	(536)	–
Transfers through stage 2	251	(1,524)	1,273	–
Transfers through stage 3	267	470	(737)	–
Balance at end of the year	**(3,430)**	**(836)**	**(42,533)**	**(46,799)**
Year ended 31 December 2023				
Balance at beginning of the year	(2,067)	(127)	(11,222)	(13,416)
New assets originated	(1,685)	(312)	(1,955)	(3,952)
Assets derecognised or repaid	279	40	1,177	1,496
Remeasurements	(926)	(908)	(10,970)	(12,804)
Transfers through stage 1	(493)	29	464	–
Transfers through stage 2	281	(658)	377	–
Transfers through stage 3	212	629	(841)	–
Balance at end of the year	**(4,399)**	**(1,307)**	**(22,970)**	**(28,676)**

(Expressed in thousands of Trinidad and Tobago dollars)

5. Loans and advances (continued)

5.1 Provision for loan losses (continued)

Reconciliation to the expense in the statement of comprehensive income	**2024**	**2023**
Expenses		
Net changes to provisions for loan and advances	(18,123)	(15,260)
Net change to provisions for loan commitments	27	(18)
Recoveries	–	12
Net expense recorded in the statement of comprehensive income	**(18,096)**	**(15,266)**

5.2 Concentration of loans and advances

	2024	**2023**
Concentration by sector		
Agriculture	11,517	11,121
Transport and communication	17,105	16,071
Distribution	47,816	64,889
Real estate	14,558	14,227
Manufacturing	8,933	18,872
Construction	85,313	90,759
Hotel and restaurant	6,283	11,711
Other services	159,523	127,721
Consumers	493,370	462,015
Total	**844,418**	**817,386**
Concentration by location		
Trinidad	**844,418**	**817,386**

(Expressed in thousands of Trinidad and Tobago dollars)

6. Property and equipment

	Leasehold improvements	Furniture fittings and equipment	Motor vehicles	Computer equipment	Capital WIP	Total
Year ended 31 December 2024						
Cost at the beginning of the period	4,556	8,250	–	4,363	1,980	19,149
Additions	56	159	–	371	–	586
Transfers	–	–	–	–	–	–
Disposals	(531)	–	–	(19)	–	(550)
Gross carrying amount as at 31 December 2024	**4,081**	**8,409**	**–**	**4,715**	**1,980**	**19,185**
Accumulated depreciation						
At the beginning of the period	(1,527)	(2,700)	–	(2,322)	–	(6,549)
Depreciation charge	(518)	(946)	–	(1,116)	–	(2,580)
Disposals	531	–	–	19	–	550
Accumulated depreciation as at 31 December 2024	**(1,514)**	**(3,646)**	**–**	**(3,419)**	**–**	**(8,579)**
Net carrying amount as at 31 December 2024	**2,567**	**4,763**	**–**	**1,296**	**1,980**	**10,606**
Year ended 31 December 2023						
Cost at the beginning of the period	3,536	6,809	447	2,352	4,120	17,264
Additions	1,170	3,483	–	961	2,313	7,927
Transfers	1,934	2,104	–	1,059	(4,453)	644
Disposals	(2,084)	(4,146)	(447)	(9)	–	(6,686)
Gross carrying amount as at 31 December 2023	**4,556**	**8,250**	**–**	**4,363**	**1,980**	**19,149**
Accumulated depreciation						
At the beginning of the period	(2,414)	(5,577)	(441)	(1,276)	–	(9,708)
Depreciation charge	(616)	(792)	–	(1,051)	–	(2,459)
Disposals	1,503	3,669	441	5	–	5,618
Accumulated depreciation as at 31 December 2023	**(1,527)**	**(2,700)**	**–**	**(2,322)**	**–**	**(6,549)**
Net carrying amount as at 31 December 2023	**3,029**	**5,550**	**–**	**2,041**	**1,980**	**12,600**

During 2024, no transfers occurred between Property and equipment and Intangible assets (2023 - $644 thousand).

(Expressed in thousands of Trinidad and Tobago dollars)

	2024	2023
7. Other assets		
Interest receivable on loans	1,534	2,011
Interest receivable on investments	159	210
Prepayments	2,461	1,611
Receivable from Parent company (Note 19)	4,397	–
Other assets net of provision*	2,819	1,027
	11,370	**4,859**

* The net recoveries on the provision for other assets amount to $4,522 thousand. A total of $5,210 thousand was recovered from the prior year's provision of $11,300 thousand. However, new provisions of $688 thousand were recognized within other assets for repossession costs related to non-performing loans.

