CFC

CARIBBEAN FINANCE COMPANY LTD.

Providing Efficient Service Since 1971

2024 ANNUAL REPORT

ASPIRATION STATEMENT

Caribbean Finance Company Limited aims to be the leader in the non-bank financial sector of Trinidad & Tobago, by offering quality financial facilities to its clients through personalised and efficient service at all levels in our institution.

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CHAIRMAN'S REPORT

Dear Stakeholders,

I am pleased to present the Chairman's Report for Caribbean Finance Company Limited (CFCL) for the financial year ended December 31, 2024. This year has been transformative for our organization, characterized by resilience, strategic growth, and a commitment to our core values as a leading non-bank financial institution in Trinidad and Tobago.

FINANCIAL PERFORMANCE OVERVIEW

The audited financial statements for 2024 reflect a robust performance across key metrics. Our net revenue increased by 15% compared to the previous year, primarily driven by strengthened loan portfolios and enhanced customer engagement strategies. The total assets of the company now stand at TT$ 500 million, showing a growth trajectory that aligns with our long-term objectives.

- Profit Before Tax: TT$ 45 million (up from TT$ 38 million in 2023)
- Net Profit After Tax: TT$ 32 million (an increase of 13%)
- Return on Equity: Improved to 12.5%, reinforcing our commitment to delivering shareholder value.

The results illustrate our ability to navigate a competitive landscape and reflect the trust our clients place in us.

In turn our community engagement efforts are among our key achievements, particularly our initiatives geared towards trauma victims and other community projects which underscored our commitment to social responsibility.

MARKET ENVIRONMENT AND CHALLENGES

The economic landscape in Trinidad and Tobago remains dynamic, with fluctuations in interest rates and inflationary pressures impacting consumer spending. However, our risk management strategies have positioned us well to absorb these fluctuations. We remain vigilant in monitoring credit risks and are committed to prudent lending practices.

2025 PROJECTIONS

Looking ahead to 2025, we project a continued upward trajectory in our financial performance. Key focus areas will include:

- Expanding our market share through competitive offerings and customer care.
- Enhancing our information technology to further improve customer experience.
- Strengthening our community programs, aligning our growth with social impact.

In conclusion, I would like to express my gratitude to our dedicated team, stakeholders, and clients for your unwavering support. The achievements of 2024 are a testament to our collective efforts, and as we move into 2025, I am confident that Caribbean Finance Company Limited will continue to be a pillar of strength in the financial landscape of Trinidad and Tobago.

Yours sincerely,

Reyaz Ahamad
Chairman
Caribbean Finance Company Limited

CEO'S MESSAGE

To our Stakeholders

A STRONG 2024, ON THE RIGHT PATH

During fiscal 2024 we increased our portfolio with some new record high figures in New Business, such figures we have not seen since pre-pandemic. No doubt we had our share of challenges throughout the year, but we were able to steadily conquer and come out victorious in the end. Our loan portfolio increased from $480M to $537.4M in 2024. Net Interest Income increased from $44M to $46M and our profit margin regularised at 86.60, a dip from 87.44% in 2023.

These numbers only tell part of the story. In 2024 we assisted our customers out of difficult situations, allowing them a comfortable way to forge ahead with us. We continue to develop inhouse our Digital Monitoring Platform which allows for complete observability of our company's results in real time, with other fine features used for interactions. We also strengthened our partnerships with our parent company, securing more business with them than in previous years.

We embarked on our customer care transformation journey as we believe in giving our customers a phenomenal experience. This extensive (company wide) training is intended to improve customer satisfaction, boost their loyalty and retention, as well as enhance our brand reputation. We also held inhouse training for our loans department as we seek to improve and equip our officers to increase their performance whilst carrying out their duties. The loans training was specifically built around our needs and is intended to develop our officers with the right skillset above and beyond any other financial institutions.

We are entering 2025 in a position of strength. We are proud of the position we hold in the financial industry and will continue to satisfy our partners and customers, bringing the CFC way to them. Our commitment to continuous improvement and excellence ensures we become a better performing company, every day.

Sherrine Gordon
Chief Executive Officer

DIRECTORS' REPORT

The Directors have pleasure in submitting their Report and the Financial Statements for the year ended 31 December 2024.

Financial Results	**$**
Profit before taxation	27,420,710
Less: Taxation	(8,439,246)
Profit after taxation	18,981,464
Retained earnings at beginning of year	263,529,027
Dividends	(5,750,000)
Retained earnings at end of year	276,760,491

Auditors

PricewaterhouseCoopers retire and being eligible, offer themselves for re-appointment.

By Order of the Board

Aegis Business Solutions Limited
Secretary

CORPORATE INFORMATION

REGISTERED OFFICE
22 Kew Place, Port of Spain

HEAD OFFICE
17-19 Tragarete Road, Port of Spain

BRANCH
27-31 Cipero Road, San Fernando

CLASSES OF BUSINESS
1 Finance House/Finance Company
2 Mortgage Institution
3 Confirming House or Acceptance House
4 Leasing Corporation

