ANSA BANK LIMITED

FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

31 DECEMBER 2021

Ernst & Young Services Limited

Building a better
working world

ANSA BANK LIMITED

FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

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ANSA BANK LIMITED

Statement of Management's Responsibilities

Management is responsible for the following:

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

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

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

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

Robert Le Hunte
Managing Director
Date 21 March 2022

Hema Ramdass-Chatoor
Chief Financial Officer
Date 21 March 2022

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ANSA BANK LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ANSA Bank Limited (the 'Bank'), which comprise the statement of financial position as at 31 December 2021, the statement of income, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the nine months ended 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2021, and financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Matter

The financial statements of the Bank for the year ended 31 March, 2021 were audited by another auditor who expressed an unqualified opinion on those statements on 23 June, 2021.

Responsibilities of Management and the Audit Committee for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Bank's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ANSA BANK LIMITED

Report on the Audit of the Financial Statements
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ANSA BANK LIMITED

Report on the Audit of the Financial Statements
(Continued)

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

We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

EY

Port of Spain
TRINIDAD:
21 March 2022

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	31 Dec 2021	31 Mar 2021
Assets			
Cash and cash equivalents		33,047	15,721
Balances with Central Bank	3	75,754	143,751
Financial assets	4	30,589	123,061
Loans and advances	5	330,271	135,249
Property plant and equipment	6	15,628	1,444
Tax receivable		–	649
Deferred tax asset	16	6,550	992
Right-of-use asset	7	4,678	5,250
Other assets		9,063	2,223
Total assets		**505,580**	**428,340**
Shareholder's equity and liabilities			
Shareholder's equity			
Stated capital	8	52,560	52,560
Statutory reserves	9	972	972
Retained (deficit)/earnings		(3,512)	6,311
Total shareholder's equity		**50,020**	**59,843**
Liabilities			
Customer deposits	10	424,624	358,296
Employee benefit obligations	17	5	–
Lease liabilities	7	5,099	5,569
Other liabilities and accruals	11	25,832	4,632
Total liabilities		**455,560**	**368,497**
Total shareholder's equity and liabilities		**505,580**	**428,340**

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

On 21 March 2022, the Board of Directors of ANSA Bank Limited authorised these financial statements for issue.

Robert Le Hunte
Managing Director

David Dulal-Whiteway
Chairman

STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	9 months ended 31 December 2021	Year ended 31 March 2021
Interest income			
Interest on loans and advances	12	11,716	11,276
Interest from financial assets		248	1,604
		11,964	12,880
Interest expense			
Interest on customer deposits		1,069	1,522
Net interest income		**10,895**	**11,358**
Other income			
Fees and commissions	13	1,417	616
Foreign currency trading gains		529	1,150
Other income		239	380
Total other income		**2,185**	**2,146**
Non-interest expenses			
Administrative and other expenses	15	9,352	5,934
Advertising and marketing		1,293	343
Depreciation of property, plant and equipment		776	390
Depreciation on right of use asset		1,588	2,058
Staff costs	14	9,264	6,852
Total non-interest expenses		**22,273**	**15,577**
Other expenses			
Expected credit losses on financial assets	4	(38)	17
Expected credit losses on loans, net of recoveries	5	6,308	(193)
Interest expense on lease liabilities		224	339
Total other expenses		**6,494**	**163**
Net loss for the year before taxation		(15,687)	(2,236)
Taxation credit	16	5,867	703
Net loss for the period/year after tax		**(9,820)**	**(1,533)**

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	9 months ended 31 December 2021	Year ended 31 March 2021
Net loss for the year after tax		(9,820)	(1,533)
Other comprehensive loss not to be reclassified to profit in subsequent periods:			
Re–measurement loss on defined benefit plans	17	(5)	–
Income tax effect	16	2	–
Other comprehensive loss not to be reclassified to profit in subsequent periods		(3)	–
Total comprehensive loss for the year, net of tax		**(9,823)**	**(1,533)**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Stated capital	**Statutory reserve**	**Retained (deficit)/ earnings**	**Total shareholder equity**
Balance as at 1 April 2020	52,560	972	7,844	61,376
Total comprehensive loss for the year	–	–	(1,533)	(1,533)
Balance as at 31 March 2021	**52,560**	**972**	**6,311**	**59,843**
Balance as at 1 April 2021	52,560	972	6,311	59,843
Net loss for the year	–	–	(9,820)	(9,820)
Other comprehensive loss	–	–	(3)	(3)
Balance as at 31 December 2021	**52,560**	**972**	**(3,512)**	**50,020**

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

STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	9 months ended 31 December 2021	Year ended 31 March 2021
Cash flows from operating activities		
Net loss for the period/year before taxation	(15,687)	(2,236)
Adjustments for:		
Depreciation of property plant and equipment	776	390
Depreciation of right-of-use asset	1,588	2,058
Gain on disposal of furniture and equipment	–	(1)
Interest expense on lease liabilities	224	339
Expected credit (gains)/losses on financial assets	(38)	17
Expected credit losses/(gains) on loans, net of recoveries	6,308	(193)
	(6,829)	374
Changes in operating assets and liabilities:		
Net decrease/(increase) in balances with Central Bank	67,997	(69,820)
Net (increase)/decrease in loans and advances	(201,330)	8,566
Net (increase)/decrease in other assets and accrued income	(6,839)	289
Net increase in customer deposits	66,328	48,132
Net increase in other liabilities and accruals	21,200	1,699
Cash used in operations	(59,473)	(10,760)
Tax refund	1,039	37
Tax paid	(80)	(113)
Net cash used in operating activities	(58,514)	(10,836)
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,960)	(617)
Purchase of right of use assets	(842)	–
Proceeds from sale of assets	–	3
Proceeds from sale of repurchase agreements	–	6,015
Proceeds from sale of treasury bills	123,111	317,271
Purchase of treasury bills	(30,602)	(306,543)
Net cash flows generated from investing activities	76,707	16,129