8. Intangible assets	**Software**	**Software WIP**	**Software Total**
Year ended 31 December 2024			
Balance at beginning of year	44,107	52,193	96,300
Additions	–	11,909	11,909
Amortisation	(3,151)	–	(3,151)
Balance at end of the year	**40,956**	**64,102**	**105,058**
Year ended 31 December 2023			
Balance at beginning of year	–	73,374	73,374
Transfers	42,878	(43,522)	(644)
Additions	4,294	22,341	26,635
Amortisation	(3,065)	–	(3,065)
Balance at end of the year	**44,107**	**52,193**	**96,300**

During 2024, no transfers occurred between Property and equipment and Intangible assets (2023 - $644 thousand).

(Expressed in thousands of Trinidad and Tobago dollars)

9. Leases

The following tables provide information for leases where the Bank is a Lessee.

a) Right-of-use assets

	2024	2023
As at 31 December		
Balance at beginning of year	20,692	7,928
Additions	1,467	14,900
Depreciation charge	(4,583)	(2,233)
Disposals and other movements	(193)	–
Lease modifications	–	97
Balance at end of year	**17,383**	**20,692**
Cost	22,573	24,544
Lease modifications	–	1,022
Accumulated depreciation	(5,190)	(4,874)
Balance at end of year	**17,383**	**20,692**

b) Lease liabilities

	2024	2023
As at 31 December		
Balance at beginning of year	20,905	7,993
Additions	1,635	14,888
Interest expense	1,196	648
Lease repayments	(3,170)	(2,721)
Disposal and other movements	(890)	–
Lease modifications	–	97
Balance at end of year	**19,676**	**20,905**

c) Amount recognised in the statement of comprehensive income

	2024	2023
Interest expense on lease liabilities	1,196	648
Depreciation on right-of-use assets	4,583	2,233
Expenses on short term leases and low value assets	1,401	515
	7,180	**3,396**

(Expressed in thousands of Trinidad and Tobago dollars)

10. Stated capital

	2024	2023
Authorised		
An unlimited number of ordinary shares of no par value		
Issued and fully paid		
1,775,597 ordinary shares at no par value (2023: 1,525,597)	**177,560**	**152,560**
The following is the movement in stated capital		
Balance at beginning of year	152,560	102,560
Issuance of 500,000 ordinary shares at $100 to Parent	–	50,000
Issuance of 250,000 ordinary shares at $100 to Parent	25,000	–
Balance at end of year	177,560	152,560

11. Statutory reserve

The Financial Institutions Act 2008, Part VI, Section 56 1(a) stipulates that a licensee must transfer annually a minimum of 10% of its profits after taxation to a Reserve Fund until the amount at credit of the Reserve Fund equals the paid-up capital of the Bank.

12. Customer deposits

	2024	2023
Corporate and commercial sector	667,320	857,755
Personal sector	495,429	353,959
	1,162,749	**1,211,714**
Interest on customer deposits	15,187	9,968

13. Debt securities in issue

Medium term note	**25,000**	**25,000**

On 29 March 2022, the Bank issued a medium term note to its Parent with a term of seven years. Interest was set at a fixed rate of 5.70% per annum.

(Expressed in thousands of Trinidad and Tobago dollars)

	2024	2023
14. Other liabilities and accruals		
Interest accrued on deposits	7,605	2,852
Outstanding managers' cheques	3,848	6,905
Provision for ECL on loan commitments (Note 5.1)	14	41
Other	26,240	16,618
	37,707	**26,416**
15. Interest on loans and advances		
Interest on overdrafts	4,591	9,771
Interest on loans	40,698	37,594
	45,289	**47,365**
16. Fees and commissions		
Credit related charges	2,097	1,997
Fees on forex transactions	204	188
Other	–	184
	2,301	**2,369**
17. Staff costs		
Salaries	19,462	15,663
National insurance	902	1,074
Other benefits	1,629	750
	21,993	**17,487**
18. Administrative and other expenses		
Travel and entertainment	148	348
Repairs and maintenance	201	439
Postage and stationery	295	310
Statutory expenses	359	302
Short term, variable and other lease payments (IFRS 16)	1,401	515
Insurance	3,071	1,501
Professional fees	9,675	3,503
Information system related expenses	10,578	7,960
Other	4,810	11,261
	30,538	**26,139**

(Expressed in thousands of Trinidad and Tobago dollars)

