NCB Merchant Bank (Trinidad and Tobago) Limited

Financial Statements

30 September 2022

(Expressed in Trinidad and Tobago Dollars)

NCB Merchant Bank (Trinidad and Tobago) Limited

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NCB Merchant Bank (Trinidad and Tobago) Limited

Statement of Management's Responsibilities

The Financial Institutions Act, 2008 (The Act), requires that management prepare and acknowledge responsibility for the following:

- Preparing and fairly presenting the accompanying financial statements of NCB Merchant Bank (Trinidad and Tobago) Limited (the Company) which comprise the statement of financial position as at 30 September 2022, the income statement, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

Angus P. Young

Chief Executive Officer
2 December 2022

Finance Manager
2 December 2022

Independent auditor's report

To the shareholder of NCB Merchant Bank (Trinidad and Tobago) Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of NCB Merchant Bank (Trinidad and Tobago) Limited (the Company) as at 30 September 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 30 September 2022;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) . We have fulfilled our other ethical responsibilities in accordance with the IESBA Code .

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
6 December 2022

NCB Merchant Bank (Trinidad and Tobago) Limited

Income Statement

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 September 2022 $	2021 $
Operating income			
Interest income		52,241,378	24,317,876
Interest expense		(33,921,585)	(15,889,337)
Net interest income	4	18,319,793	8,428,539
Fee and commission income	5	18,487,076	14,439,855
Net gains on foreign currency and investment activities	6	32,580,861	14,701,945
Dividend income		64,543	72,841
Other operating income		19,105	10,896
		32,664,509	14,785,682
Net operating income		69,471,378	37,654,076
Operating expenses			
Staff costs	7	13,423,046	7,185,778
Other operating expenses	8	8,795,474	6,096,939
Depreciation and amortisation		1,566,000	1,029,650
Finance cost	16	58,970	133,862
Net impairment (gains)/losses on investment securities		(111,695)	16,875
Net impairment losses/(gains) on loans	13	338,376	(641,999)
		24,070,171	13,821,105
Profit before taxation		45,401,207	23,832,971
Taxation	9	(13,006,424)	(6,987,791)
Net profit		32,394,783	16,845,180

The notes on pages 9 to 49 are an integral part of these financial statements.

NCB Merchant Bank (Trinidad and Tobago) Limited

Statement of Comprehensive Income
(Expressed in Trinidad and Tobago Dollars)

	Year ended 30 September 2022 $	Year ended 30 September 2021 $
Net profit	32,394,783	16,845,180
Other comprehensive (loss)/income, net of tax		
Items that may be reclassified to profit or loss		
Expected credit losses on debt instruments as fair value through other comprehensive income (FVOCI)	(111,695)	(7,164)
Net (losses)/gains on investments in debt instruments measured at FVOCI	(13,121,726)	6,149,444
	(13,233,421)	6,142,280
Total comprehensive income	19,161,362	22,987,460

The notes on pages 9 to 49 are an integral part of these financial statements.

NCB Merchant Bank (Trinidad and Tobago) Limited

Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	As at 30 September 2022 $	2021 $
Assets			
Cash in hand and balances at Central Bank	10	65,544,503	57,365,347
Due from other banks		383,210,483	254,403,721
Reverse repurchase agreements		35,000,000	--
Investment securities	11	126,044,705	484,548,344
Pledged assets	12	517,785,133	169,501,485
Loans and advances, net of provisions for credit losses	13	409,861,695	302,774,659
Intangible assets	14	4,603,909	3,329,359
Property, plant and equipment	15	30,123	23,444
Right-of-use asset	16	1,294,713	281,750
Deferred income tax asset	17	3,233,690	1,021,027
Income tax recoverable		1,815,646	--
Other assets	18	19,489,909	7,387,474
Total assets		1,567,914,509	1,280,636,610
Liabilities			
Customer deposits	19	923,886,525	888,660,586
Repurchase agreements	20	453,237,575	159,077,644
Income tax payable		399,108	51,595
Deferred income tax liability	17	--	2,819,863
Lease liabilities	16	1,676,284	325,279
Other liabilities	21	29,813,329	89,961,316
Total liabilities		1,409,012,821	1,140,896,283
Equity			
Share capital	22	82,921,789	82,921,789
Fair value reserve	23	(5,784,673)	7,448,748
Statutory reserve fund	24	17,092,555	13,853,077
Retained earnings		64,672,017	35,516,713
Total equity		158,901,688	139,740,327
Total equity and liabilities		1,567,914,509	1,280,636,610

The notes on pages 9 to 49 are an integral part of these financial statements.

Approved for issue by the Board of Directors on 2 December 2022 and signed on its behalf by:

Angus P. Young ____________________ Director

____________________ Director

NCB Merchant Bank (Trinidad and Tobago) Limited

Statement of Changes in Equity
(Expressed in Trinidad and Tobago Dollars)

	Note	Share capital $	Fair value reserve $	Statutory reserve fund $	Retained earnings $	Total $
Balance at 1 October 2020		82,921,789	1,306,468	12,168,559	20,356,051	116,752,867
Total comprehensive income		--	6,142,280	--	16,845,180	22,987,460
Transfer to statutory reserve fund	24	--	--	1,684,518	(1,684,518)	--
Balance at 30 September 2021		82,921,789	7,448,748	13,853,077	35,516,713	139,740,327
Balance at 1 October 2021		82,921,789	7,448,748	13,853,077	35,516,713	139,740,327
Total comprehensive income		--	(13,233,421)	--	32,394,783	19,161,362
Transfer to statutory reserve fund	24	--	--	3,239,478	(3,239,478)	--
Balance at 30 September 2022		82,921,789	(5,784,673)	17,092,555	64,672,018	158,901,689

The notes on pages 9 to 49 are an integral part of these financial statements.

NCB Merchant Bank (Trinidad and Tobago) Limited

Statement of Cash Flows
(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 September 2022 $	2021 $
Cash flows from operating activities			
Net profit		32,394,783	16,845,180
Adjustments to reconcile net profit to net cash provided by operating activities	25	128,580,149	724,491,820
Net cash provided by operating activities		160,974,932	741,337,000
Cash flows from investing activities			
Acquisition of property, plant and equipment	15	(16,500)	(11,632)
Acquisition of intangible assets - computer software	14	(2,109,456)	(2,922,059)
Purchases of investment securities		(393,399,388)	(1,076,061,056)
Proceeds from sales/maturities of investment securities		406,847,258	512,194,907
Net cash provided by/(used in) investing activities		11,321,914	(566,799,840)
Cash Flows from financing activities			
Principal elements of lease payments		(310,928)	(50,388)
Net increase in cash and cash equivalents		171,985,918	174,486,772
Cash and cash equivalents at beginning of period		311,769,068	137,282,296
Cash and cash equivalents at end of period		483,754,986	311,769,068
Comprising:			
Cash in hand and balances at Central Bank	10	65,544,503	57,365,347
Due from other banks		383,210,483	254,403,721
Reverse repurchase agreements		35,000,000	--
		483,754,986	311,769,068

The notes on pages 9 to 49 are an integral part of these financial statements.