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

STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

	9 months ended 31 December 2021	**Year ended 31 March 2021**
Cash flows from financing activities		
Lease repayments	(1,858)	(2,265)
Lease additions	991	–
Net cash flows used in financing activities	(867)	(2,265)
Net increase in cash and cash equivalents	17,326	3,028
Cash and cash equivalents		
Cash and cash equivalents at 1 April	15,721	12,693
Net increase in cash and cash equivalents	17,326	3,028
Cash and cash equivalents at 31 December/March	**33,047**	**15,721**
Represented by:		
Cash in hand	6,484	3,097
Due from other financial institutions	26,563	12,624
	33,047	**15,721**

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

1. Incorporation and principal activity

Bank of Baroda (Trinidad & Tobago) Limited was incorporated in the Republic of Trinidad and Tobago on 13 March 2006 and commenced operations on 17 October 2007. The Bank is licensed under the Financial Institutions Act 2008. Effective 26 February 2021, the Bank was 100% acquired by ANSA Merchant Bank Limited whose ultimate parent is ANSA McAL Limited. Effective 24 March 2021, the Bank changed its name to ANSA Bank Limited (the Bank). The Bank offers a complete range of banking and financial services. Its registered office is situated at Furness House, 90 Independence Square, Port of Spain, Trinidad and Tobago.

2. Summary of significant accounting polices

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

a. Basic preparation

These financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

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

The Bank changed its year-end from March 31st to December 31st in order to align to its Parent. The financial statements are prepared for a nine month period and provide comparative information in respect the of the previous twelve months period due to this change in year-end.

In addition, the Bank presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

2. Summary of significant accounting policies (continued)

b. Presentation of financial statements

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

The Bank presents its statement of financial position broadly in order of liquidity. An analysis of recovery or settlement in the 12 months after the statement of financial position date (current) and greater than 12 months after the statement of financial position date (non-current) is presented in Note 22.

c. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 March, 2021 except for the adoption of new standards and interpretations noted below.

New and amended standards and interpretations

Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9 – 'Financial Instruments', IAS 39 – Financial Instruments: 'Recognition and Measurement', IFRS 7 – 'Financial Instruments: Disclosures', IFRS 4 – 'Insurance Contracts', and IFRS 16 – 'Leases' – Effective 1 January 2021, IFRS 16 Leases-Amendment to IFRS 16 - COVID-19 Related Rent Concessions (effective 1 June 2020)

The IASB issued amendments that provide temporary reliefs which address the financials reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that for the financial instrument, the transition from the IBOR benchmark to RFR takes place on an economically equivalent basis.

2. Summary of significant accounting policies (continued)

c. Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IBOR Reform Phase 2 allows the Bank's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Bank to amend hedge designations and hedge documentation. This includes redefining the hedge risk to reference an RFR, redefining the description of a hedge instrument and/or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the Group may elect on a hedge by hedge basis to reset the cumulative fair value change to zero. The Bank may designate an interest rate as a non-contractually specified, hedge risk component of changes in the fair value or cash flows of a hedge item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives. For new RFR that are not yet an established benchmark, relief is provided from this requirement provided the Bank reasonably expects the RFR to become separately identifiable within 24 months.

For hedges of groups of items, the Bank is required to transfer to subgroups those instruments that reference RFR. Any hedging relationships that prior to application of IBOR reform phase 1, have been solely discontinued due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform phase 2 is applied, must be reinstated upon initial application.

These amendments had no impact on the Bank.

IFRS 16 – 'Leases' Amendments – COVID-19 Related Rent Concessions beyond 30 June 2021 – Effective 1 April 2021

On 31 March 2021, the IASB amended the conditions of the practical expedient in IFRS 16 Leases that provide relief to lessees from applying IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment does not apply to lessors.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

2. Summary of significant accounting policies (continued)

c. Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 16 – 'Leases' Amendments – COVID-19 Related Rent Concessions beyond 30 June 2021 – Effective 1 April 2021 (continued)

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and
- There is no substantive change to other terms and conditions of the lease.

Lessees will apply the practical expedient retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied. In the reporting period in which the 2021 amendment is first applied, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8.

The Lessee is required to apply the relief consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient before or after the amendment.

These amendments had no impact on the Bank

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 3 'Business Combinations' – Amendments to IFRS 3 – Reference to the Conceptual Framework – Effective 1 January 2022

IAS 16 'Property, Plant and Equipment' – Amendments to IAS 16 – Proceeds before Intended Use – Effective 1 January 2022

(Expressed in thousands of Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

c. Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective (continued)

IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' – Amendments to IAS 37 – Onerous Contracts – Effective 1 January 2022

IAS 1 'Presentation of Financial Statements' – Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current – Effective 1 January 2023

IFRS 17 'Insurance Contracts' – Effective 1 January 2023

IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendment to IAS 8 - Definition of Accounting Estimates - Effective 1 January 2023

IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements' - Amendment to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies - Effective 1 January 2023

IAS 12 'Income Taxes' - Amendment to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Effective 1 January 2023

Improvements to International Financial Reporting Standards

The annual improvement process of the International Accounting Standards Board deals with non-urgent, but necessary clarifications and amendments to IFRS. The following amendments are applicable to periods beginning on or after 1 April 2020, but have resulted in no material change to the Bank's financial statements.