19. Taxation

	2024	2023
Deferred tax adjustment for current year	(9,745)	(14,038)
Deferred tax adjustment to prior year's estimates	2,089	(15)
Business levy	393	313
Current tax adjustment to prior year's estimates	–	7
	(7,263)	**(13,733)**
Reconciliation of tax expense of the accounting profit multiplied by the applicable tax rate:		
Loss before taxation	(29,730)	(39,943)
Income tax at statutory rate of 35%	(10,406)	(13,980)
Tax allowances	(101)	(29)
Group Loss Relief	733	–
Exempt income	(33)	–
Business levy	393	313
Expenses not deductible for tax purposes	69	57
Adjustments for prior year tax charges	2,089	–
Other	(7)	(94)
	(7,263)	**(13,733)**

Deferred taxation

Deferred tax asset

	Balance at beginning of year	Credit/ (charge) for the year	Credit/ (charge) to OCI	Other	Balance at end of year
Year ended 31 December 2024					
Accelerated tax depreciation	–	–	–	–	–
Leases	7,339	(453)	–	–	6,886
Provisions	6,804	(2,252)	–	–	4,552
Employee benefit obligation	33	24	(19)	–	38
Tax losses	18,325	12,024	–	(4,397)	25,952
Total deferred tax asset	**32,501**	**9,343**	**(19)**	**(4,397)**	**37,428**

(Expressed in thousands of Trinidad and Tobago dollars)

19. Taxation (continued)

Deferred tax liability	**Balance at beginning of year**	**Credit/ (charge) for the year**	**Credit/ (charge) to OCI**	**Other**	**Balance at end of year**
Year ended 31 December 2024					
Accelerated tax depreciation	(4,674)	(1,948)	–	–	(6,622)
Deferred income	–	(897)	–	–	(897)
Lease liabilities	(7,242)	1,158	–	–	(6,084)
Total deferred tax liability	**(11,916)**	**(1,687)**	–	**–**	**(13,603)**
Deferred tax asset					
Year ended 31 December 2023					
Accelerated tax depreciation	(142)	–	–	142	–
Leases	14	7,325	–	–	7,339
Provisions	782	6,022	–	–	6,804
Employee benefit obligation	33	15	(15)	–	33
Tax losses	5,860	12,465	–	–	18,325
Total deferred tax asset	**6,547**	**25,827**	**(15)**	**142**	**32,501**
Deferred tax liability					
Year ended 31 December 2023					
Accelerated tax depreciation	–	(4,532)	–	(142)	(4,674)
Lease liabilities	–	(7,242)	–	–	(7,242)
Total deferred tax liability	–	**(11,774)**	–	**(142)**	**(11,916)**

(Expressed in thousands of Trinidad and Tobago dollars)

19. **Taxation** (continued)

Schedule of tax losses

As at 31 December 2024, the unused tax losses amounted to $74,148 thousand (2023 - $47,708 thousand).

Tax year	Loss for the year	Losses utilised/ offset	Loss carried forward
2021	17,905	–	17,905
2022	–	(1,080)	(1,080)
2023	30,884	–	30,884
2024	41,097	(14,658)	26,439
			74,148

The Bank has tax losses that are available indefinitely for offsetting against future taxable profits.
During 2024, the Bank surrendered tax losses to its Parent company through the Group loss relief guidelines. The tax losses surrendered was $14,658 thousand. Therefore, the tax payment receivable booked in other assets is $4,397 thousand.

20. Employee benefits

The Group Parent company has a defined contribution pension plan and provides certain post-retirement healthcare benefits to employees of the Bank. These plans are governed by the deeds and rules of the specific plan and the employment laws of Trinidad & Tobago.

Contributions recognised in the statement of comprehensive income with respect to defined contribution plans are as follows:

	2024	2023
Contribution expense	384	319

The level of pension benefits provided under the defined benefit plans depends on the member's length of service and salary at retirement age.

Movements in the net liability recognised in the statement of financial position are as follows:

	2024	2023
Employee benefits obligation	108	93

(Expressed in thousands of Trinidad and Tobago dollars)

20. **Employee benefits** (continued)

Changes in the defined benefit obligation:

	Other post-employment benefits	
	2024	**2023**
Net liability at beginning of year	93	94
Net expense recognised in statement of comprehensive income	69	42
Net gains recognised in the statement of other comprehensive income	(54)	(43)
Net liability at 31 December	**108**	**93**

Principal actuarial assumptions at the reporting date:

Discount rate at 31 December	6%	6%
Future medical claims inflation	2%	3%

Sensitivity of present value of defined benefit obligation

	1% Increase	1% Increase
Medical inflation rate	24	19

The Bank is not expected to contribute to its post-retirement medical plan in 2025.