DIRECTORS
Reyaz Ahamad
Chairman
22 Kew Place, Port of Spain

Anthony Agostini
18 Victoria Avenue, Port of Spain

Steve Mathura
29 Alberto Street, Woodbrook

Gillian Pollidore
5 Fitt Street, Woodbrook

Wayne Kangaloo
17-19 Tragarete Road, Port of Spain

Nicole Ferreira-Aaron
Corner of Dere and Albion Streets, Port-of-Spain

SECRETARY
Aegis Business Solutions Limited
18 Scott Bushe Street
Port of Spain

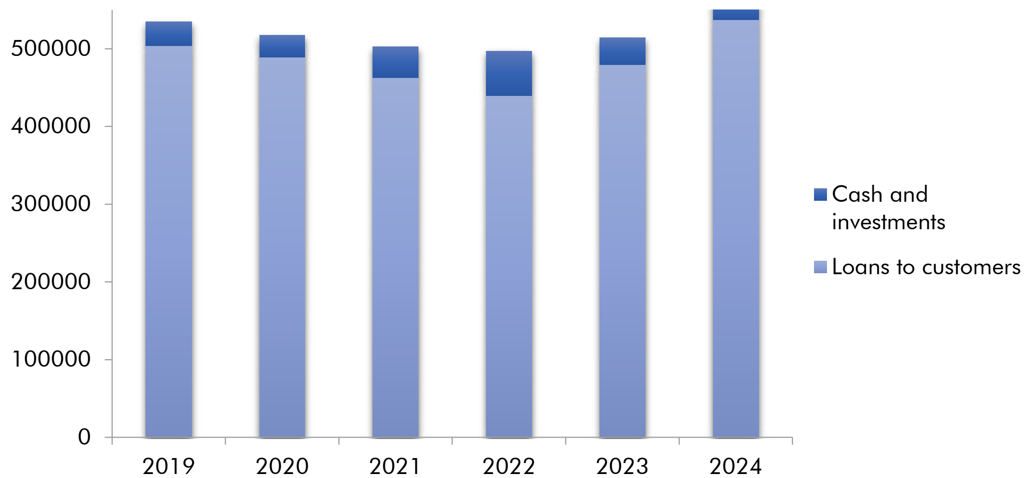
BANKERS
Scotiabank Trinidad and Tobago Limited
56-58 Richmond Street
Port of Spain

ATTORNEY AT LAW
MG Daly & Partners
121 Henry Street
Port of Spain

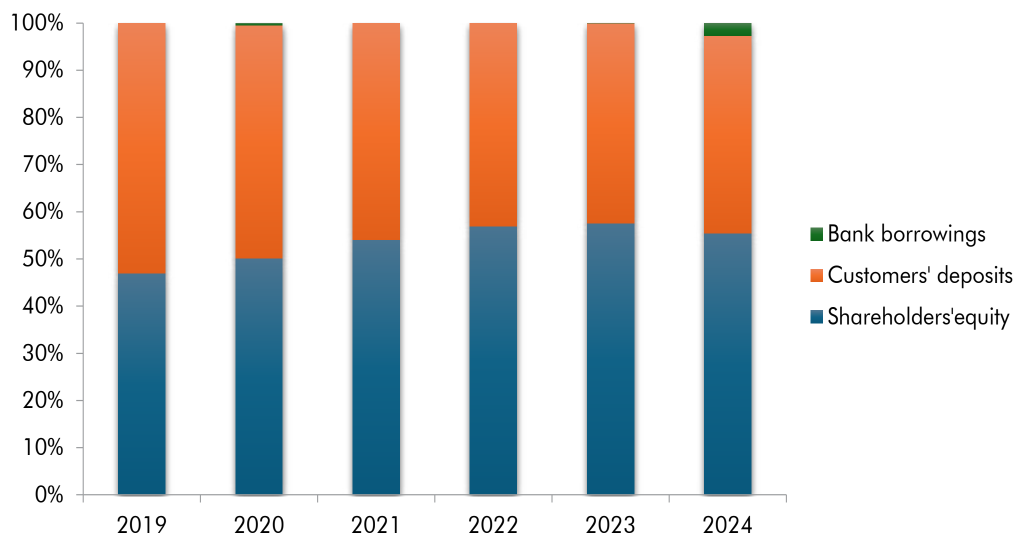
AUDITORS
PricewaterhouseCoopers
11-13 Victoria Avenue
Port of Spain

FINANCIAL HIGHLIGHTS

	December 2019 $'000	December 2020 $'000	December 2021 $'000	December 2022 $'000	December 2023 $'000	December 2024 $'000
Loans to customers	503,910	488,944	463,191	439,929	479,500	537,436
Cash and investments	30,944	28,126	39,670	57,229	34,947	23,409

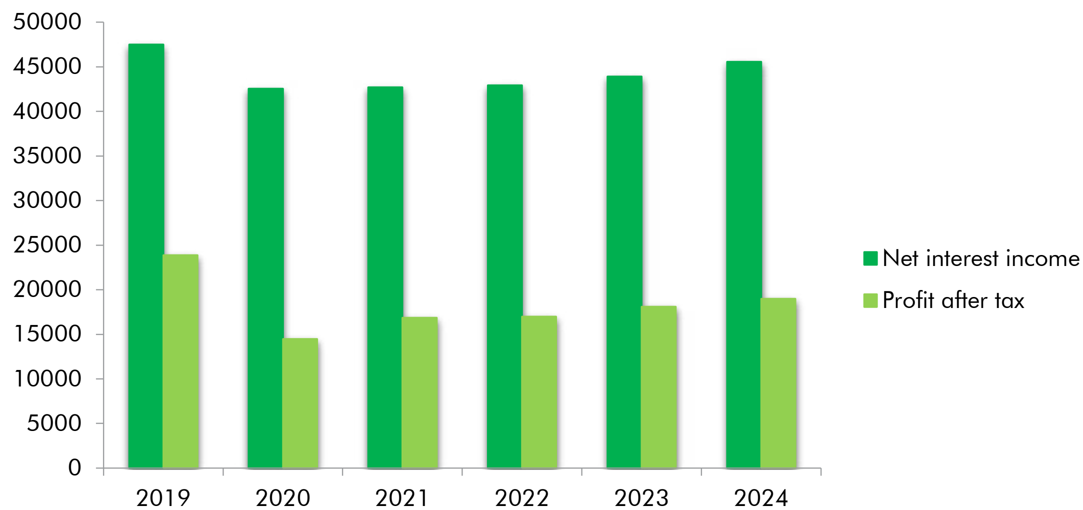


	December 2019 $'000	December 2020 $'000	December 2021 $'000	December 2022 $'000	December 2023 $'000	December 2024 $'000
Shareholders' equity	248,902	259,391	271,447	283,431	296,029	309,260
Customers' deposits	280,716	255,751	230,743	214,108	217,686	233,877
Bank borrowings	--	2,413	--	--	451	15,145