1 **Incorporation and business activities**

NCB Merchant Bank (Trinidad and Tobago) Limited (formerly NCB Global Finance Limited and initially AIC Finance Limited) (the "Company") was incorporated in the Republic of Trinidad and Tobago on 5 November 1982, and commenced operations in January 1983. Effective 11 August 1993, the Company was licensed under the Financial Institutions Act 1993 as a financial institution. On 26 August 2003, the Company's application for a merchant bank's licence was approved by the Central Bank of Trinidad and Tobago (CBTT), thereby authorising the Company to conduct the additional activity of foreign exchange dealing.

On 13 December 2013, NCB Capital Markets Limited (the "Parent") acquired 100% of the shareholding of AIC Finance Limited from AIC Financial Group Limited (AICFG). NCB Capital Markets Limited is a 100% owned subsidiary of National Commercial Bank Jamaica Limited ("the Bank"). The Bank is a wholly owned subsidiary of NCB Financial Group Limited, a company incorporated and domiciled in Jamaica. NCB Financial Group Limited is a 55.54% subsidiary of AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc. incorporated in Canada and controlled by Hon. Michael A.Lee-Chin, OJ, Chairman of the Bank.

Shares in NCB Financial Group Limited are listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

NCB Merchant Bank (Trinidad and Tobago) Limited is authorised to carry on the following classes of business: finance company, confirming house/acceptance house, leasing corporation, mortgage institution, merchant bank, trust company, unit trust and financial services.

In January 2016, the Company was issued a Broker-Dealer license from the Trinidad and Tobago Securities and Exchange Commission which allows the Company to conduct the following activities:

(1) Broker-Dealer as agent; (2) Broker-Dealer as principal; (3) Investment adviser and
(4) Underwriter.

In July 2018, the CBTT granted approval for the Company to be included in the group of Second Tier Primary Dealers. This allows the Company to participate in up to 50% of the Open Market Operations (OMO) auctions staged by the CBTT in its efforts to manage liquidity in the Banking system.

In April 2021,the Company rebranded from NCB Global Finance Limited to NCB Merchant Bank (Trinidad and Tobago) Limited.

In June 2021, the Company gained membership to the Trinidad and Tobago Stock exchange (TTSE) making the Company the seventh equity brokerage firm in Trinidad and Tobago.

The Company's registered office is located at 6th Floor, Newtown Centre, 30-36 Maraval Road, Port-Of-Spain, Trinidad and Tobago.

2 Significant accounting policies

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

a. *Basis of preparation*

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These financial statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets at fair value.

The Company has prepared these financial statements to file with The Central Bank of Trinidad and Tobago in accordance with The Financial Institutions Act, 2008.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(i) *Standards, interpretations and amendments to existing standards effective during the current year*

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new interpretations and amendments, and has adopted the following, which are relevant to its operations:

- Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient, (effective for annual periods beginning on or after 1 April 2021). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2021, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The Company does not expect any significant impact on the financial statements from adoption of these amendments.
- Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2, (effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.The Company does not expect any significant impact on the financial statements from adoption of these amendments.

2 Significant accounting policies (continued)

a. *Basis of preparation (continued)*

(ii) *Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company*

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position, and which the Company has not early adopted.

- Amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, and the illustrative examples accompanying IFRS 16, ‘Leases’. The Company does not expect any significant impact on the financial statements from adoption of these amendments.

- Property, Plant and Equipment -Proceeds before Intended Use (Amendments to IAS 16), (effective for annual periods beginning on or after 1 January 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The Company does not expect any significant impact on the financial statements from adoption of these amendments.

- Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods starting not earlier than 1 January 2024). These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means where it refers to the ‘settlement’ of a liability. The Company does not expect any significant impact on the financial statements from adoption of these amendments.

2 **Significant accounting policies (continued)**

a. *Basis of preparation (continued)*

(ii) *Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company (continued)*

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Company does not expect any significant impact on the financial statements from adoption of these amendments.

- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction, (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deduct able temporary differences. The Company does not expect any significant impact on the financial statements from adoption of these amendments.

- Definition of Accounting Estimates – Amendments to IAS 8 (effective for annual periods beginning on or after 1 January 2023). This amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

b. *Foreign currency translation*

(i) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements are presented in Trinidad and Tobago dollars, which is the functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary items, such as equities held at fair value through the profit or loss are reported as part of the fair value gain or loss.

2 **Significant accounting policies (continued)**

c. *Cash and cash equivalents*

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition including cash in hand, deposits held at call with banks and other short term highly liquid investments.

d. *Financial assets*

(i) *Business model assessment*

The business models are determined at the level which best reflects how the Company manages portfolios of assets to achieve business objectives. Judgement is used in determining business models, supported by relevant and objective evidence including:

- How the performance and risks of a portfolio of assets is managed, evaluated and reported to key management and how the managers of the portfolio are compensated;
- How the Company intends to generate profits from holding the portfolio of assets;
- The past experience on how the cash flows of the portfolio of assets were collected;
- The historical and future expectations of asset sales within a portfolio.

The Company reclassifies debt instruments only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be infrequent.

(ii) *Solely repayments of principal and interest ("SPPI")*

Where the business model is to collect or, to collect and sell a financial instruments' contractual cash flows, the Company assesses whether those cash flows represent solely payments of principal and interest. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The cash flows of financial assets which contain an embedded derivative are not disaggregated when determining whether their cash flows are solely payments of principal and interest but are considered in their entirety. Principal amounts include par repayments from lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.

(iii) *Equity instruments*

The Company has elected to measure equity holdings that fall under IFRS 9 at FVPL, unless they form part of a strategic acquisition that is not held for trading purposes.

2 **Significant accounting policies (continued)**

d. *Financial assets (continued)*

(iv) *Debt instruments*

The Company classifies portfolios of debt instruments, including hybrid contracts, based on:

(a) the Company's business model for managing the asset; and

(b) the cash flow characteristics of the asset.

(v) *Initial recognition*

Financial assets and liabilities are recognised when the Company becomes party to a contractual provision of the instrument. At initial recognition, regular purchase of financial assets are recorded at fair value. The carrying value of financial assets at initial recognition includes any directly attributable transactions costs. Purchases of financial assets are recognised on the date on which the Company becomes the beneficial owner of the security.

(vi) *De-recognition*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Company is recognised as a separate asset or liability in the statement of financial position. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income ("OCI") is recognised in profit or loss.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(vii) *Classification of financial assets*

After initial recognition, financial assets are measured based on the business model and the resulting classification. As required by IFRS 9, the Company applies a principles-based approach to the classification of financial assets on its business model and the nature of the cash flows of the asset.
Financial instruments are classified as either:

- fair value through profit or loss ("FVPL"),
- fair value through other comprehensive income ("FVOCI") or
- amortised cost

2 **Significant accounting policies (continued)**

d. *Financial assets (continued)*

(vii) *Classification of financial assets (continued)*

Financial assets measured at fair value through profit or loss (FVPL)

Financial instruments are classified in this category if they meet one of the criteria set out below and are so designated irrevocably at inception:

- this designation removes or significantly reduces an accounting mismatch; or
- when a group of financial assets and liabilities or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- the financial instrument is held for trading purposes.
- The financial instrument is a derivative that is not designated as a hedge.