21. Related party balances and transactions

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. Certain banking transactions are entered into with related parties in the normal course of business. For the year ended 31 December 2024, the Bank did not make any provision for expected credit losses relating to amounts owed by related parties (2023: nil).

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

(Expressed in thousands of Trinidad and Tobago dollars)

21. Related party balances and transactions (continued)

	2024	2023
Loans, investments and other assets:		
ANSA McAL Group	124,258	145,746
Directors and key management personnel	2,799	1,639
	127,057	147,385
Deposits and other liabilities:		
ANSA McAL Group	138,576	177,831
Directors and key management personnel	791	212
Other related parties	90,079	102,102
	229,446	280,145
Interest and other income:		
ANSA McAL Group	17,234	1,958
Directors and key management personnel	87	45
	17,321	2,003
Interest and other expense:		
ANSA McAL Group	5,410	4,386
Directors and key management personnel	853	929
Other related parties	1,758	1,111
	8,021	6,426
Directors and key management personnel:		
Compensation: short-term employee benefits	336	2,598

22. Contingent liabilities

The Bank conducts business involving guarantees which are not reflected in the statement of financial position. As at 31 December 2024, there were guarantees of $768 thousand (2023: $839 thousand).

The Bank is the subject of legal actions arising in the normal course of business. Management considers that the liability, if any, of these actions will not be material beyond what is already provided for in these financial statements.

23. Commitments

As at 31 December 2024, the Bank had loan commitments (Note 5.1) of $5,060 thousand (2023: $11,151 thousand).

24. Capital commitments

As at 31 December 2024, there was no outstanding commitments for capital expenditure (2023: $1,528 thousand).

25. Financial risk management

Introduction and overview

The Bank has exposure to the following risks from its use of financial instruments:

a. Credit risk
b. Liquidity risk
c. Market risk
d. Capital management

Risk management framework

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies, and processes for measuring and managing risk, and the Bank's management of capital.

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Credit and Investment, Audit and Risk committees. These Board committees currently employ an integrated Risk Management Framework supported by four sub-committees in order to maximize shareholder value within the group's risk appetite; Credit Risk Committee, Asset and Liability Committee (ALCO), Audit Committee and Digital Sub-Committee, which are responsible for developing and monitoring risk management practices in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit and Risk Committees are responsible for monitoring compliance with the Risk Management policies and procedures and for reviewing the adequacy of the Risk Management framework in relation to the risks faced by the Bank. The Audit and Risk Committees are assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

25. Financial risk management (continued)

Risk management framework (continued)

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's loans and advances to customers and other banks. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country, and sector risk).

a) Credit risk

The Board has delegated responsibility for the management of credit risk to the Credit and Investment Committee. The Credit and Investment Committee is responsible for oversight of the Bank's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Larger facilities require approval by the Credit Committee of the Board.
- Reviewing and assessing credit risk. The Credit and Investment Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies, and industries (for loans and advances).
- Developing and maintaining the Bank's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of various grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades is with the final approving executive/committee as appropriate. Risk grades are subject to regular reviews by the Audit and Risk Committees.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Credit and Investment Committee on the credit quality of local portfolios and appropriate corrective action is taken, where necessary.
- Providing advice, guidance, and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

(Expressed in thousands of Trinidad and Tobago dollars)

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

Risk management framework (continued)

a) **Credit risk** (continued)

The Bank is required to implement credit policies and procedures, with credit approval authorities delegated from the Credit and Investment Committee. The Bank is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Regular audits of the Bank's credit processes are undertaken by Internal Audit.

Loans with Re-negotiated terms
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category independent of satisfactory performance after restructuring.

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

	2024	**2023**
Cash and cash equivalents	34,996	53,761
Balance with Central Bank	250,697	259,130
Investments	119,828	151,065
Loans and advances	797,619	788,710
	1,203,140	**1,252,666**

(Expressed in thousands of Trinidad and Tobago dollars)

25. Financial risk management (continued)

Risk management framework (continued)

a) Credit risk (continued)

Cash and cash equivalents, balances with Central Bank and investments
With respect to credit risk arising from cash and cash equivalents, balances with Central Bank and investments, the exposure to credit risk arises from default of the counter party. Cash and cash equivalents are placed with highly rated international financial institutions with which the Bank has banking relationships. The Bank's credit risk exposures for balances with Central Bank and investments are geographically concentrated in Trinidad and Tobago with the Government of Trinidad and Tobago. Management therefore considers the risk of default of these counterparties to be very low.