IFRS	**Subject of Amendment**
IFRS 1-	IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter - effective 1 January 2022
IFRS 9-	IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities - effective 1 January 2022
IAS 41-	IAS 41 'Agriculture' – Taxation in fair value measurements

2. Summary of significant accounting policies (continued)

d. Critical accounting estimates and judgements

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

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

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

(ii) Income taxes

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

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

(iii) Pension and other post-employment benefits

The cost of other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. Further details are given in Note 17.

2. Summary of significant accounting policies (continued)

e. Foreign currency

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at the rate of exchange ruling on the reporting date. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

f. Financial instruments

Financial assets

a. Initial recognition and subsequent measurement

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

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

2. Summary of significant accounting policies (continued)

f. Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

Amortised cost and effective interest method

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt instruments that are designated as at fair value through the statement of income on initial recognition):

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in the statement of income and is included in Note 12.

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

Equity instruments at fair value through other comprehensive income (FVOCI)

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

2. Summary of significant accounting policies (continued)

f. Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

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

Equity instruments at fair value through other comprehensive income (FVOCI) (continued)

A financial asset is held for trading if:

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

f. Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

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

Investments in equity instruments are classified as FVSI, unless the Bank designates an investment that is not held for trading as FVOCI on initial recognition. The Bank does not have any equity instruments. On initial application of IFRS 9, the Bank did not have any investments in equity instruments.

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

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

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

2. Summary of significant accounting policies (continued)

f. Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

Foreign exchange gains and losses

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

Therefore:

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

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

b. Impairment of financial assets

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

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

- Stage 1
  This category comprises instruments which are performing in accordance with the contractual terms and conditions and display no deterioration in credit risk since initial recognition. This category also includes those financial instruments with low credit risk such as Treasury Bills and Repos.

2. Summary of significant accounting policies (continued)

f. Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets (continued)

- Stage 2
  This category includes instruments which display a significant increase in credit risk (SICR) since initial recognition but have not yet defaulted. To assess whether there is a significant increase in credit risk, the Bank compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. As a practical expedient, the Bank assumes that a SICR has occurred if contractual payments are more than 30 days past due. These loans are categorised as underperforming loans.

- Stage 3
  This category includes instruments that are in default. As a practical expedient, loans and advances with contractual payments more than 90 days past due are assumed to be in default. A default on a Treasury Bill or Repo occurs when the issuer has missed a single payment of principal and/or interest.

ECL is measured as follows:

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

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

2. Summary of significant accounting policies (continued)

f. Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets (continued)

Measurement of the expected credit loss allowance under IFRS 9

The measurement of the Expected Credit Loss (ECL) Allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the expected losses which may arise). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk,
- Choosing appropriate models and assumptions for the measurement of ECL,
- Establishing forward-looking scenarios and evaluating the appropriateness of the relationships, weightings, and overall outcome of statistical analysis, and
- Establishing groups of similar financial assets for the purposes of measuring ECL

ECL calculations are shown in Notes 4 and 5.

Modification of loans

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

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

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

2. Summary of significant accounting policies (continued)

f. Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets (continued)

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

c. Derecognition of financial assets other than a modification

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

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

2. Summary of significant accounting policies (continued)

f. Financial instruments (continued)

Financial liabilities

a. Initial recognition and subsequent measurement

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

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

b. Derecognition of financial liabilities

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

g. Cash and cash equivalents

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

h. Statutory deposits with Central Bank

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

2. Summary of significant accounting policies (continued)

i. Related parties

A party is related to the Bank, if:

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

a. is controlled by, or is under common control with, the Bank (this includes parents, subsidiaries and fellow subsidiaries),
b. has a direct or indirect interest in the Bank that gives it significant influence, or
c. has joint control over the Bank,

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

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

j. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

The rates used are as follows:

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

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

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

2. Summary of significant accounting policies (continued)

k. Provisions

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

l. Revenue recognition

(i) Interest income and expense

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

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

Interest income includes coupons earned on fixed income investment and trading securities as well as accrued discount and premium on treasury bills and other discounted instruments.

(ii) Fees and commission income

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

2. Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

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

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

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

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

The Bank remeasures the lease liability when there is a change in future lease payments arising from a change in an index or rate, or if the Bank changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the statement of income if the carrying amount of the right-of-use asset has been reduced to zero. Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments. The Bank did not have any variable lease payments that do not depend on an index or a rate for the period ended 31 December 2021.

The Bank applies the short-term lease recognition exemption to its short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets to leases that are considered to below value. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Summary of significant accounting policies (continued)

n. Employee benefits

The Bank operates pension plans with defined contribution for all eligible full time employees. The pension plans are generally funded by payments from employees and by the relevant companies, taking account of the rules of the pension plans and recommendations of independent qualified actuaries.