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

Financial assets held for a business model that is achieved by both collecting and selling contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net gains/(losses) on investment securities. Foreign exchange gains or losses are presented in foreign exchange income and impairment losses are presented as a separate line item in the statement of comprehensive income.

Financial assets measured at amortised cost

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains or losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

(viii) *Impairment of financial assets*

Under IFRS 9 the Company applies an impairment model that recognises expected credit losses (“ECL”) on financial assets measured at amortised cost and FVOCI and off balance sheet loan commitments and financial guarantees which were previously provided for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

At initial recognition, an allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) (’12-month ECL’).

2 **Significant accounting policies (continued)**

d. *Financial assets (continued)*

(viii) *Impairment of financial assets (continued)*

In the event of a significant increase in credit risk (SICR) an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (‘lifetime ECL’). Financial assets where 12-month ECL is recognised are considered to be ‘stage 1’; financial assets which are considered to have experienced a significant increase in credit risk are in ‘stage 2’; and financial assets for which there is objective evidence of impairment and are therefore considered to be in default or otherwise credit-impaired are in stage 3’.

To determine whether the life-time credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that is available, including information from the past as well as forward-looking information. Factors such as whether payments of principal and interest are in delinquency, an adverse change in credit rating of the borrower and adverse changes in the borrower’s industry and economic environment are considered in determining whether there has been a significant increase in the credit risk of the borrower.

Purchased or originated credit-impaired assets

These are financial assets that are purchased or originated at a deep discount that reflects their incurred credit losses, these assets are considered to be already credit-impaired on initial recognition. The Company calculates the credit adjusted effective interest rate, which is based on the originated fair value instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. The ECL of these financial assets is always measured on a lifetime basis and changes in the ECL are recorded in the Statement of Comprehensive Income.

Definition of default

The Company determines that a financial instrument is in default, credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for 90 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower’s financial condition; and
- the financial asset is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is greater than 90 days past due.

2 **Significant accounting policies (continued)**

d. *Financial assets (continued)*

(viii) *Impairment of financial assets (continued)*

Write-off

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

Recognition and measurement of ECL

The general approach to recognising and measuring ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are calculated by multiplying the following three main components:

- the probability of default ("PD")
- the loss given default ("LGD") and
- the exposure at default ("EAD"), discounted at the original effective interest rate.

Management has calculated these inputs based on the estimated forward looking economic and historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the life-time ECL on initial recognition. For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. The PD, LGD and EAD models which support these determinations are reviewed periodically. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in modelling and for the incorporation of scenarios which have not generally been subject to experience gained through stress testing.

The exercise of judgement in making estimations requires the use of assumptions which are subjective and sensitive to risk factors, in particular to changes in economic and credit conditions across geographical areas. Many of the risk factors have a high degree of interdependency and there is no single factor to which impairment allowances as a whole are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and these results are not extrapolated to the wider population of financial assets.

2 **Significant accounting policies (continued)**

d. *Financial assets (continued)*

Recognition and measurement of ECL (continued)

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

For a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

For defaulted financial assets, based on management's assessment of the borrower, a specific provision of expected life-time losses which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

Forward looking information

The estimation and application of forward-looking information requires significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in the expected credit loss calculation have forecasts of the relevant macroeconomic variables. The estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. The base case scenario is be based on macroeconomic forecasts that are publicly available. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios occurs on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on an annual basis or more frequently as warranted. The base scenario reflects the most likely outcome and is assigned the highest weighting.

The weightings assigned to each economic scenario as at 1 October 2021 and 30 September 2022 were as follows:

	Base	**Optimistic**	**Pessimistic**
Scenarios	70%	0%	30%

Impairment on financial assets measured at amortised cost and FVOCI, recognise impairment gains and losses are recognised in the statement of profit or loss. Unrealised gains and losses arising from changes in fair value on FVOCI assets are measured in other comprehensive income and the loss allowance is recycled to profit or loss in the credit loss provision line. When the asset is sold, the cumulative gain or loss is reclassified to investment income and the impairment on these financial assets will be reversed to provision for credit losses in the profit and loss.

Renegotiated loans

Where possible, the Company seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

2 Significant accounting policies (continued)

e. *Assets leased to customers under finance leases*

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable and is reported on the statement of financial position in “loans and advances, net provisions for credit losses”. The difference between the gross and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using net investment method before tax, which reflects a constant periodic rate of return.

f. *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

g. *Property, plant and equipment*

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation is calculated on the straight line basis at annual rates that will write off the carrying value of each asset over the period of its expected useful life.

The expected useful life of the assets are as follows:

Furniture, equipment and motor vehicles - 5 years

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within net trading gain/loss in the income statement.

h. *Intangible assets*

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis at annual rates that will write off the carrying value of the asset over its expected useful life. The expected useful life for computer software is 3-10 years.

2 **Significant accounting policies (continued)**

i. *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement in the period of the borrowings using the effective interest method.

j. *Repurchase and reverse repurchase transactions*

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

k. *Loans and advances and provisions for credit losses*

Loans and advances are recognised when cash is advanced to borrowers. They are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method.

See Note 2 d (viii) for details of provision for credit losses determined under the requirements of IFRS 9.

l. *Share capital*

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

m. *Provisions*

Provisions are recognised when the Company 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. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2 Significant accounting policies (continued)

n. *Income tax*

(i) *Current income tax*

Income tax payable (receivable) is calculated on the basis of the applicable tax law in Trinidad and Tobago and is recognised as an expense (income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on unrealised gains on investment securities at fair value through other comprehensive income).

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation.

(ii) *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from accelerated tax depreciation, revaluation of financial assets and tax losses carried forward.

Deferred tax assets are recognised where it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited to other comprehensive income or equity, in which case, deferred tax is also dealt with in other comprehensive income or equity.

o. *Interest income and expenses*

Interest income and expense for all interest-bearing financial instruments are recognised within “interest income” and “interest expense” in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or where appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2 **Significant accounting policies (continued)**

p. *Fees and commissions*

Arrangement fees

Commission and fees arising from negotiating, or participating in the negotiation of a transaction for a third party – such as the acquisition of loans, shares of other financial assets or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised over the period the service is provided.

Origination fees

Fees relating to the creation or acquisition of a financial asset other than under IAS 39 classified as a financial asset 'at fair value through profit or loss' are amortised over the expected life of the instrument using the effective interest rate method.

q. *Dividend income*

Dividends are recognised in the income statement in "dividend income" when the Company's right to receive payment is established.

r. *Leases*

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 October 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The right-of-use assets is presented within property, plant and equipment. Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- restoration costs.