Collateral
The Bank holds collateral against loans and advances to customers in the form of mortgage interest over property, other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity.

An estimate of the fair value of collateral and other security enhancements held against loans and advances is shown below:

	2024	**2023**
Property	261,268	364,386
Other	655,607	560,749
	916,875	**925,135**

During the year the Bank obtained thirty-nine (39) assets by taking possession of collateral held as security against loans and advances (2023 - 30). Twelve (12) assets were returned to customers after clearance of the arrears on the loans and advances (2023 - 12). Thirty-six (36) were sold for which the proceeds was used to settle the outstanding balance on the credit facilities (2023 - 1). As at 31 December 2024, the Bank held seven (7) assets by taking possession of collateral held as security against loans and advances which amounted to $7,598 thousand (2023 - 17 assets - $1,183 thousand). Three (3) assets are motor-vehicles and four (4) assets are real-estate.

(Expressed in thousands of Trinidad and Tobago dollars)

25. Financial risk management (continued)

Risk management framework (continued)

a) Credit risk (continued)

Expected credit loss
The Bank establishes an expected credit loss that represents its estimate of expected credit losses in its loan and advances and investments portfolios. The details of the provisioning policies and methods are disclosed in Note 2(f).

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

Stage 1 **31 December 2024**	**Loans and advances**	**Investments**	**Total**
Gross balance	635,654	119,838	755,492
ECL	(3,430)	(10)	(3,440)
	632,224	**119,828**	**752,052**
ECL as a % of Gross Balance	0.54%	0.01%	0.46%

Stage 1 **31 December 2023**	**Loans and advances**	**Investments**	**Total**
Gross balance	566,837	151,089	717,926
ECL	(4,399)	(24)	(4,423)
	562,438	**151,065**	**713,503**
ECL as a % of Gross Balance	0.78%	0.02%	0.62%

The ECL percentage for Stage 1 loans and advances decreased due to the change in the dynamics of the portfolio when compared to the prior year. Lower PD and changes in LGDs in the current year also contributed to the decline. The ECL percentage for investment securities, comprised of mutual funds and fixed deposits, also reflected a decline, which is due to change in portfolio mix.

(Expressed in thousands of Trinidad and Tobago dollars)

25. Financial risk management (continued)

Risk management framework (continued)

a) Credit risk (continued)

Expected credit loss (continued)

Stage 2 **31 December 2024**	**Loans and advances**	**Investments**	**Total**
Gross balance	64,341	–	64,341
ECL	(836)	–	(836)
	63,505	–	**63,505**
ECL as a % of Gross Balance	1.30%	0.00%	1.30%

Stage 2 **31 December 2023**	**Loans and advances**	**Investments**	**Total**
Gross balance	137,791	–	137,791
ECL	(1,307)	–	(1,307)
	136,484	–	**136,484**
ECL as a % of Gross Balance	0.95%	0.00%	0.95%

The ECL percentage for Stage 2 loans and advances increased as a result of higher PDs, partially offset by changes in the LGDs.

Stage 3 **31 December 2024**	**Loans and advances**	**Investments**	**Total**
Gross balance	144,423	–	144,423
ECL	(42,533)	–	(42,533)
	101,890	–	**101,890**
ECL as a % of Gross Balance	29.45%	0.00%	29.45%

(Expressed in thousands of Trinidad and Tobago dollars)

25. Financial risk management (continued)

Risk management framework (continued)

a) Credit risk (continued)

Expected credit loss (continued)

Stage 3 **31 December 2023**	**Loans and advances**	**Investments**	**Total**
Gross balance	112,758	–	112,758
ECL	(22,970)	–	(22,970)
	89,788	–	**89,788**
ECL as a % of Gross Balance	20.37%	0.00%	20.37%

The ECL percentage for Stage 3 loans and advances increased due to portfolio growth, which was not accompanied by a corresponding increase in collateral for the additional loans.

Write-off policy
The Bank writes off a loan balance (and any related allowances for impairment losses) when the Credit and Investment Committee determines that the loan is uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Write-offs for the year ended 31 December 2024 is nil (2023: nil).

Concentration
The Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk of loans and advances by sector at the reporting date is shown in Note 5.

25. Financial risk management (continued)

Risk management framework (continued)

b) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities.