FINANCIAL HIGHLIGHTS (CONTINUED)

	December 2019 $'000	December 2020 $'000	December 2021 $'000	December 2022 $'000	December 2023 $'000	December 2024 $'000
Net interest income	47,502	42,530	42,685	42,936	43,900	45,559
Profit after tax	23,874	14,489	16,856	16,985	18,098	18,981



Ratios	2024 %	2023 %	
Profit Margin	86.60	87.44	Measures the Company's Total Expense Management
Efficiency Ratio	41.64	42.04	Indicates Non-Interest Expense Management
Return on Assets	3.47	3.52	Measures the Profitable use of Assets
Return on Equity	6.27	6.25	Is the Profitable use of Owner's Equity
Capital Adequacy	56.57	59.50	The Company's capital to its risk adjusted Assets

BOARD OF DIRECTORS

REYAZ AHAMAD
CHAIRMAN

ANTHONY AGOSTINI
DIRECTOR

STEVE MATHURA
DIRECTOR

GILLIAN POLLIDORE
DIRECTOR

WAYNE KANGALOO
DIRECTOR

NICOLE FERREIRA-AARON
DIRECTOR

CORPORATE GOVERNANCE

WHAT DOES IT MEAN?

Corporate Governance is a system that guides the conduct of the people within an organization, as well as the direction of the organization itself. It describes the relationship between and among stakeholders including the Board, Management, and Shareholders. It provides the structure for developing and achieving the objectives of the company and monitoring performance and outlines how risk is managed and controlled.

Corporate governance is about commitment to values and ethical business conduct and is founded upon the principles of transparency, fairness and accountability. The Board has the ultimate responsibility to direct and control the affairs of the Company in an efficient manner to achieve maximum value to all stakeholders, within the principles of good governance and the constraints of the regulatory framework.

CORE PRINCIPLES OF GOOD GOVERNANCE

- **Transparency**
  Good Corporate Governance encompasses simple tenets of integrity, transparency and fairness in all actions and transactions. It is also believed that transparency must lead to maximum and appropriate disclosures to the stakeholders without jeopardising the strategic interests of the Company.

  The board should provide timely, accurate, and clear information about such things as financial performance, conflicts of interest, and risks to shareholders and other stakeholders.

- **Fairness**
  Refers to the equal treatment of all shareholders and stakeholders of the company. The board of directors must treat shareholders, employees, vendors, and customers fairly and with equal consideration.

- **Accountability**
  The board must explain the purpose of a company's activities and the results of its conduct. Together with the company's leadership, they are accountable for the assessment of a company's capacity, potential, and performance. It must communicate issues of importance to shareholders.

  Other key elements of good corporate governance principles include honesty, integrity, openness, performance orientation, responsibility, mutual respect and commitment to the organization.

  Efficient Corporate Governance requires a clear understanding of the respective roles of the Board and of the senior management and their relationships with others in the corporate structure. Relationships of the Board and management shall be characterized by sincerity, their relationship with employees shall be characterized by fairness and the relationship with government and regulatory authorities shall be characterized by a commitment to compliance in letter and spirit.

  Refer to Appendix A for the Code of Business Conduct and Ethics for the Board of Directors.

GOVERNANCE STRUCTURE

The primary responsibility of the Board of Directors is to provide effective governance over the Company's affairs for the benefit of its shareholders and stakeholders.

- **The Shareholders**
  The role of the Shareholders and the matters reserved for decision making by them are set out in the Articles of Association and in accordance with the relevant legislation (Companies Act).

- **The Board of Directors**
  The Board recognizes that it has a duty of care and loyalty to Caribbean Finance Company Limited. Directors meet their duty of care if they act with the care of a reasonable person in a similar position and have a reasonable belief that their decisions are in the best interest of CFC. Members will never allow outside interests or personal affiliations or allegiances to interfere with their responsibility to the Company and will only make decisions that they believe best serve the interest of the Company.

  The Board of Directors is accountable to the shareholders and other stakeholders and must ensure that the Company is managed in a safe and sound manner.

  To fulfill their fiduciary duties, the Directors must be familiar with CFC's business and with general financial and accounting principles; and must actively engage in directing and overseeing Management.

  The Roles and Responsibilities of the Board
  As the Board has the ultimate responsibility over the affairs of the company, its role is to provide leadership and guidance to ensure that the company's strategic objectives are achieved, as follows:

  a) STRATEGY
  - Set the company's vision, mission and values.
  - Approve the short-term and long-term business objectives, strategies and business plans of the company together with the appropriate policies to execute such strategies including those relating to risk management, capital adequacy, liquidity, compliance and internal controls.
  - Monitor and evaluate the implementation of strategies, policies and performance measurements.
  - Ensure optimal use of capital.
  - Review, monitor and approve important capital expenditure

of the company, including investments in information technology and strategic assets and ensure that they are prioritized according to the overall company's strategy.
- Approve the capital and operating budgets.

b) RISK MANAGEMENT & INTERNAL CONTROL
- Identify and assess key risk areas of the business and ensure that measures are taken to mitigate those risks.
- Ensure that effective internal control systems and policies are in place to safeguard the company's assets and to ensure a prudential balance between risks and returns to shareholders.
- Ensure that the company's operations are conducted prudently and within Board policies.
- Ensure compliance with laws and regulations, including risk management and corporate governance practices and disclosure requirements.

c) FINANCIAL REPORTING
- Reviews the quarterly unaudited financial statements.
- Approve the yearly financial results in consultation with the Audit Committee, to ensure that these have been prepared using the appropriate accounting standards and fairly present the state of affairs of the company.

d) SUPERVISION OF THE MANAGEMENT
- Be responsible for the appointment of the CEO and other senior officers and periodically assessing their performance in the context of established corporate objectives, plans and risk appetite.
- Ensure that there is a clear demarcation of duties and responsibilities between the Board and the Management in order to implement an effective accountability regime. The Board should be independent of the Management and should periodically hold board meetings where management officials are not present.
- Evaluate the performance of Senior Management and implement a renumeration and incentive scheme to stimulate staff motivation to achieve the corporate objectives. This shall be subject to periodic reviews to assess effectiveness and decide on modifications as necessary.
- Ensure adequate succession planning of the Senior Management team.

e) GOVERNANCE AND RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS
- Protect the interests of the Company and ensure that decisions taken are sound and prudent and in the legal interest of all stakeholders, in keeping with good corporate governance.
- Ensure effective communication with the regulators, shareholders and other stakeholders.
- Implement policies and procedures to identify potential conflicts of interest involving different levels of staff and board members and establish processes to identify, report and deal with such situations.