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

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

o. Taxation

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

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

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

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

(Expressed in thousands of Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

o. Taxation (continued)

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

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

p. Stated capital

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

q. Comparative information

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

3. Balances with Central Bank

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

	31 December 2021	**31 March 2021**
Primary Reserve	53,008	45,462
Other Deposits	22,746	98,289
	75,754	**143,751**

(Expressed in thousands of Trinidad and Tobago dollars)

	31 December 2021	31 March 2021
4. Financial assets		
Financial assets at amortised cost:		
Treasury Bills	30,601	123,111
Less Provision for expected credit losses	(12)	(50)
	30,589	**123,061**
The following is a movement analysis of the ECL provision:		
Balance at beginning of year	(50)	(33)
Net changes to provisions during the year	38	(17)
Balance at end of period/year	(12)	(50)
Effective ECL loss rate	0.039%	0.041%

Repurchase agreements and Treasury Bills mature within one year and are considered low risk financial instruments. Accordingly, these instruments were classified as Stage 1 as of the date of initial application and the statement of financial position date. There were no transfers among staging categories during the year.

The fair value of repurchase agreements and treasury bills approximate their cost since the securities will mature within the next year and the rates are not materially different from the market rate.

(Expressed in thousands of Trinidad and Tobago dollars)

5. Loans and advances

	31 December 2021	31 March 2021
Performing and underperforming loans	321,899	115,314
Non-performing loans	19,177	24,423
	341,076	139,737
Less: Provision for loan losses (Note 5.1)	(10,805)	(4,488)
	330,271	135,249

5.1 Provision for loan losses

Analysis of average ECL Rates by loan category	Average ECL Rate %	Carrying amount	Expected credit loss
As at 31 December 2021			
Performing (Stage 1)	0.33%	299,189	(990)
Underperforming (Stage 2)	0.75%	22,710	(171)
Non-performing (Stage 3)	50.29%	19,177	(9,644)
Subtotal per above	3.17%	341,076	(10,805)
Loan commitments (Note 20)	0.12%	10,453	(13)
Total	**3.08%**	**351,529**	**(10,818)**
As at 31 March 2021			
Performing (Stage 1)	0.14%	110,771	(160)
Underperforming (Stage 2)	0.26%	4,543	(12)
Non-performing (Stage 3)	17.67%	24,423	(4,316)
Subtotal per above	3.21%	139,737	(4,488)
Loan commitments (Note 20)	0.22%	6,796	(15)
Total	**2.56%**	**146,533**	**(4,503)**

(Expressed in thousands of Trinidad and Tobago dollars)

5. Loans and advances (continued)

5.1 Provision for Loan Losses (continued)	**Advances under Stage 1**	**Advances under Stage 2**	**Advances under Stage 3**	**Total**
Movement analysis ECL by loan category				
Period ended 31 December 2021				
Balance at beginning of the year	(160)	(12)	(4,316)	(4,488)
Net changes to provisions and reclassifications	(830)	(159)	(5,328)	(6,317)
Balance at end of the period	**(990)**	**(171)**	**(9,644)**	**(10,805)**
Year ended 31 March 2021				
Balance at beginning of the year	(129)	(196)	(4,344)	(4,669)
Net changes to provisions and reclassifications	(31)	184	28	181
Balance at end of the year	**(160)**	**(12)**	**(4,316)**	**(4,488)**

Reconciliation to profit or loss expense	**9 months ended 31 December 2021**	**Year ended 31 March 2021**
Expenses		
Net changes to provisions for loan and advances	(6,317)	181
Net change to provisions for loan commitments	2	8
Recoveries	7	4
Net (expense)/credit recorded in profit or loss	**(6,308)**	**193**

(Expressed in thousands of Trinidad and Tobago dollars)

5. Loans and advances (continued)

5.2 Concentration of loans and advances

	31 December 2021	**31 March 2021**
Concentration by sector		
Agriculture	1,410	637
Transport and communication	7,921	3,117
Distribution	39,452	36,963
Real estate	8,893	8,100
Manufacturing	30,265	18,275
Construction	51,886	39,285
Hotel and restaurant	4,533	1,467
Other services	46,162	13,882
Consumers	150,554	18,011
Total	**341,076**	**139,737**
Concentration by location		
Trinidad	**341,076**	**139,737**

(Expressed in thousands of Trinidad and Tobago dollars)

6. Property, plant and equipment

	Leasehold buildings	Fittings and equipment	Motor vehicles	Computer equipment	Capital WIP	Total
Period ended 31 December 2021						
Gross carrying amount	2,493	5,293	589	1,575	–	9,950
Additions	1,043	1,392	–	588	11,937	14,960
Disposals	–	–	–	(449)	–	(449)
Gross carrying amount as at 31 December 2021	**3,536**	**6,685**	**589**	**1,714**	**11,937**	**24,461**
Accumulated depreciation						
Accumulated depreciation as at 1 April 2021	(1,968)	(4,851)	(570)	(1,117)	–	(8,506)
Depreciation charge	(210)	(331)	(4)	(231)	–	(776)
Disposals	–	–	–	(449)	–	(449)
Accumulated depreciation as at 31 December 2021	**(2,178)**	**(5,182)**	**(574)**	**(899)**	**–**	**(8,833)**
Net carrying amount as at 31 December 2021	**1,358**	**1,503**	**15**	**815**	**11,937**	**15,628**

(Expressed in thousands of Trinidad and Tobago dollars)

6. Property, plant and equipment (continued)

	Leasehold buildings	Fittings and equipment	Motor vehicles	Computer equipment	Total
Year ended 31 March 2021					
Gross carrying amount	2,493	5,308	589	1,700	10,090
Additions	–	4	–	613	617
Disposals	–	(19)	–	(738)	(757)
Gross carrying amount as at 31 March 2021	**2,493**	**5,293**	**589**	**1,575**	**9,950**
Accumulated depreciation					
Accumulated depreciation as at 1 April 2020	(1,904)	(4,721)	(563)	(1,683)	(8,871)
Depreciation charge	(64)	(147)	(7)	(172)	(390)
Disposals	–	17	–	738	755
Accumulated depreciation as at 31 March 2021	**(1,968)**	**(4,851)**	**(570)**	**(1,117)**	**(8,506)**
Net carrying amount as at 31 March 2021	**525**	**442**	**19**	**458**	**1,444**