3 Critical accounting estimates and judgements

The Company's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgements, which necessarily have to be made in the course of preparation of the financial statements.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and assumptions are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and management's judgements for certain items are especially critical for the Company's results and financial situation due to their materiality.

a. *Income and deferred income taxes*

Significant judgement is required in determining the provision for income taxes and deferred income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Company recognises deferred tax assets on temporary differences from accelerated tax depreciation, revaluation of financial assets .

b. *Impairment losses*

In determining amounts recorded for impairment losses in the financial statements, management makes judgements as to whether there are any observable data indicating that there is a measurable decrease in the estimated future cash flows from financial assets. The evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with defaults on assets.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed to reduce any differences between loss estimates and actual loss experience.

c. *Fair value of financial assets*

The fair value of financial assets where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated using models. These models are validated and periodically reviewed by independent qualified personnel. See Note 27 for further details.

4 Net interest income

	2022 $	2021 $
Interest income		
Loans and advances	20,206,033	14,192,959
Investment securities		
- Fair value through other comprehensive income	32,010,721	10,026,303
Deposits and other	15,504	6,447
Reverse repurchase agreements	9,120	92,167
	52,241,378	24,317,876

4 Net interest income (continued)

	2022 $	2021 $
Interest expense		
Customer deposits	(26,621,890)	(15,238,021)
Repurchase agreements	(7,299,695)	(651,316)
	(33,921,585)	(15,889,337)
Net interest income	18,319,793	8,428,539

5 Fee and commission income

	2022 $	2021 $
Arrangement fees	16,472,071	13,793,957
Broker fees	1,547,761	839
Registrar, trustee and paying agent fees	266,724	143,209
Loan commitment fees	111,380	247,558
Other fees	89,140	254,292
	18,487,076	14,439,855

6 Net gains on foreign currency and investment activities

	2022 $	2021 $
Net foreign exchange gains	9,534,194	11,569,323
Gains on investment securities:		
- Realised gain on debt securities	23,188,895	2,594,598
- Unrealised (loss)/gain on equity securities	(142,228)	538,024
	32,580,861	14,701,945

Net foreign exchange gains include gains and losses arising from translation of assets and liabilities denominated in foreign currencies as well as those arising from foreign currency dealing activities.

7 Staff costs

	2022 $	2021 $
Wages, salaries, allowances and benefits	13,140,675	6,945,503
Payroll taxes	282,371	240,275
	13,423,046	7,185,778

8 Other operating expenses

	2022 $	2021 $
Marketing, advertising and donations	2,195,870	750,252
Technical, consultancy and professional fees	1,485,536	889,112
Insurance	1,179,848	700,313
License and transaction processing fees	1,173,452	585,609
Auditor’s remuneration	533,790	596,623
Service level agreement (IT Support)	524,506	524,945
Travelling, courier and telecommunication	499,383	319,479
Irrecoverable value added tax	459,159	318,858
Other expenses	380,427	341,173
Property maintenance and utilities	284,563	442,825
Commissions	45,196	61,123
Stationery	33,744	32,106
Property lease rental	--	534,521
	8,795,474	6,096,939

9 Taxation

	2022 $	2021 $
Corporation tax	13,861,000	4,710,448
Green fund levy	370,000	175,910
Prior year over provision	(1,815,646)	--
Deferred tax (Note 17)	591,070	2,101,433
	13,006,424	6,987,791

The tax on the profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:

	2022 $	2021 $
Profit before taxation	45,401,207	23,832,971
Tax calculated at a tax rate of 30%	13,620,362	7,149,891
Income not subject to tax	(139,802)	(377,756)
Expenses not deductible for tax purposes	187,033	150,088
Green fund levy	370,000	175,910
Prior year over provision	(1,815,646)	--
Prior year under/(over) provision - deferred tax	784,477	(110,342)
	13,006,424	6,987,791

10 Cash in hand and balances at Central Bank

	2022 $	2021 $
Statutory deposit with Central Bank of Trinidad and Tobago	65,508,210	57,319,070
Cash in hand	36,293	46,277
	65,544,503	57,365,347

The reserve account is non-interest bearing and is not available for investment, lending or other use by the Company. As per Section 57(1) of the Financial Institution's act 2008, the Company is required to hold and maintain as a deposit with the Central Bank of Trinidad and Tobago, a cash reserve balance known as the reserve account, which shall bear a ratio to prescribed liabilities as stipulated by the Central Bank.

11 Investment securities

	2022 $	2021 $
Classified as FVPL		
Quoted and unquoted equity securities		
Gross carrying amount	1,895,598	2,044,377
ECL allowance	(110,348)	(114,857)
Net carrying amount	1,785,250	1,929,520
Classified as FVOCI		
Government of Trinidad and Tobago debt securities	585,535,026	631,443,163
Other government securities	10,892,428	--
Corporate debt securities	35,010,827	9,616,957
Interest receivable	10,606,307	11,060,189
Carrying amount	642,044,588	652,120,309
Total investment securities	643,829,838	654,049,829
Less: pledged assets (Note 12)	(517,785,133)	(169,501,485)
Amount reported in the financial statements	126,044,705	484,548,344
Current portion	10,606,307	13,018,109
Long term portion	115,438,398	471,530,235
	126,044,705	484,548,344

12 Pledged assets

Investment securities classified as FVOCI pledged as collateral for:

	2022	2021
Repurchase agreements	473,684,576	169,501,485
Letter of credit	3,483,642	--
Overdraft facility	40,616,915	--
	517,785,133	169,501,485

13 Loans and advances, net of provisions for credit losses

	2022	2021
Instalment loans	340,813,353	219,249,755
Finance leases	26,519,296	31,505,201
Mortgage loans	40,233,358	48,744,561
Gross loans and advances	407,566,007	299,499,517
ECL allowance	(739,379)	(401,003)
	406,826,628	299,098,514
Interest receivable	3,035,067	3,676,145
	409,861,695	302,774,659

13 Loans and advances, net of provisions for credit losses (continued)

	2022 $	2021 $
Current	48,524,843	73,488,171
Non-current	361,336,852	229,286,488
	409,861,695	302,774,659
Present value of minimum lease payments		
Gross investment (future minimum lease payments)	47,937,738	57,151,137
Future finance charges	(21,418,442)	(25,645,936)
Present value of minimum lease payments	26,519,296	31,505,201
Finance leases		
Not later than 1 year	4,997,861	4,338,812
Later than 1 year and not later than 5 years	21,521,435	27,166,389
Net investment in finance leases	26,519,296	31,505,201
The movement in the provision for credit losses is as follows:		
Balance at beginning of year	401,003	1,042,702
Net increase/(decrease) in provision during the year	338,376	(641,699)
Balance at end of year	739,379	401,003
Specific provision	190,672	110,408
General provision	548,707	290,595
	739,379	401,003

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired loans:

	2022 $	2021 $
Recoveries of loans previously written off	--	300
(Increase)/decrease in provision during the year	(338,376)	641,699
	(338,376)	641,999

14 Intangible assets

	Computer software	
	2022 $	2021 $
Net book value at beginning of year	3,329,359	1,325,856
Additions	2,109,456	2,922,059
Amortisation charge	(834,906)	(918,556)
Net book value at end of year	4,603,909	3,329,359
Cost	11,069,907	8,960,451
Accumulated amortisation	(6,465,998)	(5,631,092)
Net book value	4,603,909	3,329,359

15 Property, plant and equipment

	Furniture, equipment and motor vehicles $
Cost	
At 1 October 2020	3,071,287
Additions	11,632
At 30 September 2021	3,082,919
Additions	16,500
At 30 September 2022	3,099,419
Accumulated depreciation	
At 1 October 2020	(3,042,299)
Charge for the year	(17,176)
At 30 September 2021	(3,059,475)
Charge for the year	(9,821)
At 30 September 2022	(3,069,296)
Net book value	
30 September 2022	30,123
30 September 2021	23,444

16 Leases

This note provides information for the lease where the Company is a lessee.