Board Composition

In keeping with the terms of the Articles of Association/ Continuance the Board will comprise of a minimum of three (3) members and a maximum of ten (10), with varied qualifications and experience that fulfills the fit and proper requirements stipulated in the FIA and prudential criteria regulations. The Board will also include independent Directors which will facilitate objectivity in decision making.

All members of the Board should be individuals of integrity and, collectively, should bring a blend of knowledge, skills, objectivity, and experience to the Board to enable it to carry out its functions effectively.

Directors shall be nominated or appointed in accordance with the Articles of Continuance, regulation guidelines and to achieve appropriate balance of skill, expertise and diversity of perspectives to enhance decision-making capability and the overall effectiveness of the Board. The selection process is outlined in Appendix B of this document.

Directors will be elected or re-elected at the annual meeting of shareholders or at any meeting convened for such a purpose as detailed in section 3.4.

Tenure of Board Members

Directors' tenures are reviewed at the Annual General meeting in accordance with the Company's by-laws. Directors are eligible to be re-elected, provided that the Director expresses willingness to continue and that all Fit and Proper requirements are met, as outlined in the FIA. Their retirement should be planned or staggered to ensure continuity.

Effective March 1, 2022, members of the Board appointed after the effective date can serve a maximum term of twelve years from the date of appointment. Existing members who have already served a twelve-year term may continue to serve until they have attained the age of 70. The Board may consider and approve the extension of a Director's term beyond the stipulated limit as deemed appropriate.

Board Governance

In order to meet all the legal and regulatory requirements and effectively discharge its duties, the Board may delegate some of its functions to specialized board committees. The Board may also delegate specific assignments to Directors or other parties to better guide the Board in important matters requiring significant expertise. The delegation, however, does not discharge the Board from its duties and responsibilities.

Board Committees

The Board has established the following two Committees, each having a written charter or mandate that has been approved by the Board. Mandates are reviewed every two years or earlier if there is a material change warranting such. Committee Chairs are responsible for reporting on committee meetings to the Board and making recommendations for Board approval.

Whilst certain powers are capable of delegation to Committees or individuals, the Board recognizes and accepts that the ultimate accountability of the matters delegated remains with them.

a) Audit Committee

The Audit Committee shall comprise of a minimum of three non-executive, independent members and will meet in accordance with its mandate, every two months. At least one member must have accounting or financial management expertise.

The Audit Committee reviews the internal audit programme, the internal control systems and considers the major findings and recommendations of internal audit review and investigations. The Committee assists the Board with its oversight of the financial statements and ensures coordination between internal and external auditors. The Audit Committee will review the external auditors' qualifications, independence, and performance.

As per the Financial Institutions Act, the duties of the audit committee shall include, without limitation— (a) the review of, and a report to the board of directors on the annual financial statements and other returns prior to approval by the Board; (b) the review of such returns of the licensee as the Inspector may specify; and (c) ensuring that an appropriate framework for internal control procedures is in place

This Committee will also review the Organization's compliance framework to ensure that there is compliance with relevant laws and regulations.

It is also responsible for the review and approval of all policy manuals and documents including the policies procedures and transactions with connected parties as defined in the FIA, and management of conflicts of interest.

Members of the Committee are:
· Anthony Agostini – Audit Chairman
· Nicole Ferreira-Aaron – Member
· Gillian Pollidore – Member

b) Asset/Liability and Credit Committee (ALCCO)

The responsibility for overseeing the administration of the Company's credit portfolio rests with Asset/Liability Committee. Comprising of at least three independent directors, the Committee is guided by its mandate which includes the review and approval of credit exposures in excess of certain limits as determined by the Company's credit risk policy, as well as on going monitoring of same. Also, under its purview is the close monitoring of related party transactions and oversight of portfolio performance with emphasis on large non-performing loans.

The Committee also reviews and analyzes the enterprise risk faced by the company under the appropriate policy framework established by the Board.

Members of the Committee are:
· Wayne Kangaloo – ALCCO Chairman
· Reyaz Ahamad – Member
· Steve Mathura – Member

Meeting and Attendance

All Board and Committee meetings are tentatively scheduled at the start of the year to ensure availability and accommodation of all members to achieve full participation.

We are pleased to report that, for fiscal year 2024, there was 100% attendance of all meetings as shown below:

Meeting	Number of Meetings Held	Attendance
Board	4	100%
Asset/Liability Credit Committee	6	100%
Audit Committee	6	100%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The foundation of our company has always been and continue be, the essence of family which is the strength and driving force behind the actions we take. Embedded in our culture and the heart of what we do is caring for all our stakeholders, this includes our employees, shareholders, directors and our customers. An extension of which includes our environmental and social impact and the meaningful contributions that our organisation can make towards same.

ENVIRONMENTAL

We remain steadfast in our commitment to actively pursue ways to positively affect our environment by implementing measures within our daily practices, to reduce wastage and dispose of electronic assets in an environmentally friendly manner.

There was a 10.6% reduction in copy paper usage in 2024, being mindful to resort to more electronic means in communicating and sharing of information. Electronic equipment deemed non-functional or reached end-of-life, were either reused for parts or disposed by an environmentally certified company. All data from these devices were wiped prior to disposal.