(Expressed in thousands of Trinidad and Tobago dollars)

7. Leases

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

	31 December 2021	31 March 2021
a) Right-of-use assets		
As at 31 December		
Balance at beginning of period/year	5,250	6,557
Additions	842	–
Depreciation charge	(1,588)	(2,058)
Lease modifications	174	751
Balance at end of period/year	**4,678**	**5,250**
Cost	9,458	8,615
Lease modifications	925	751
Accumulated depreciation	(5,705)	(4,116)
Balance at end of period/year	**4,678**	**5,250**
b) Lease liabilities		
Balance at beginning of period/year	5,569	6,744
Additions	991	–
Interest expense	224	339
Lease repayments	(1,859)	(2,265)
Lease modifications	174	751
Balance at end of period/year	**5,099**	**5,569**
c) Amounts recognised in profit or loss		
Interest expense on lease liabilities	224	339
Depreciation on right-of-use assets	1,588	2,058
Expenses on short term leases and low value assets	196	–
	2,008	**2,397**

8. Stated capital

Authorised
An unlimited number of ordinary shares of no par value

	31 December 2021	31 March 2021
Issued and fully paid 525,597 ordinary shares at no par value	**52,560**	**52,560**

(Expressed in thousands of Trinidad and Tobago dollars)

9. Statutory reserve

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

	31 December 2021	31 March 2021
10. Customer deposits		
Corporate and commercial sector	250,342	217,034
Personal sector	174,282	141,262
	424,624	**358,296**
11. Other liabilities and accruals		
Interest accrued on deposits	4	11
Outstanding managers' cheques	21,753	2,543
Provision for ECL on loan commitments (Note 5.1)	13	15
Other	4,062	2,063
	25,832	**4,632**

	9 months ended 31 December 2021	Year ended 31 March 2021
12. Interest on loans and advances		
Interest on overdrafts	3,872	3,558
Interest on loans	7,844	7,718
	11,716	**11,276**
13. Fees and commissions		
Credit related charges	1,275	321
Fees on forex transactions	125	271
Other	17	24
	1,417	**616**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2021
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

		9 months ended 31 December 2021	Year ended 31 March 2021
14.	**Staff costs**		
	Salaries	8,685	4,628
	National Insurance	428	296
	Other benefits	151	1,928
		9,264	**6,852**
	Average number of employees	**54**	**23**
15.	**Administrative and other expenses**		
	Insurance	530	656
	Repairs and maintenance	310	290
	Professional fees	1,684	692
	Statutory Expenses	226	275
	Short term, variable and other lease payments (IFRS 16)	196	6
	Operating lease payments (IAS 17)	40	53
	Postage and stationery	556	435
	Travel and entertainment	62	451
	Information system related expenses	4,146	236
	Other	1,602	2,840
		9,352	**5,934**
16.	**Taxation**		
	Deferred tax adjustment for current year	(5,473)	(811)
	Deferred tax adjustment to prior year's estimates	(83)	(5)
	Business levy	80	113
	Adjustment to prior year's estimates	(391)	–
		(5,867)	**(703)**
	Bank's effective rate varies from the statutory rate of 35% (2020: 35%) as a result of the differences shown below:		
	Loss before taxation	(15,687)	(2,236)
	Income tax at statutory rate of 35%	(5,490)	(783)
	Tax allowances	(107)	–
	Exempt income	–	(61)
	Business levy	80	113
	Expenses not deductible for tax purposes	124	33
	Adjustment to prior year's estimates	(474)	(5)
		(5,867)	**(703)**

(Expressed in thousands of Trinidad and Tobago dollars)

16. Taxation (continued)

Deferred tax asset

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (31 March 2021: 35% deferred tax liability). The movement on the deferred income tax account is as follows:

Period ended 31 December 2021	**Balance at beginning of period**	**Credit/ (charge) for the period**	**Credit/ (charge) to OCI**	**Balance at end of period**
Accelerated tax depreciation	(10)	(162)	–	(172)
Leases	112	(15)	–	97
Provisions	–	415	–	415
Employee benefit obligation	–	–	2	2
Tax losses	890	5,318	–	6,208
Balance at end of the period	**992**	**5,556**	**2**	**6,550**

Period ended 31 March 2021	**Balance at beginning of period**	**Credit/ (charge) for the period**	**Credit/ (charge) to OCI**	**Balance at end of period**
Accelerated tax depreciation	(8)	(2)	–	(10)
Leases	66	46	–	112
Tax losses	118	772	–	890
Balance at end of the period	**176**	**816**	**–**	**992**

(Expressed in thousands of Trinidad and Tobago dollars)

17. Employee benefits

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

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

	9 months ended 31 December 2021	Year ended 31 March 2021
Contribution expense – Trinidad & Tobago plans	63	–

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

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

	31 December 2021	31 March 2021
Employee benefits obligation	5	–

2021 changes in the defined benefit obligation and fair value of plan assets:

	Other post-employment benefits	
	31 December 2021	31 March 2021
Net (asset)/liability at 1 April	–	–
Present value of obligations	–	–
Net expense/(income) recognised in other comprehensive income	5	–
Contributions/benefits paid	–	–
Net (asset)/liability at 31 December	**5**	**–**

(Expressed in thousands of Trinidad and Tobago dollars)

17. Employee benefits (continued)

Principal actuarial assumptions at the reporting date:

	2021	**2020**
Discount rate at 31 December	5%	5%
Future medical claims inflation	3%	3%

Sensitivity of present value of defined benefit obligation

	1% Increase	1% Decrease
Medical inflation rate	1	(1)

The Bank is not expected to contribute to its post-retirement medical plan in 2022.

18. Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Certain banking transactions are entered into with related parties in the normal course of business. For the period ended 31 December 2021, the Bank did not make any provision for doubtful debts relating to amounts owed by related parties (31 March 2021: nil).

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

	9 months ended 31 December 2021	**Year ended 31 March 2021**
Directors and key management personnel:		
Compensation: short-term employee benefits	1,394	4,711
Management fees paid to parent Company	–	2,267

19. Contingent liabilities

The Bank conducts business involving guarantees which are not reflected in the statement of financial position. As at 31 December 2021, there were guarantees of $1,834,600 (31 March 2021: $2,180,400).

20. Commitments

As at 31 December 2021, the Bank had loan commitments (Note 5.1 (a)) of $10,453,316 (31 March 2021: $6,796,149).

21. Capital commitments

As at 31 December 2021, capital expenditure approved by the Directors but not provided for in these accounts amounted to $30,568,371 (31 March 2021: nil).

22. Financial risk management

Introduction and overview

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

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

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

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

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

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

22. Financial risk management (continued)

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

a) Credit Risk

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

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Larger facilities require approval by the Credit Committee of the Board.

- Reviewing and assessing credit risk. The Credit and Investment Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- Limiting concentrations of exposure to counterparties, geographies, and industries (for loans and advances).

- Developing and maintaining the Bank's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of various grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades is with the final approving executive/committee as appropriate. Risk grades are subject to regular reviews by the Audit and Risk Committees.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Credit and Investment Committee on the credit quality of local portfolios and appropriate corrective action is taken, where necessary.

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial risk management (continued)

Risk management framework (continued)

a) Credit Risk (continued)

- Providing advice, guidance, and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

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

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

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

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

	31 December 2021	**31 March 2021**
Cash and cash equivalents	33,047	15,721
Balances with Central Bank	75,754	143,751
Financial assets	30,589	123,061
Loans and advances	330,271	135,249
	469,661	**417,782**
Less: Contingent liabilities (note 19)	1,835	2,180
	471,496	**419,962**

(Expressed in thousands of Trinidad and Tobago dollars)

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

Risk management framework (continued)

a) **Credit Risk** (continued)

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

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

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

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

	31 December 2021	**31 March 2021**
Property	268,142	259,737
Other	271,437	269,892
	539,571	**529,629**

There were no financial and non-financial assets obtained by the Bank during the period by taking possession of collateral held as security against loans and advances as well as calls made on credit enhancements held at the period. The Bank's policy is to pursue timely realization of the collateral in an orderly manner.

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial risk management (continued)

Risk management framework (continued)

a) Credit Risk (continued)

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

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

Stage 1 **31 December 2021**	**Loans and advances**	**Financial assets**	**Total**
Gross balance	299,189	30,601	329,790
ECL	(990)	(12)	(1,002)
	298,199	30,589	328,788
ECL as a % of Gross Balance	0.33%	0.039%	0.30%

Stage 1 **31 March 2021**	**Loans and advances**	**Financial assets**	**Total**
Gross balance	110,771	123,111	233,882
ECL	(160)	(50)	(210)
	110,611	123,061	233,672
ECL as a % of Gross Balance	0.14%	0.041%	0.09%

The ECL percentage for Stage 1 loans and advances increased as a result of higher PDs and LGDs due to the impact of COVID-19 and resulting economic uncertainties. The ECL percentage for investment securities comprised of Treasury Bills remained unchanged due to counterparty risk with the Government of Trinidad and Tobago.

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial risk management (continued)

Risk management framework (continued)

a) Credit Risk (continued)

Expected credit loss (continued)

Stage 2 **31 December 2021**	**Loans and advances**	**Financial assets**	**Total**
Gross balance	22,710	–	22,710
ECL	(171)	–	(171)
	22,539	–	22,539
ECL as a % of Gross Balance	0.75%	–	0.75%

Stage 2 **31 March 2021**	**Loans and advances**	**Financial assets**	**Total**
Gross balance	4,543	–	4,543
ECL	(12)	–	(12)
	4,531	–	4,543
ECL as a % of Gross Balance	0.26%	–	0.26%

The ECL percentage for Stage 2 loans and advances increased as a result of higher PDs and LGDs due to the impact of COVID-19 and resulting economic uncertainties.

Stage 3 **31 December 2021**	**Loans and advances**	**Financial assets**	**Total**
Gross balance	19,177	–	19,177
ECL	(9,644)	–	(9,644)
	9,533	–	9,533
ECL as a % of Gross Balance	50.29%	–	50.29%

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial risk management (continued)

Risk management framework (continued)

a) Credit Risk (continued)

Expected credit loss (continued)

Stage 3 **31 March 2021**	**Loans and advances**	**Financial assets**	**Total**
Gross balance	24,423	–	24,423
ECL	(4,316)	–	(4,316)
	20,107	–	20,207
ECL as a % of Gross Balance	17.67%	–	17.67%

The ECL percentage for Stage 3 loans and advances increased due to an increase in the aging of non-performing balances and reduced collateral estimates requiring increased provisions relative to the prior year.