Concentration
The Bank's liquidity is managed by the Treasury Unit, whose approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

The daily liquidity position is monitored by Treasury. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of the Bank. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

Exposure to liquidity risk
The Bank is exposed to various risks and the ALCO continually reviews and manages these risks. The matching and controlled mismatching of the maturities of assets and liabilities is fundamental to the management of the Bank. Liquidity gaps are also mitigated by the marketable nature of a substantial segment of the Bank's assets and by the availability of inter-bank funding.

(Expressed in thousands of Trinidad and Tobago dollars)

25. Financial risk management (continued)

Risk management framework (continued)

b) Liquidity risk (continued)

The table below summarise the maturity profile of the of the Bank's financial liabilities as at 31 December, based on contractual repayment obligations, over the remaining life of those liabilities.

	Up to 1 Year	Over 1 Year	Total
As at 31 December 2024			
Liabilities			
Customer deposits	884,469	278,280	1,162,749
Debt securities in issue	–	25,000	25,000
Lease liabilities	2,122	17,554	19,676
Interest payable	7,605	–	7,605
Total	**894,196**	**320,834**	**1,215,030**
As at 31 December 2023			
Liabilities			
Customer deposits	1,049,630	162,084	1,211,714
Debt securities in issue	–	25,000	25,000
Lease liabilities	1,972	18,933	20,905
Interest payable	2,852	–	2,852
Total	**1,054,454**	**206,017**	**1,260,471**

25. Financial risk management (continued)

c) Market risk

Market risks is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risks management is to manage and control market risks exposures within acceptable parameters, while optimising the return on risk.

Management of market risks
The Bank holds no exposure to trading portfolios. With the exception of translation risk arising on the Bank's net balance sheet position, all foreign exchange risk within the Bank is managed by Treasury.

Exposure to interest rate risk - non-trading portfolios
The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing. ALCO is the monitoring body for compliance with these limits and is assisted by the Audit and Risk Committees. The table below summarises the Bank's exposure to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

(Expressed in thousands of Trinidad and Tobago dollars)

25. Financial risk management (continued)

c) Market risk (continued)

Interest sensitivity of assets and liabilities:

	Up to 1 year	1 - 5 years	Over 5 years	Non-interest bearing	Total
As at 31 December 2024					
Assets					
Cash and cash equivalents	–	–	–	34,996	34,996
Balances with Central Bank	–	–	–	250,697	250,697
Investments	119,828	–	–	–	119,828
Loans and advances	43,462	177,462	475,017	101,678	797,619
Interest receivable	–	–	–	1,693	1,693
Total	**163,290**	**177,462**	**475,017**	**389,064**	**1,204,833**
Liabilities					
Customer deposits	697,333	277,468	812	187,136	1,162,749
Debt securities in issue	–	25,000	–	–	25,000
Interest payable	–	–	–	7,605	7,605
Total	**697,333**	**302,468**	**812**	**194,741**	**1,195,354**
Net gap	**(534,043)**	**(125,006)**	**474,205**	**194,323**	**9,479**

(Expressed in thousands of Trinidad and Tobago dollars)

25. Financial risk management (continued)

c) Market risk (continued)

Interest sensitivity of assets and liabilities (continued):

	Up to 1 year	1 - 5 years	Over 5 years	Non-interest bearing	Total
As at 31 December 2023					
Assets					
Cash and cash equivalents	–	–	–	53,761	53,761
Balances with Central Bank	–	–	–	259,130	259,130
Investments	151,065	–	–	–	151,065
Loans and advances	133,634	199,552	365,740	89,784	788,710
Interest receivable	–	–	–	2,221	2,221
Total	**284,699**	**199,552**	**365,740**	**404,896**	**1,254,887**
Liabilities					
Customer deposits	842,283	146,283	15,800	207,348	1,211,714
Debt securities in issue	–	–	25,000	–	25,000
Interest payable	–	–	–	2,852	2,852
Total	**842,283**	**146,283**	**40,800**	**210,200**	**1,239,566**
Net gap	**(557,584)**	**53,269**	**324,940**	**194,696**	**15,321**

The interest rate risk arises due to changes in interest rate among the rate sensitive assets and liabilities. The interest rate risk on the banking book is measured through traditional gap approach wherein, the financial assets and liabilities are placed in different residual maturity buckets (up to one year, one to five years, over five years and non-interest bearing).

The interest rate risk is measured in terms of changes in net interest income and depends upon the quantum and direction of interest rate change among the asset and liability classes in different buckets and direction of change.