SOCIAL

Impacting our society meant that change and improvement started with us both individually and as a team, so that we can better serve those around us. As such, the company invested heavily in training beginning with a Human Trafficking Awareness session in March, Credit training in September and from May to December the entire staff went through a service transformation programme hosted by DRA Consulting. We were reminded of the importance and value of self-reflection, positive attitudes and mindsets and were equipped with tools to improve our interaction with each other, our customers, and the community at large.

Our support of community efforts included assisting approximately 40 schools and Sports clubs in their ventures. We were proud to sponsor a young budding gymnast in her quest to represent Trinidad & Tobago in the international arena. Ms. Amba Suri Boodansingh aged 10, attained a bronze medal at the Inaugural CARIFTA Gymnastics Championship held in November 2024 in Kingston, Jamaica.

The El Shaddai home which cares for 13 children, received assistance in making minor repairs to ensure compliance with the Children's Authority to remain operational.

We continue to provide support into 2025, for infrastructure development to ensure a safe and comfortable environment for the children.

In the last half of 2024, the company partnered with writer and award-winning motivational speaker, Ms. Caron Asgarali, to offer her series "Writing to Heal" to persons who would have experienced various forms of trauma. A total of 125 persons benefitted from this program as seven cycles of sessions were held, five of those sessions were open to the public whilst two cycles targeted groups such as "Women of Substance" and "Reclaiming your Power".

Our efforts in 2025 would be guided by our resolve to positively affect those around us and in our community,

GOVERNANCE

Delivering on their commitment to provide guidance, support and oversight of the company's operations, Board members, via the sub-Committees, continued to work closely with the Executive team in the key areas of risk, compliance, ethics, accountability and governance. Committee mandates are the driving force behind the actions taken to ensure that the stakeholders' interest is best served. Board members kept abreast of developments within their respective areas of expertise bringing valuable insights to the Executive team and the organisation. Their participation in Cyber table-top exercises and annual Anti-money laundering training is testament to their on-going commitment to learning and being relevant in our environment.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Caribbean Finance Company Limited (the Company), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and material accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/ prevention of fraud, and the achievement of company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Financial Institutions Act 2008 and the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

Chief Executive Officer
12 March 2025

Accountant
12 March 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Caribbean Finance Company Limited

Our opinion

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

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

Other information

Management is responsible for the other information. The other information comprises the directors' report, corporate information and financial highlights but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
13 March 2025

Statement of Financial Position

(Expressed in Trinidad and Tobago dollars)

	Notes	As at 31 December 2024 $	As at 31 December 2023 $
Assets			
Cash and cash equivalents	4	638,140	1,941,487
Statutory deposit with Central Bank	5	20,718,111	22,218,111
Investments	6	2,052,771	10,787,547
Loans to customers	7	537,436,076	479,500,103
Property and equipment	8	2,734,021	2,718,752
Right-of-use asset	8 a.	1,116,275	1,812,118
Deferred tax asset	10	217,830	194,132
Other assets		533,638	481,964
Taxation recoverable		3,753,487	3,734,344
Total assets		569,200,349	523,388,558
Liabilities			
Customers' deposits	11	233,876,649	217,685,969
Bank overdraft	12	15,145,446	450,793
Lease liabilities	9	1,195,266	1,892,283
Other liabilities		3,584,168	1,208,493
Taxation payable		--	206,935
Deferred tax liability	10	388,329	415,058
Dividend payable		5,750,000	5,500,000
Total liabilities		259,939,858	227,359,531
Shareholders' equity			
Share capital	13	15,000,000	15,000,000
Statutory reserve	14	15,000,000	15,000,000
General banking reserve	14	2,500,000	2,500,000
Retained earnings		276,760,491	263,529,027
Total shareholder's equity		309,260,491	296,029,027
Total liabilities and equity		569,200,349	523,388,558

The notes on pages 22 to 55 are an integral part of these financial statements.

On 12 March 2025, the Board of Directors of Caribbean Finance Company Limited authorised these financial statements for issue.

Director

Director

Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2024 $	2023 $
Interest income	15	52,606,741	50,208,110
Interest expense	16	(7,047,904)	(6,307,920)
Net interest income		45,558,837	43,900,190
Other income	17	1,597,920	1,319,798
Total net income		47,156,757	45,219,988
Expected credit losses on financial assets, net of recoveries	7 b.	(3,707,373)	(4,738,335)
Loan modification losses	7 c.	(23,652)	(4,376)
Operating expenses	18	(15,906,853)	(14,267,559)
Total non-interest expenses		(19,637,878)	(19,010,270)
Operating profit		27,518,879	26,209,718
Finance cost	9	(98,169)	(62,853)
Profit before taxation		27,420,710	26,146,865
Taxation	19	(8,439,246)	(8,049,153)
Profit after taxation, being Total comprehensive income for the year		18,981,464	18,097,712
Earnings per share	20	1.27	1.21

The notes on pages 22 to 55 are an integral part of these financial statements.

Statement of Changes in Equity

(Expressed in Trinidad and Tobago dollars)

	Notes	Share capital $	Statutory reserve $	General banking reserve $	Retained earnings $	Total shareholders' equity $
Year ended 31 December 2024						
Balance at 1 January 2024		15,000,000	15,000,000	2,500,000	263,529,027	296,029,027
Total comprehensive income for the year		--	--	--	18,981,464	18,981,464
Dividends	21	--	--	--	(5,750,000)	(5,750,000)
Balance at 31 December 2024		15,000,000	15,000,000	2,500,000	276,760,491	309,260,491
Year ended 31 December 2023						
Balance at 1 January 2023		15,000,000	15,000,000	2,500,000	250,931,315	283,431,315
Total comprehensive income for the year		--	--	--	18,097,712	18,097,712
Dividends	21	--	--	--	(5,500,000)	(5,500,000)
Balance at 31 December 2023		15,000,000	15,000,000	2,500,000	263,529,027	296,029,027

The notes on pages 22 to 55 are an integral part of these financial statements.