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

Write-offs for the period ended 31 December 2021 is nil (31 March 2021: nil).

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

22. Financial risk management (continued)

Risk management framework (continued)

b) Liquidity risk

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

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

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

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

The table below analyses the major financial assets and liabilities of the Bank into relevant groupings based on the remaining period at 31 December/ 31 March to the contractual maturity date.

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial risk management (continued)

Risk management framework (continued)

b) Liquidity risk (continued)

As at 31 December 2021	**Up to One Year TT$'000**	**Over One Year TT$'000**	**Total TT$'000**
Assets			
Cash and cash equivalents	33,047	–	33,047
Balances with Central Bank	22,746	53,008	75,754
Financial assets	30,589	–	30,589
Loans and advances	92,866	237,405	330,271
Other assets	9,063	–	9,063
Total	**188,311**	**290,413**	**478,724**
Liabilities			
Customer deposits	407,243	17,381	424,624
Lease liabilities	2,487	2,612	5,099
Other liabilities	25,832	–	25,832
Total	**435,562**	**19,993**	**455,555**
Liquidity gap	**(247,251)**	**270,420**	**23,169**
As at 31 March 2021			
Assets			
Cash and cash equivalents	15,721	–	15,721
Balances with Central Bank	98,289	45,462	143,751
Financial assets	123,061	–	123,061
Loans and advances	117,655	17,594	135,249
Other assets	2,223	–	2,223
Total	**356,949**	**63,056**	**420,005**
Liabilities			
Customer deposits	336,824	21,472	358,296
Lease liabilities	1,949	3,620	5,569
Other liabilities	4,632	–	4,632
Total	**343,405**	**25,092**	**368,497**
Liquidity gap	**13,544**	**(37,964)**	**51,508**

(Expressed in thousands of Trinidad and Tobago dollars)

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

c) Market risk

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

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

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

Interest sensitivity of assets and liabilities:

As at 31 December 2021	Up to One year TT$'000	One to Five years TT$'000	Over five years TT$'000	Non-interest bearing TT$'000	Total TT$'000
Assets					
Cash and cash equivalents	–	–	–	33,047	33,047
Balances with Central Bank	–	–	–	75,754	75,754
Financial assets	30,589	–	–	–	30,589
Loans and advances	92,866	78,202	159,203	–	330,271
Other assets	–	–	–	9,063	9,063
Total	**123,455**	**78,202**	**159,203**	**117,864**	**478,724**
Liabilities					
Customer deposits	288,131	14,842	2,539	119,112	424,624
Other liabilities	–	–	–	25,832	25,832
Total	**288,131**	**14,842**	**2,539**	**144,944**	**450,456**
Net gap	**(164,676)**	**63,360**	**156,664**	**(27,080)**	**28,268**

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial risk management (continued)

c) Market risk (continued)

Interest sensitivity of assets and liabilities (continued)

As at 31 March 2021	**Up to One year TT$'000**	**One to Five years TT$'000**	**Over five years TT$'000**	**Non-interest bearing TT$'000**	**Total TT$'000**
Assets					
Cash and cash equivalents	–	–	–	15,721	15,721
Balances with Central Bank	–	–	–	143,751	143,751
Financial assets	123,061	–	–	–	123,061
Loans and advances	26,249	22,359	86,641	–	135,249
Other assets	–	–	–	2,223	2,223
Total	**149,310**	**22,359**	**86,641**	**161,695**	**420,005**
Liabilities					
Customer deposits	163,790	30,934	49,790	113,782	358,296
Other liabilities	–	–	–	4,632	4,632
Total	**163,790**	**30,934**	**49,790**	**118,414**	**362,928**
Net gap	**(14,480)**	**(8,575)**	**36,851**	**43,281**	**57,077**

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

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

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial risk management (continued)

c) Market risk (continued)

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

Impact on Net Interest Income:

	9 months ended 31 December 2021	Year ended 31 March 2021
Bucket		
Up to one year	(1,235)	(145)
One to five years	475	(86)
Over five years	1,175	369
Total	**415**	**138**

The ALCO of the Bank dynamically manages the interest rate risk and directional changes in interest rate are countered by the changes in interest rate on deposit and loan products and across different tenures. In year 2020-2021, the ALCO met 10 times to manage the interest rate risk.

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

22. Financial risk management (continued)

c) **Market risk** (continued)

Exposure to currency risk (continued)

The following information is expressed in thousands of TT dollars.

As at 31 December 2021	TT TT$'000	US TT$'000	Other TT$'000	Total TT$'000
Assets				
Cash and cash equivalents	4,279	28,662	106	33,047
Balances with Central Bank	75,754	–	–	75,754
Financial assets	30,589	–	–	30,589
Loans and advances	321,151	9,120	–	330,271
Other assets	9,063	–	–	9,063
Total	**440,836**	**37,782**	**106**	**478,724**
Liabilities				
Customer deposits	395,160	29,464	–	424,624
Other liabilities	23,430	2,402	–	25,832
Total	**418,590**	**31,866**	–	**450,456**
Net statement of financial position	**22,246**	**5,916**	**106**	**28,268**
As at 31 March 2021				
Assets				
Cash and cash equivalents	3,033	12,576	112	15,721
Balances with Central Bank	143,751	–	–	143,751
Financial assets	123,061	–	–	123,061
Loans and advances	116,606	18,643	–	135,249
Other assets	2,214	9	–	2,223
Total	**388,665**	**31,228**	**112**	**420,005**
Liabilities				
Customer deposits	329,624	28,672	–	358,296
Other liabilities	4,598	34	–	4,632
Total	**334,222**	**28,706**	–	**362,928**
Net statement of financial position	**54,443**	**2,522**	**112**	**57,077**

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial risk management (continued)

c) Market risk (continued)

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

Foreign currency sensitivity
The following tables indicate the currencies to which the Bank had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a 2% change in foreign currency rates (31 March 2021: 2%). The sensitivity of the loss was as a result of foreign exchange gains/losses on translation of foreign currency denominated Loans, receivables, cash and deposits.