Amounts recognised in the statement of financial position:

Right-of-use asset	**2022 $**	**2021 $**
Building	1,294,713	281,750
Lease liabilities		
Building	1,676,284	325,279

Amounts recognised in statement of profit or loss:

Depreciation charge of right-of-use assets		
Building	721,273	93,917
Interest expense (included in finance cost)	58,970	133,862

17 **Deferred income tax**	**2022** **$**	**2021** **$**
Net liability/(asset) at beginning of year	1,798,836	(2,938,072)
Deferred tax charge in the income statement (Note 9)	591,070	2,101,433
Deferred tax (credit)/charge on securities at fair value through other comprehensive income (OCI)	(5,623,596)	2,635,475
Net deferred tax (asset)/liability at end of year	(3,233,690)	1,798,836
(Assets)/liabilities recognised on the statement of financial position are as follows:		
Deferred tax asset	(3,233,690)	(1,021,027)
Deferred tax liability	--	2,819,863
Net asset	(3,233,690)	1,798,836
Deferred income tax assets:		
Accelerated depreciation	(315,485)	(1,007,968)
Leases	(114,471)	(13,059)
Investment securities – at fair value through profit and loss	(2,803,734)	--
	(3,233,690)	(1,021,027)
Deferred income tax liabilities:		
Investment securities at fair value through OCI	--	2,819,863
Net (asset)/liability at end of year	(3,233,690)	1,798,836

The amounts shown in the statement of financial position include the following:

	2022	2021
Deferred tax assets to be recovered after more than 12 months	429,956	1,021,027
Deferred tax liabilities to be settled after more than 12 months	2,803,734	--

The amounts recognised in the income statement were due to:

	2022	2021
Accelerated tax depreciation	489,658	154,472
Leases	101,412	13,059
Tax losses	--	1,933,902
	591,070	2,101,433

Deferred tax recognised in other comprehensive income was due to the following items:

	2022	2021
Securities at fair value through other comprehensive income	(5,623,596)	2,635,475

18 Other assets

	2022 $	2021 $
Client balances	1,195,946	2,103,414
Prepayments	1,135,073	1,964,070
Vat recoverable	783,927	975,350
Intercompany receivables	16,374,963	2,344,640
	19,489,909	7,387,474

19 Customer deposits

	2022 $	2021 $
Deposit balances	912,053,547	879,915,473
Accrued interest	11,832,978	8,745,113
	923,886,525	888,660,586

20 Repurchase agreements

The security pledged for the repurchase agreements were all Government of Trinidad and Tobago bonds with total market value plus accrued interest of $473,684,576 as per Note 12. The tenors of the agreements range from 90 days and 730 days.

21 Other liabilities

	2022 $	2021 $
Client balances	20,717,787	87,719,278
Accrued staff benefits	6,377,296	1,557,656
Accrued other operating expenses	624,726	641,418
Inter-company payables	2,093,520	42,964
	29,813,329	89,961,316

22 Share capital

	2022 $	2021 $
Authorised		
An unlimited number of shares of no par value		
Issued and fully paid		
92,698,531 ordinary shares of no par value	82,921,789	82,921,789

23 Fair value reserve

The fair value reserve represents the unrealised gains/(losses) on securities measured at FVOCI, the ECL allowances recognised in profit or loss with the respective deferred tax asset or liability.

24 Statutory reserve fund

The Financial Institutions Act, 2008 requires that a minimum of 10% of the profit for the year in each period be transferred to a statutory reserve account until the balance on this reserve is not less than the paid-up capital.

25 Adjustments to reconcile net profit to net cash provided by operating activities

	Notes	2022 $	2021 $
Depreciation of property, plant and equipment	15	9,821	17,176
Amortisation of intangible assets	14	834,906	918,556
Depreciation right of use asset	16	721,273	93,917
Impairment losses on securities		--	24,039
Net provision on credit losses		226,681	(648,863)
Interest income		(52,241,378)	(24,317,876)
Interest expense		33,921,585	15,889,337
Income tax expense (Note 9)		13,006,424	6,987,791
Unrealised revaluation exchange loss on investments		547,281	399,961
Net gain on disposal of financial assets		(23,188,895)	(2,594,597)
Loss/(gain) on investment securities at fair value through profit or loss		142,228	(538,024)
Changes in operating assets and liabilities:			
Increase in loans and advances		(108,066,491)	(9,007,717)
Increase in customer deposits		32,138,074	515,171,306
Increase in repurchase agreements		291,232,613	148,339,976
(Decrease)/increase in other assets		(12,102,435)	3,506,507
(Decrease)/increase in other liabilities		(60,147,987)	74,979,598
		117,033,700	729,221,087
Interest received		53,336,339	11,658,381
Interest paid		(27,906,403)	(11,501,290)
Income taxes paid		(13,883,487)	(4,886,358)
		128,580,149	724,491,820

The net provision on credit losses of $226,681 above includes an increase in loan provision during the year - $338,376 and a decrease in ECL allowances on investment securities through profit or loss - $111,695.

26 **Related party transactions**

	The parent and entities with significant influence over the entity		Directors and key management personnel (and their families)	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Loans and advances				
Balance at 1 October	--	--	1,391,655	1,612,694
Issued during the year	--	--	622,785	535,553
Repayment during the year	--	--	(595,739)	(756,592)
Balance at 30 September	--	--	1,418,701	1,391,655
Interest income earned (loans)	--	--	76,021	72,226
Investment classified as FVPL				
Balance at 1 October	305,308	176,772	--	--
Net movement during the year	(68,311)	128,536	--	--
Balance at 30 September	236,997	305,308	--	--
Interest income earned (reverse repo)	7,176	92,167	--	--
Other assets	16,374,963	2,344,640	--	--
Other liabilities	2,093,520	42,964	--	--
Interest income earned	--	--	--	--
Fees and commission earned	5,065,875	5,640,258	--	--
Customer deposits	--	4,036,493	--	--
Interest expense (customer dep)	49,644	36,493	--	--
Repurchase agreement (Repo)	12,151,890	--	--	--
Interest expense on Repo	151,890	73,673	--	--
Other operating expenses	325,726	760,787	--	--

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties as none of the outstanding balances are considered impaired.

26 Related party transactions (continued)

Key management compensation

	2022 $	2021 $
Salaries and other short term benefits	5,368,177	4,250,495

27 Financial risk management

The Company's activities expose it to a variety of financial risks. These risks include liquidity risk, credit risk, and market risk which includes; interest rate risk, foreign exchange risk and price risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk limits and benchmarks are integral to the risk management process, as they characterise the Board's risk tolerance and also that of the Regulator. Limits are established for:

- Credit and Counterparty risk - exposures to individuals, group, counterparty, country
- Market risk - rate gap exposure, currency exposure, market value exposure
- Liquidity risk - liquidity gaps, funding exposures/liability diversification and liquid assets levels.