Statement of Cash Flows

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2024 $	2023 $
Cash flows from operating activities			
Profit before taxation		27,420,710	26,146,865
Adjustments for			
Expected credit losses on financial assets	7 b.	3,707,373	4,738,335
Loan modification losses	7 c.	23,652	4,376
Depreciation		1,243,176	1,182,505
Losses/(gains) on disposal of property and equipment		26,386	(18,405)
Unrealised gains on investments	6	(93,782)	(24,159)
Interest expense on lease liability	9	98,169	62,853
(Increase)/decrease in operating assets			
Loans to customers		(61,666,998)	(44,313,961)
Central Bank Reserve Account		1,500,000	3,000,000
Other assets		(51,674)	(113,242)
Increase in operating liabilities			
Customers' deposits		16,190,680	3,578,266
Other liabilities		2,375,675	169,911
Cash used in operating activities		(9,226,633)	(5,586,656)
Corporation tax paid		(8,715,751)	(7,800,000)
Net cash used in operating activities		(17,942,384)	(13,386,656)
Cash flows from investing activities			
Purchase of property and equipment	8	(588,988)	(623,773)
Proceeds from sale of property and equipment		--	49,164
Sale/(purchase) of investments	6	8,828,558	(23,564)
Net cash generated from/(used in) investing activities		8,239,570	(598,173)
Financing activities			
Dividends paid		(5,500,000)	(5,000,000)
Repayment of lease liabilities		(697,017)	(732,333)
Interest payment on lease liabilities	9	(98,169)	(62,853)
Net cash used in financing activities		(6,295,186)	(5,795,186)
Net decrease in cash and cash equivalents		(15,998,000)	(19,780,015)
Cash and cash equivalents at beginning of year		1,490,694	21,270,709
Cash and cash equivalents at end of year		(14,507,306)	1,490,694
Represented by:			
Cash and cash equivalents	4	638,140	1,941,487
Bank overdraft		(15,145,446)	(450,793)
		(14,507,306)	1,490,694

The notes on pages 22 to 55 are an integral part of these financial statements.

1 General information

Caribbean Finance Company Limited (the Company) is a limited liability company incorporated in the Republic of Trinidad and Tobago on 17 June 1971. It is licensed under the Financial Institutions Act, 2008.

The Company is a subsidiary of Universal Investments Limited, a company incorporated in the Republic of Trinidad and Tobago. Its ultimate parent company is The Southern Company Limited, a company incorporated in the Republic of Trinidad and Tobago.

The principal activities of the Company are lending through hire purchase agreements and mortgage bills of sale on motor vehicles and the acceptance of deposits for fixed terms. The Company also provides credit through trade financing, mortgage loans and leasing.

The address of the Company's registered office is 22 Kew Place, Port of Spain.

2 Material accounting policies

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

a. *Basis of preparation*

The Company's financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for investments which are measured at fair value.

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

(i) New standards, amendments and interpretations adopted by the Company

- *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2024)*

  The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that, for an entity to classify a liability as non-current, the entity must have the right at the reporting date to defer settlement of the liability for at least twelve months after that date. The amendments clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or noncurrent, even if the covenant is only assessed after the entity's reporting date.

2 Material accounting policies (continued)

a. *Basis of preparation (continued)*

(i) New standards, amendments and interpretations adopted by the Company (continued)

- *Leases on sale and leaseback – Amendment to IFRS 16 (effective for annual periods beginning on or after 1 January 2024)*

  The narrow-scope amendments to IFRS 16 Leases include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

The amendments listed above had no material impact on the financial statements of the Company.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2024 do not have a material impact on the Company.

(ii) New standards, amendments and interpretations not yet effective and has not been early adopted by the Company

The following standards and interpretations had been issued but were not mandatory for the annual reporting period ended on 31 December 2024

- *Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)*

  On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

  - clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

  - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

  - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and

  - update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

2 Material accounting policies (continued)

a. *Basis of preparation (continued)*

(ii) *New standards, amendments and interpretations not yet effective and has not been early adopted by the Company (continued)*

- *IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)*

  Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements.

- *IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)*

  IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The Company is currently evaluating the impact of these amendments; however, they are not expected to have a material impact on the Company's financial statements.

Other standards, amendments and interpretations issued but were not mandatory for the annual reporting period ended on 31 December 2024 do not have a material impact on the Company.

b. *Foreign currency translation*

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

Foreign currency transactions are translated into the reporting currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2 Material accounting policies (continued)

c. *Cash and cash equivalents*

Cash is cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investments normally only qualify as cash equivalent if they have a short maturity of three months or less from the date of acquisition. Financial instruments can only be included if they are in substance cash equivalents, e.g. debt investments with fixed redemption dates that are acquired within three months of their maturity.

d. *Financial assets*

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- Amortised cost, and
- Fair value through Profit or Loss (FVPL)

The classification of the Company's financial assets with respect to "loans to customers" and "Investments" depends on the Company's Business Model for managing those assets and the cash flow characteristics of the assets, i.e. whether these represent 'Solely Payments of Principal and Interest' (SPPI).

Business Model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is it to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to management and how risks are assessed and managed.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows pass the SPPI test. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risk and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

"Loans to customers" are held to maturity to collect cash flows and accordingly meet the 'hold to collect' criteria, passing the business model and SPPI tests. Loans to customers are therefore classified at amortised cost.

"Investments" are classified in the 'other' business model and are measured at FVPL, with gains and losses recorded in profit or loss.

The Company reclassifies debt instruments when and only when its business model for managing assets changes.

2 Material accounting policies (continued)

d. Financial assets (continued)

(ii) Initial recognition and subsequent measurement

(a) Investments

All purchases and sales of investments are recognised on the trade date, which is the date on which the Company commits to purchase or sell the investment. Transaction cost of investments carried at FVPL are expensed in profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a financial asset that is subsequently measured at FVPL is recognised in profit or loss and presented net within 'Other income' in the period in which it arises.