(Expressed in thousands of Trinidad and Tobago dollars)

25. Financial risk management (continued)

c) Market risk (continued)

Interest sensitivity of assets and liabilities: (continued)
As the rate of interest has reduced during the years, a simplified calculation of the bucket impact of a 1% rise in interest rate has been considered across all assets and liabilities and is presented below:

Impact on Net interest income:	**2024**	**2023**
Bucket		
Up to one year	(5,340)	(5,576)
One to five years	(1,250)	533
Over five years	4,742	3,249
Total	**(1,848)**	**(1,794)**

The ALCO of the Bank dynamically manages the interest rate risk and directional changes in interest rate are countered by the changes in interest rate on deposit and loan products and across different tenures.

Exposure to currency risk
The techniques used by the Bank to manage currency risk vary subject to market conditions. Assets are primarily funded from liabilities of the same currency, thus eliminating currency risk. Foreign currency transactions have not required the use of interest rate swaps, foreign currency options or other derivative instruments.

25. Financial risk management (continued)

c) Market risk (continued)

Exposure to currency risk (continued)
The following information is expressed in thousands of Trinidad and Tobago dollars.

	TT	US	Other	Total
As at 31 December 2024				
Assets				
Cash and cash equivalents	10,073	24,462	461	34,996
Balances with Central Bank	250,697	–	–	250,697
Investments	50,088	69,740	–	119,828
Loans and advances	797,619	–	–	797,619
Interest receivable	1,541	152	–	1,693
Total	**1,110,018**	**94,354**	**461**	**1,204,833**
Liabilities				
Customer deposits	1,050,845	111,904	–	1,162,749
Debt securities in issue	25,000	–	–	25,000
Interest payable	7,540	65	–	7,605
Total	**1,083,385**	**111,969**	–	**1,195,354**
Net statement of financial position	**26,633**	**(17,615)**	**461**	**9,479**
As at 31 December 2023				
Assets				
Cash and cash equivalents	7,215	46,454	92	53,761
Balances with Central Bank	259,130	–	–	259,130
Investments	–	151,065	–	151,065
Loans and advances	788,704	6	–	788,710
Interest receivable	2,011	210	–	2,221
Total	**1,057,060**	**197,735**	**92**	**1,254,887**
Liabilities				
Customer deposits	1,026,735	184,979	–	1,211,714
Debt securities in issue	25,000	–	–	25,000
Interest payable	2,812	40	–	2,852
Total	**1,054,547**	**185,019**	–	**1,239,566**
Net statement of financial position	**2,513**	**12,716**	**92**	**15,321**

(Expressed in thousands of Trinidad and Tobago dollars)

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

c) **Market risk** (continued)

Exposure to currency risk (continued)

The Bank has no significant currency mismatch. The assets are created out of liabilities in the same currency, except the balances maintained in corresponding bank accounts maintained in INR, GBP, EURO used for the wire transfer/trade related transactions only.

Foreign currency sensitivity

The following table indicate the currencies to which the Bank had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 2% change in foreign currency rates (31 December 2023: 2%). The sensitivity of the loss was as a result of foreign exchange gains/losses on translation of foreign currency denominated loans and advances, receivables, cash and deposits.

	Change in currency rate %	**Effect on net profit 31 December 2024**	**Change in currency rate %**	**Effect on net profit 31 December 2023**
Currency:				
USD	2%	(352)	2%	254
Other	2%	9	2%	2
Total		**(343)**		**256**

d) **Capital management**

Regulatory capital

The Bank's lead regulator, The Central Bank of Trinidad and Tobago (the Central Bank), sets and monitors capital requirements for the Bank. In implementing current capital requirements, the Central Bank requires that the Bank maintains a prescribed ratio of total capital to total risk- weighted assets.

The Central Bank of Trinidad and Tobago requires each financial institution to:

- Maintain a ratio of qualifying capital to risk adjusted assets of not less than the minimum standard of 10%.
- Core capital must not be less than fifty percent (50%) of qualifying i.e. supplementary capital must not exceed core capital.

25. Financial risk management (continued)

d) Capital management (continued)

Regulatory capital (continued)

The Bank's regulatory capital is analyzed into two tiers:

- Tier 1 capital, which includes ordinary share capital, retained earnings and translation reserve after deductions for intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments (if any).

Various limits are applied to elements of the capital base. Tier 1 capital comprises of equity and disclosed reserves. These capital elements are considered core because they are either: (i) permanent in nature, or (ii) available to absorb losses while the institution remains a going concern. Qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. There are also restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items. The minimum capital adequacy ratio is 10%, plus the maintenance of a minimum capital conservation buffer of 2.5% of the risk weighted assets in the form of Common Equity Tier 1 capital.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return, the need to maintain a balance between the higher returns that might be possible with greater gearing, and the advantages and security afforded by a sound capital position are also recognized.