Limits and benchmarks are monitored on an ongoing basis and reported to the relevant governance committees.

Policies and procedures

Policies and operational procedures are established throughout the organisation and are approved by the relevant management personnel and/or governance committees.

These policies and procedures incorporate requirements for compliance monitoring, maintenance of contingency plans and the provision of reports to management and the relevant governance committees and/ or the Board of Directors.

a. *Credit risk*

Credit risk is the risk that a borrower or counter-party fails to meet contractual obligations, or to perform as agreed. This risk is managed through credit appraisal governed by adherence to credit risk policies in compliance with regulatory requirements. The major classes of credit facilities advanced are instalment loans, mortgage loans, finance leases and trade financing.

Authorisation limits are established for different credit facilities with approval levels for Group Risk Management Division, the Risk Management Committee and the Board.

Portfolio management is the key in managing the performance of the instalment loans, mortgage loans, finance leases and trade financing. In that regard, focus is on relationship management and monitoring of repayments to ensure that they are not only paid but paid in a timely manner. Having the relevant legal support in cases of default is also a critical component of ensuring early redress of the situation to minimise loss through default. In addition, particular attention is paid to ensuring the maintenance of collateral.

27 **Financial risk management (continued)**

a. *Credit risk (continued)*

Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to on balance sheet assets are as follows:

	2022 $	2021 $
Balances with Central Bank of Trinidad and Tobago	65,508,210	57,319,070
Due from other banks	383,210,483	254,403,721
Reverse repurchase agreements	35,000,000	--
Investment securities	631,998,778	652,120,309
Loans and advances, net of provision for credit losses	409,861,695	302,774,659
	1,525,579,166	1,266,617,759
The credit quality of loans is summarised as follows:		
Not impaired	397,559,512	289,475,548
Impaired	12,950,671	11,915,297
	410,510,183	301,390,845
Less: provision for credit losses	(739,379)	(401,003)
Net	409,770,804	300,989,842
The ageing analysis of past due but not impaired loans was as follows:		
Less than 30 days	391,634,108	285,860,453
31 to 60 days	3,819,797	167,124
61 to 90 days	2,047,922	3,246,097
Greater than 90 days	57,685	201,874
	397,559,512	289,475,548

Of the aggregate amount of gross past due but not impaired loans, $280,350,942 was secured (2021: $288,386,136).

Credit exposures

(i) *Loans*

The following table summarises the credit exposure to businesses and government by sector:

	2022 $	2021 $
Central government	265,608,192	136,773,707
Construction and land development	50,703,714	95,921,553
Other financial institutions	3,831,636	4,492,923
Distribution	29,746,826	25,669,900
Manufacturing	2,367,262	2,516,854
Mining and processing	1,904,851	2,020,548
Personal	16,044,498	10,717,751
Professional and other services	19,172,576	17,576,204
Tourism	1,266,553	2,401,383
Transportation, storage and communication	16,919,899	1,408,694
	407,566,007	299,499,517
Expected credit losses	(739,379)	(401,003)
Interest receivable	3,035,067	3,676,145
	409,861,695	302,774,659

27 **Financial risk management (continued)**

a. *Credit risk (continued)*

Credit exposures (continued)

(ii) *Debt securities*

	2022 $	2021 $
The following table summarises the Company's credit exposure for debt securities at their carrying amounts, as categorised by issuer:		
Government of Trinidad and Tobago	585,535,026	631,443,164
Corporate	35,010,827	9,616,957
Foreign governments	10,892,428	--
	631,438,281	641,060,121
Interest receivable	11,060,189	11,060,189
Total ECL	(728,623)	(840,318)
	641,769,847	651,279,992

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available).

External credit ratings (Standard and Poor's)

BBB-	598,477,103	631,443,164
BB+	18,702,254	--
BB	--	1,957,921
BB-	10,892,428	--
B	3,366,495	3,373,295
Unrated	--	4,285,741
	631,438,280	641,060,121

(iii) The following tables contain analyses of the credit risk exposure of financial investments for which an ECL allowance is recognised. The gross carrying amounts of investments below represent the Company's maximum exposure to credit risk on these assets.

Alternate classification for internal rating – S&P or equivalent	Classification	External
Low risk	Investment Grade	AAA – BBB
Medium risk	Non-Investment Grade	BB – B
High risk	Non-Investment Grade	CCC - C
Default	Default	D

	ECL staging				
	Stage 1	Stage 2	Stage 3	Purchased	
	12-month ECL	Lifetime ECL	Lifetime ECL	credit-impaired	Total
Debt securities	$	$	$	$	$
Risk rating					
Low	598,477,104	--	--	--	598,477,104
Medium	32,961,177	--	--	--	32,961,177
Gross carrying amount	631,438,281	--	--	--	631,438,281

27 **Financial risk management (continued)**

a. *Credit risk (continued)*

Credit exposures (continued)

	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
Loans and advances risk rating	**$**	**$**	**$**	**$**	**$**
Low	391,634,108	5,867,719	10,064,180	--	407,566,007
Gross carrying amount	391,634,108	5,867,719	10,064,180	--	407,566,007
Loss allowance	(544,442)	(85,425)	(109,512)	--	(739,379)
Carrying amount	391,089,666	5,782,294	9,954,668	--	406,826,628

	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
Other assets risk rating	**$**	**$**	**$**	**$**	**$**
Low	19,489,909	--	--	--	19,489,909
Gross carrying amount	19,489,909	--	--	--	19,489,909

The following tables contain an analysis of the expected credit losses:

	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
Debt securities risk rating	**$**	**$**	**$**	**$**	**$**
Low	559,706	--	--	--	559,706
Medium	168,240	--	--	--	168,240
Loss allowance	727,946	--	--	--	727,946

	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
Loans and advances risk rating	**$**	**$**	**$**	**$**	**$**
Low	(544,442)	(85,425)	(109,512)	--	(739,379)
Loss allowance	(544,442)	(85,425)	(109,512)	--	(739,379)

27 **Financial risk management (continued)**

a. *Credit risk (continued)*

Credit exposures (continued)

Loss allowance

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period :

	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
Debt securities	**$**	**$**	**$**	**$**	**$**
Loss allowance as at 1 October 2021	839,403	914	--	--	840,317
New financial assets originated or purchased	364,664	--	--	--	364,664
Financial assets derecognised during the period	(345,881)	(914)	--	--	(346,795)
Changes to principal	(18,783)	--	--	--	(18,783)
Changes to inputs in ECL model	(104,657)	--	--	--	(104,657)
Foreign exchange movement	(6,800)	--	--	--	(6,800)
Loss allowance as at 30 September 2022	727,946	--	--	--	727,946

	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
Loans and advances	**$**	**$**	**$**	**$**	**$**
Loss allowance as at 1 October 2021	290,234	15,724	95,045	--	401,003
Transfer from Stage 1 to Stage 3	(14,421)	--	14,421	--	--
New financial assets originated or purchased	225,224	--	--	--	225,224
Financial assets derecognised during this period	(33,310)	--	--	--	(33,310)
Changes to inputs in ECL model	--	--	46	--	46
Changes to principal	76,715	69,701	--	--	146,416
Loss allowance as at 30 September 2022	544,442	85,425	109,512	--	739,379

b. *Liquidity risk*

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. The Company's liquidity management process is carried out by the Company's Treasurer as follows:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers.
- Maintaining a portfolio of marketable assets that can be liquidated as protection against any unforeseen interruption to cash flow.
- Managing the concentration and profile of maturities.
- Use of Liquidity Gap analysis.