(b) Loans to customers

At initial recognition, the Company measures loans to customers at its fair value plus transaction costs that are directly attributable to its acquisition. Subsequent measurement of loans to customers depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

Loans to customers are held for collection of contractual cash flows where those cash flows represent SPPI, as such these financial assets are measured at amortised cost.

Interest income from these financial assets is included within 'interest income' using the effective interest rate method.

The fair value is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance). The calculation does not consider expected credit losses and includes transaction cost and origination fees that are integral to the effective interest rate.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liabilities is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Any gain or loss arising on derecognition is recognised directly as profit or loss and presented in 'interest income'. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income as 'Expected credit losses on financial assets, net of recoveries'.

2 Material accounting policies (continued)

d. Financial assets (continued)

(iii) Impairment of loans to customers carried at amortised cost

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition which is detailed in Note 23 a. (i) (I).

The Company assesses on a forward-looking basis the expected credit loss ('ECL') associated with its loans to customers which are carried at amortised cost with the exposure arising from loan commitments. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

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

Note 23.a.(i)(c) provides more detail of how the expected credit loss allowance is measured.

(iv) Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company 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 amounts the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate

If the terms are substantially different, the Company derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a 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 purposes of determining whether a significant increase in credit risk (SICR) has occurred. The Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

2 Material accounting policies (continued)

d. Financial assets (continued)

(v) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

e. Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified and subsequently measured at amortised cost

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged cancelled or expired).

f. Loan commitments

Loan commitments provided by the Company are measured as the amount of the loss allowance (calculated as described in Note 23.a.(i)(c)). The Company has considered the risk of a default occurring under the loan to be advanced, and the loss allowance is recognised as a provision.

g. Property and equipment

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

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on assets is computed using the following methods to allocate their cost to their residual values over their estimated useful lives, as follows:

Reducing balance basis	
Leasehold improvements	– 10%
Furniture and fittings	– 10%
Motor vehicles	– 25%
Office and computer equipment	– 12% - 20%
Computer software	– 12% - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2 Material accounting policies (continued)

g. *Property and equipment (continued)*

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

h. *Short-term financing*

Short-term financing is recognised initially at fair value net of transaction costs incurred. Short-term financing is subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

i. *Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and 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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

j. *Income tax*

(i) *Current income tax*

Income tax is calculated on the basis of the applicable tax law in Trinidad and Tobago and is recognised in profit or loss for the period.

(ii) *Deferred income tax*

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of the assets and liabilities and their carrying values for financial reporting purposes. Tax rates enacted or substantively enacted at the statement of financial position date are used to determine deferred tax.

The principal temporary differences arise from accelerated tax depreciation and lease liabilities.

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

Deferred tax is recognised in profit or loss for the period except to the extent that it relates to taxable items that are charged or credited in other comprehensive income. In these circumstances, the associated deferred tax is charged or credited to other comprehensive income.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 Material accounting policies (continued)

k. Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

l. Revenue recognition

(i) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or where appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transactions costs, and all other premiums and discounts.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that subsequently become credit-impaired. When a financial asset is credit-impaired, interest ceases to be recognized on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, the accrual is calculated by applying the effective interest rate to the carrying amount, which is recorded on the Statement of Financial Position. The discount resulting from the impact of time delays in collecting principal (time value of money) is established and recorded through provision for credit losses.

m. Fees and commissions

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred and recognised as an adjustment to the effective interest rate on the loan. Commissions and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, are recognised on completion of the underlying transaction.

n. Defined contribution plan

The Company has a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company 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. Contributions are charged to profit or loss on the accrual basis.

o. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's directors.

3 Critical accounting judgements and key sources of estimation uncertainty

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Judgements and estimates are continually evaluated and are based on expectations of future events that are believed to be reasonable under the circumstances.

a. *Critical judgements in applying the Company's accounting policies*

In the process of applying the Company's accounting policies, management has made no judgements which it believes present a significant risk of material misstatement to the amounts recognised in the financial statements.

b. *Key sources of estimation uncertainty*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Expected credit loss allowance on customer loans and investments

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 resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 23.a.(i)(f).

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;
- Estimating collateral information and recoveries for LGD calculations; and
- Establishing the weightings and probabilities of macroeconomic conditions for forward-looking calculations.

Detailed information about the judgements and estimates made by the Company in the above areas are set out in Note 23.a.(i)(c).

During the current year, the Company implemented the Vasicek model to better estimate the forward-looking probability of default for Stage 1 (S1) and Stage 2 (S2) loans. The impact of the change in the current year on the loan portfolio is as follows:

	ECL prior to change	**ECL after change**
Loans to Customers ECL (S1 and S2)	1,047,138	693,822

(ii) Income taxes

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

4 **Cash and cash equivalents**	**2024**	**2023**
	$	**$**
Cash on hand and in bank	322,927	640,945
Money market mutual funds	315,213	1,300,542
	638,140	1,941,487

Cash at bank and money market mutual funds were neither past due nor impaired as of the statement of financial position dates. These are held with local financial institutions which have not defaulted in the past and are considered to be credit worthy.

5 **Statutory deposit with Central Bank**		
	20,718,111	22,218,111

The Financial Institutions Act, 2008 (the Act) requires that every non-banking financial institution licensed under the Act in the Republic of Trinidad and Tobago hold a non-interest bearing deposit account with the Central Bank of Trinidad and Tobago equivalent to 9% of the total deposit liabilities of that institution. As at 31 December 2024 and 31 December 2023 the Company was in compliance with this requirement.

6 **Investments**	**2024**	**2023**
	$	**$**
Trinidad and Tobago Unit Trust Corporation		
– First Unit Scheme (Note 6 a.)	33,823	33,823
Roytrin Mutual Funds	1,018,948	903,916
Scotiabank Trinidad and Tobago – Growth & Income Fund	--	1,849,808
Development Finance Limited – Term Deposit	1,000,000	8,000,000
	2,052,771	10,787,547
Balance at beginning of year	10,787,547	10,739,824
Net (disposals)/additions of investments	(8,828,558)	23,564
Net fair value gains on investments	93,782	24,159
Balance at end of year	2,052,771	10,787,547

a. This represents an investment in the initial capital of the Trinidad and Tobago Unit Trust Corporation.