The Bank has complied with all externally imposed capital requirements throughout the year.

There have been no material changes in the Bank's capital management policy during the year.

(Expressed in thousands of Trinidad and Tobago dollars)

25. Financial risk management (continued)

d) Capital management (continued)

Regulatory capital (continued)

The Bank's Regulatory Capital Position was as follows:

	2024	2023
Tier 1 capital		
Ordinary share capital	177,560	152,560
Statutory reserves	972	972
Accumulated deficit	(52,390)	(29,958)
Total core capital	126,142	123,574
Supplementary capital	29,959	19,277
Adjusted qualifying capital	156,101	142,851
Total risk adjusted assets	995,975	923,773
Core capital to risk adjusted assets	12.67%	13.38%
Total qualifying capital to risk adjusted assets	15.67%	15.46%

e) Fair value of financial assets and liabilities

(i) Financial instruments not measured at fair value

The following table summarizes the carrying amounts and fair values of those financial assets and liabilities presented on the Bank's statement of financial position at an amount other than their fair value.

	Carrying value		Fair value	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Financial assets				
Cash and cash equivalents	34,996	53,761	34,996	53,761
Balances with Central Bank	250,697	259,130	250,697	259,130
Loans and advances	797,619	788,710	797,619	788,710
Investments	119,828	151,065	119,828	151,065
Financial liabilities				
Customers' deposits	1,162,749	1,211,714	1,162,749	1,211,714
Debt securities in issue	25,000	25,000	25,000	25,000

25. Financial risk management (continued)

e) Fair value of financial assets and liabilities (continued)

(i) Financial instruments not measured at fair value (continued)

Financial instruments where carrying value is equal to fair value
Due to their liquidity and short-term maturity, the carrying values of certain financial instruments approximate their fair values. Financial instruments where carrying value is approximately equal to fair value include cash and due from other banks and statutory deposits with the Central Bank.

Loans to customers less allowance for loan losses
Loans to customers are net of specific and other provisions for impairment, which reflects the additional credit risk. The estimated fair value of these loans represents the discounted amount of future cash flows based on prevailing market rates.

Customer deposits
Due to their liquidity and short-term maturity, the carrying values of some customer deposits approximate their fair value. The fair value of the other customer deposits is computed using discounted cash flow analyses at current market interest rates.

(Expressed in thousands of Trinidad and Tobago dollars)

26. Maturity analysis of assets and liabilities

The tables below show an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled based on contractual cash flows.

	31 December 2024			31 December 2023		
	Less than 12 months	**More than 12 months**	**Total**	**Less than 12 months**	**More than 12 months**	**Total**
Assets						
Cash and cash equivalents	34,996	–	**34,996**	53,761	–	**53,761**
Balances with Central Bank	250,697	–	**250,697**	259,130	–	**259,130**
Investments	119,828	–	**119,828**	151,065	–	**151,065**
Loans and advances	104,877	692,742	**797,619**	154,116	634,594	**788,710**
Property and equipment	–	10,606	**10,606**	–	12,600	**12,600**
Intangible assets	–	105,058	**105,058**	–	96,300	**96,300**
Deferred tax asset	–	37,428	**37,428**	–	32,501	**32,501**
Right-of-use asset	–	17,383	**17,383**	–	20,692	**20,692**
Other assets	11,370	–	**11,370**	4,859	–	**4,859**
Total assets	**521,768**	**863,217**	**1,384,985**	**622,931**	**796,687**	**1,419,618**
Liabilities						
Customer deposits	884,469	278,280	**1,162,749**	1,049,630	162,084	**1,211,714**
Debt securities in issue	–	25,000	**25,000**	–	25,000	**25,000**
Employee benefit obligations	–	108	**108**	–	93	**93**
Lease liabilities	2,122	17,554	**19,676**	1,972	18,933	**20,905**
Other liabilities and accruals	37,707	–	**37,707**	26,416	–	**26,416**
Deferred tax liability	–	13,603	**13,603**	–	11,916	**11,916**
Total liabilities	**924,298**	**334,545**	**1,258,843**	**1,078,018**	**218,026**	**1,296,044**

27. Subsequent events

There were no events after the reporting period which were material to the financial statements and should have resulted in adjustments to the financial statements or disclosures when the financial statements were authorized for issue.