27 **Financial risk management (continued)**

b. *Liquidity risk (continued)*

The tables below present the contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the financial liabilities based on the remaining period.

As at 30 September 2022

	Within 1 month $	2 to 3 months $	4 to 12 months $	1 to 5 years $	Over 5 years $	Total $
Liabilities						
Customers deposits	17,125,639	184,706,929	599,041,317	142,214,590	--	943,088,475
Repurchase agreements	3,653,958	22,871,740	436,424,657	--	--	462,950,355
Lease liabilities	36,850	73,700	640,530	1,067,550	--	1,818,630
Other liabilities	29,813,329	--	--	--	--	29,813,329
Total financial liabilities (contractual maturity dates)	50,629,776	207,652,369	1,036,106,504	143,282,140	--	1,437,670,789
Assets held for managing liquidity risk	483,754,986	--	--	6,668,866	624,769,415	1,115,193,267

As at 30 September 2021

	Within 1 month $	2 to 3 months $	4 to 12 months $	1 to 5 years $	Over 5 years $	Total $
Liabilities						
Customers deposits	12,122,179	94,477,191	683,706,302	118,023,364	--	908,329,036
Repurchase agreements	--	--	157,798,000	5,300,000	--	163,098,000
Lease liabilities	442,200	110,550	--	--	--	552,750
Other liabilities	89,961,316	51,595	--	--	--	90,012,911
Total financial liabilities (contractual maturity dates)	102,525,695	94,639,336	841,504,302	123,323,364	--	1,161,992,697
Assets held for managing liquidity risk	311,769,068	11,060,189	1,957,921	11,310,859	627,791,341	963,889,378

27 **Financial risk management (continued)**

c. *Market risk*

The Company takes on exposure to market risk, which is defined as the potential for loss arising from changes in the market value of the organisation's financial instruments due to changes in certain market variables, such as interest rates, foreign exchange rates, equity prices, market liquidity and credit spreads.

The Company incurs market risk primarily in treasury, trading and structural banking activities. The Company manages the risk in accordance with the Group's risk management framework. This includes:

- Oversight provided by the relevant governance committees.
- An independent market risk oversight function.
- Limit setting mechanisms and a monitoring process.

(i) *Currency risk*

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

Foreign exchange risk occurs when the Company takes an open position in a currency. To control this exchange risk, the Company has approved limits for net open positions in each currency for both intra-day and overnight.

The Company also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to be settled. The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

27 **Financial risk management (continued)**

c. *Market risk (continued)*

(i) *Currency risk (continued)*

The tables below summarises the Company's TTD equivalent exposure to foreign currency exchange rate risk as at the date of the statement of financial position.

As at September 2022

	TTD $	JMD $	US$ $	CAN$ $	Other $	Total $
Assets						
Cash and balances at Central Bank of Trinidad and Tobago	65,514,380	--	30,123	--	--	65,544,503
Due from other banks	322,051,949	3,079	60,874,853	280,294	308	383,210,483
Reverse repurchase agreements	35,000,000	--	--	--	--	35,000,000
Investment securities(including pledged assets)	534,151,292	--	109,678,546	--	--	643,829,838
Loans and advances net of provision	299,572,709	--	110,288,986	--	--	409,861,695
Other assets	16,071,483	--	3,414,096	4,330	--	19,489,909
Total assets	1,272,361,813	3,079	284,286,604	284,624	308	1,556,936,428
Liabilities						
Customer deposits	739,705,684	--	184,180,841	--	--	923,886,525
Repurchase agreements	425,873,925	--	27,363,650	--	--	453,237,575
Lease liabilities	1,676,284	--	--			1,676,284
Other liabilities	12,399,369	--	17,170,525	243,435	--	29,813,329
Total liabilities	1,179,655,262	--	228,715,016	243,435	--	1,408,613,713
Net on-balance sheet position	92,706,551	3,079	55,571,588	41,189	308	148,322,715

27 **Financial risk management (continued)**

c *Market risk (continued)*

(i) *Currency risk (continued)*

As at September 2021

	TTD $	JMD $	US$ $	CAN$ $	Other $	Total $
Assets						
Cash and balances at Central Bank of Trinidad and Tobago	57,324,315	--	41,032	--	--	57,365,347
Due from other banks	146,212,751	48,288	102,543,050	5,599,320	312	254,403,721
Investment securities (including pledged assets)	644,035,003	--	10,014,826	--	--	654,049,829
Loans and advances net of provision	170,212,137	--	132,562,522	--	--	302,774,659
Other assets	859,780	--	6,509,954	4,731	13,009	7,387,474
Total assets	1,018,643,986	48,288	251,671,384	5,604,051	13,321	1,275,981,030
Liabilities						
Customer deposits	749,377,698	--	139,282,888	--	--	888,660,586
Repurchase agreements	159,077,644	--	--	--	--	159,077,644
Lease liabilities	325,279	--	--	--	--	325,279
Other liabilities	15,184,621	--	69,191,325	5,585,370	--	89,961,316
Total liabilities	923,965,242	--	208,474,213	5,585,370	--	1,138,024,825
Net on-balance sheet position	94,678,744	48,288	43,197,171	18,681	13,321	137,956,205

27 **Financial risk management (continued)**

c. *Market risk (continued)*

(i) *Currency risk (continued)*

Foreign currency sensitivity

The following table indicates the currencies to which the Company has significant exposures on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents the outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for changes in foreign currency rates. The sensitivity analysis includes loans and advances to customers, investment securities and deposits.

	% Change in currency rate 2022	Effect on net profit 2022 $	Effect on equity 2022 $	% Change in currency rate 2021	Effect on net profit 2021 $	Effect on equity 2021 $
Currency						
USD	2%	1,111,432	1,111,432	2%	863,943	863,943
USD	-4%	(2,222,864)	(2,222,864)	-4%	(1,727,887)	(1,747,887)
CAD	2%	824	824	2%	--	--
CAD	-4%	(1,648)	(1,648)	-4%	--	--

27 **Financial risk management (continued)**

c. *Market risk (continued)*

(ii) *Interest rate risk*

Interest rate risk arises when the Company's principal and interest cash flows from balance sheet items have mismatched re-pricing dates. The short-term impact is experienced on the Company's net interest income and long term impact is felt on its equity.