	Change in currency rate %	Effect on net profit 31 December 2021 TT$'000	Change in currency rate %	Effect on net profit 31 March 2021 TT$'000
Currency:				
USD	2	106	2	50
Other	2	2	2	2
Total		**108**		**52**

d) Capital management

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

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

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

22. Financial risk management (continued)

d) **Capital management** (continued)

Regulatory capital (continued)
The Bank's regulatory capital is analyzed into two tiers:

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

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

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

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

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

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial risk management (continued)

d) Capital management (continued)

Regulatory capital (continued)
The Bank's Regulatory Capital Position was as follows:

	9 mths ended 31 December 2021 TT$'000	Year ended 31 March 2021 TT$'000
Tier 1 capital		
Ordinary share capital	52,560	52,560
Statutory reserves	972	972
Retained (deficit)/earnings	(3,512)	6,311
Total core capital	50,020	59,843
Supplementary capital	1,186	369
Adjusted qualifying capital	51,206	60,212
Total risk adjusted assets	340,716	95,973
Core capital to risk adjusted assets	14.68%	62.35%
Total qualifying capital to risk adjusted assets	15.03%	62.74%

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial risk management (continued)

e) Fair value of financial assets and liabilities

(i) Financial instruments not measured at fair value

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

	Carrying value		Fair value	
	31 Dec 2021 TT$'000	**31 March 2021 TT$'000**	**31 Dec 2021 TT$'000**	**31 March 2021 TT$'000**
Financial assets				
Cash and balances due from other banks	33,047	15,721	33,047	15,721
Balances with Central Bank	75,754	143,751	75,754	143,751
Loans and advances	330,271	135,249	330,271	135,249
Financial assets	30,589	123,061	30,589	123,061
Financial liabilities				
Customers' deposits	424,624	358,296	424,624	358,457

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

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

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

(Expressed in thousands of Trinidad and Tobago dollars)

23. Maturity analysis of assets and liabilities

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

	31 December 2021			31 March 2021		
Assets	**Less than 12 months**	**More than 12 months**	**Total**	**Less than 12 months**	**More than 12 months**	**Total**
Cash and cash equivalents	33,047		**33,047**	15,721		**15,721**
Balances with Central Bank	75,754		**75,754**	143,751		**143,751**
Financial assets	30,589		**30,589**	123,061		**123,061**
Loans and advances	80,646	249,625	**330,271**	76,208	59,041	**135,249**
Property plant and equipment		15,628	**15,628**		1,444	**1,444**
Tax receivable			**–**	649		**649**
Deferred tax asset		6,550	**6,550**		992	**992**
Right-of-use asset		4,678	**4,678**		5,250	**5,250**
Other assets	9,063		**9,063**	2.223		**2,223**
Total assets	**229,099**	**276,481**	**505,580**	**361,613**	**66,727**	**428,340**

	31 December 2021			31 March 2021		
Liabilities	**Less than 12 months**	**More than 12 months**	**Total**	**Less than 12 months**	**More than 12 months**	**Total**
Customer deposits	316,440	108,184	**424,624**	234,997	123,299	**358,296**
Employee benefit obligations		5	**5**			**–**
Lease liabilities		5,099	**5,099**		5,569	**5,569**
Other liabilities and accruals	25,832		**25,832**	4,632		**4,632**
Total liabilities	**342,272**	**113,288**	**455,560**	**239,629**	**128,868**	**368,497**

24. Impact of COVID-19 on the Bank

Background
COVID-19, a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation on 11 March 2020. The pandemic continued to affect economies in 2021 and the Bank has considered this impact in preparing its financial statements.

Consideration of the statement of financial position and further disclosures
Key considerations of the impact of COVID-19 on the statement of financial position and related disclosures were as follows:

Expected Credit Losses
Investment securities and Loans and advances:

In response to COVID-19, the Bank undertook a review of its loan portfolio which considered the macro-economic outlook, customer credit quality, type and value of collateral held, exposure at default and the effect of payment deferral options as at the reporting date. Based on the analysis performed as at 31 December 2021, the forward looking multiple used in the expected credit loss model for Stage 1 and Stage 2 probability of default percentages was 1.10; which incorporated the impact of COVID-19.

Going concern

In accordance with the requirements of IAS 1 'Presentation of Financial Statements', the Bank has performed a going concern assessment as of the reporting date. While the COVID-19 pandemic has heightened the inherent uncertainty in the going concern assessment, the Bank has concluded that there are no material uncertainties that may cast significant doubt on its ability to continue to operate as a going concern. The financial statements have therefore been prepared on the going concern basis.

Leases

The Bank elected to apply the practical expedient issued by the IASB in May 2020 and the amendment issued in March 2021, whereby COVID-19 rent concessions offered to the Bank (as the lessee) were not treated as lease modifications as defined in IFRS 16, but as an adjustment to the lease liability recorded through the statement of comprehensive income. These amendments had no impact on the Bank.

25. Subsequent events

Update on legal and pending matters

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