The Company incurs interest rate mismatches from its interest bearing assets and liabilities with the size of such exposure being heavily dependent on the direction and degree of interest rate movements in addition to the size and maturity structure of the mismatched position. The Company's policy requires that such mismatches are managed. Accordingly, a comprehensive system of limits and gap analysis is used to manage the Company's exposure.

27 **Financial risk management (continued)**

c. *Market risk (continued)*

(ii) *Interest rate risk (continued)*

As at 30 September 2022

	Within 1 month $	2 to 3 months $	4 to 12 months $	1 to 5 years $	Over 5 years $	Non-interest bearing $	Total $
Assets							
Cash and balances at Central Bank of Trinidad and Tobago	--	--	--	--	--	65,544,503	65,544,503
Due from other banks	383,210,483	--	--	--	--	--	383,210,483
Reverse repurchase agreements	35,000,000	--	--	--	--	--	35,000,000
Investment securities	--	--	--	6,668,866	624,769,415	12,391,557	643,829,838
Loans and advances net of provision	13,859,553	368,367	31,091,450	91,678,851	272,772,583	90,891	409,861,695
Other assets	--	--	--	--	--	19,489,909	19,489,909
Total assets	432,070,036	368,367	31,091,450	98,347,717	897,541,998	97,516,860	1,556,936,428
Liabilities							
Customer deposits	5,287,717	183,750,260	588,776,107	134,239,463	--	11,832,978	923,886,525
Repurchase agreements	3,627,825	22,503,699	423,601,090	--	--	3,504,961	453,237,575
Lease liabilities	26,749	54,317	571,558	1,023,660	--	--	1,676,284
Other liabilities	--	--	--	--	--	29,813,329	29,813,329
Total liabilities	8,942,291	206,308,276	1,012,948,755	135,263,123	--	45,151,268	1,408,613,713
On balance sheet interest sensitivity gap	423,127,745	(205,939,909)	(981,857,305)	(36,915,406)	897,541,998		
Cumulative interest sensitivity gap	423,127,745	217,187,836	(764,669,469)	(801,584,875)	95,957,123		

27 **Financial risk management (continued)**

c. *Market risk (continued)*

(ii) *Interest rate risk (continued)*

As at 30 September 2021

	Within 1 month $	2 to 3 months $	4 to 12 months $	1 to 5 years $	Over 5 years $	Non-interest bearing $	Total $
Assets							
Cash and balances at Central Bank of Trinidad and Tobago	--	--	--	--	--	57,365,347	57,365,347
Due from other banks	254,403,721	--	--	--	--	--	254,403,721
Investment securities	--	--	2,004,491	11,342,718	638,773,101	1,929,519	654,049,829
Loans and advances net of provision	12,422,676	52,547,812	4,725,421	67,445,224	163,848,709	1,784,817	302,774,659
Other assets	--	--	--	--	--	7,387,474	7,387,474
Total assets	266,826,397	52,547,812	6,729,912	78,787,942	802,621,810	68,467,157	1,275,981,030
Liabilities							
Customer deposits	3,373,929	93,948,651	672,682,968	109,909,925	--	8,745,113	888,660,586
Repurchase agreements	--	--	153,500,000	5,000,000	--	577,644	159,077,644
Lease liabilities	229,449	95,830	--	--	--	--	325,279
Other liabilities	--	--	--	--	--	89,961,316	89,961,316
Total liabilities	3,603,378	94,044,481	826,182,968	114,909,925	--	99,284,073	1,138,024,825
On balance sheet interest sensitivity gap	263,223,019	(41,496,669)	(819,453,056)	(36,121,983)	802,621,810		
Cumulative interest sensitivity gap	263,223,019	221,726,350	(597,726,706)	(633,848,689)	168,773,121		

27 **Financial risk management (continued)**

c. *Market risk (continued)*

(ii) *Interest rate risk (continued)*

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the income statement and stockholders' equity.

	Effect on net profit 2022 $	Effect on net equity 2022 $	Effect on net profit 2021 $	Effect on net equity 2021 $
Change in basis points				
-200 bps	(1,919,142)	(1,919,142)	(3,375,462)	(3,375,462)
+200 bps	1,919,142	1,919,142	3,375,462	3,375,462

(iii) *Other price risk*

The Company is exposed to equity securities price risk because of investments held classified as fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

	Effect on net profit 2022 $	Effect on net equity 2022 $	Effect on net profit 2021 $	Effect on net equity 2021 $
Percentage change in share price				
10% decrease	(178,525)	(178,525)	(192,952)	(192,952)
10% increase	178,525	178,525	192,952	192,952

27 Financial risk management (continued)

d. *Capital management*

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The statutorily required capital is TT$15 million. The Company meets its objectives for managing capital and ensures adherence to the requirements of regulatory authorities by continuous monitoring and ensuring awareness of the regulations and by ensuring that the relevant procedures and controls are in place within the Company's systems.

The regulatory qualifying capital ratio for the Company is:

	2022 $'000	2021 $'000
Qualifying capital	165,236	132,583
Risk adjusted assets	782,924	484,048
Capital ratio	21.10%	27.39%

The licensed non-banking financial institutions in Trinidad and Tobago are required to maintain a qualifying capital ratio of total regulatory capital to risk-weighted assets of at least 8%. On13 December 2013, the date of the acquisition of NCB Merchant Bank (Trinidad and Tobago) Limited by NCB Capital Markets Limited, the Central Bank of Trinidad and Tobago (CBTT) stated that the Company's minimum capital ratio should not fall below 10%.

28 Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The following tables provide an analysis of financial instruments held as at the date of the statement of financial position that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3, based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

28 Fair value estimation (continued)

The following table analyses within the fair value hierarchy the Company's financial assets measured at fair value at financial year ended:

As at 30 September 2022	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets				
Investment securities classified as FVOCI				
Government of the Republic of Trinidad and Tobago Securities	--	585,535,026	--	585,535,026
Foreign Gov't debt Securities	--	10,892,428	--	10,892,428
Corporate debt securities	--	35,010,827	--	35,010,827
	--	631,438,281	--	631,438,281
Investment securities at fair value through profit or loss				
Quoted and unquoted equity securities	1,785,250	--	--	1,785,250

As at 30 September 2021	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets				
Investment securities classified as FVOCI				
Government of the Republic of Trinidad and Tobago securities	--	631,443,164	--	631,443,164
Corporate debt securities	--	9,616,957	--	9,616,957
	--	641,060,121	--	641,060,121
Investment securities at fair value through profit or loss				
Quoted and unquoted equity securities	1,929,519	--	--	1,929,519

28 **Fair value estimation (continued)**

The movement in the Company's financial assets classified as Level 3 during the year was as follows:

	2022 $	2021 $
At start of year	--	24,909
Full provision of level 3 unquoted equity	--	(24,909)
At end of year	--	--

29 **Contingent liabilities**

The Company is not a party to any material pending legal proceedings other than ordinary routine litigation incidental to the business. It is not expected that the disposition of such litigation will have a material effect on the Company's financial position.

30 **Capital commitments**

The Company has no capital commitments.

31 **Subsequent events**

There were no events arising after the reporting date that require disclosure or adjustments in the financial statements.