7 Loans to customers

	2024 $	2023 $
Instalment loans	531,212,397	468,554,787
Finance leases (Note 7 a.)	362,090	536,788
Trade financing	7,148,089	9,962,471
Mortgage loans	5,491,035	6,624,099
	544,213,611	485,678,145
Expected credit loss allowance on customer loans	(6,777,535)	(6,178,042)
	537,436,076	479,500,103
Non-current portion	514,993,232	456,815,516
Current portion	29,220,379	28,862,629
	544,213,611	485,678,145

a) *Finance leases*

	2024 $	2023 $
Gross investment in finance leases	422,352	588,016
Unearned finance charges	(60,262)	(51,228)
Net investment in finance leases	362,090	536,788
Gross investment in finance leases		
Not later than 1 year	20,968	49,300
Later than 1 year and not later than 5 years	401,384	538,716
	422,352	588,016

b) *Expected credit losses on financial assets, net of recoveries*

	2024 $	2023 $
Charge for the year	3,940,524	4,738,335
Income received on claims previously written off net of expenses	(233,151)	--
	3,707,373	4,738,335

c) *Loan modification losses*

The Company offered loan repayment deferrals to its customers impacted by COVID-19. The repayment deferral arrangements were deemed as an extension to customers' existing loans and were therefore accounted for as non-substantial loan modifications. A total modification loss of $23,652 (2023: $4,376) was recognised in relation to repayment deferrals and charged to profit or loss. Refer to Note 2 d. (iv) and Note 23 a. (i) (d).

8 Property and equipment

	Leasehold Improvements $	Furniture and fittings $	Motor Vehicles $	Office and computer equipment $	Computer software $	Total $
Year ended 31 December 2024						
Opening net book value	473,475	129,420	817,166	702,479	596,212	2,718,752
Additions	3,000	8,893	187,202	232,558	157,335	588,988
Disposals	--	--	--	(26,386)	--	(26,386)
Depreciation charge	(49,173)	(13,771)	(208,192)	(143,598)	(132,599)	(547,333)
Closing net book value	427,302	124,542	796,176	765,053	620,948	2,734,021
At 31 December 2024						
Cost	943,288	469,493	1,611,744	1,987,352	2,450,287	7,462,164
Accumulated depreciation	(515,986)	(344,951)	(815,568)	(1,222,300)	(1,829,338)	(4,728,143)
Net book value	427,302	124,542	796,176	765,052	620,949	2,734,021
Year ended 31 December 2023						
Opening net book value	509,763	139,122	601,199	668,553	720,349	2,638,986
Additions	18,097	5,140	411,314	166,222	23,000	623,773
Disposals	--	--	(28,558)	(2,201)	--	(30,759)
Depreciation charge	(54,385)	(14,842)	(166,789)	(130,095)	(147,137)	(513,248)
Closing net book value	473,475	129,420	817,166	702,479	596,212	2,718,752
At 31 December 2023						
Cost	940,288	460,600	1,424,542	1,941,823	2,292,952	7,060,205
Accumulated depreciation	(466,813)	(331,180)	(607,376)	(1,239,344)	(1,696,740)	(4,341,453)
Net book value	473,475	129,420	817,166	702,479	596,212	2,718,752
At 31 December 2022						
Cost	922,191	455,460	1,188,274	1,817,877	2,269,952	6,653,754
Accumulated depreciation	(412,428)	(316,338)	(587,075)	(1,149,324)	(1,549,603)	(4,014,768)
Net book value	509,763	139,122	601,199	668,553	720,349	2,638,986

8 a. Right-of-use asset

	2024 $	2023 $
Opening balance	1,812,118	799,651
Additions	--	1,681,724
Depreciation charge	(695,843)	(669,257)
Carrying value	1,116,275	1,812,118

9 Lease liabilities

	2024	2023
Current portion	(743,697)	697,017
Non-current portion	(451,569)	1,195,266
	(1,195,266)	1,892,283
Interest payment on lease (Finance cost)	(98,169)	(62,853)

The total cash outflow for leases in 2024 was $795,186 (2023 - $795,186).

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities are as follows:

	Minimum lease payments due				
	Within 1-year $	1-2 years $	2-3 years $	3-4 years $	Total $
As at 31 December 2024					
Lease payments	795,186	461,387	--	--	1,256,573
Finance charges	(51,489)	(9,818)	--	--	(61,307)
Net present values	743,697	451,569	--	--	1,195,266

	Minimum lease payments due				
	Within 1-year $	1-2 years $	2-3 years $	3-4 years $	Total $
As at 31 December 2023					
Lease payments	795,186	1,256,573	--	--	2,051,759
Finance charges	(98,169)	(61,307)	--	--	(159,476)
Net present values	697,017	1,195,266	--	--	1,892,283

10 Deferred tax (asset)/liability

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30% (2023: 30%).
The movement in the net deferred income tax liability is as follows:

	2024 $	2023 $
At beginning of year	220,926	275,401
Amount recognised in profit or loss (Note 19):		
- Current year	(46,554)	(54,405)
- Adjustment to prior year's estimates	(3,873)	(70)
At end of year	170,499	220,926

The net deferred tax (asset)/liability is attributable to:		
Lease liabilities	(217,830)	(194,132)
Accelerated depreciation on leased assets, property and equipment	388,329	415,058
Net deferred tax liability	170,499	220,926

11 Customers' deposits

Deposit balances	231,140,775	215,294,955
Accrued interest	2,735,874	2,391,014
	233,876,649	217,685,969
Current portion	225,439,684	205,137,996
Non-current portion	8,436,965	12,547,973
	233,876,649	217,685,969

a. *Sectoral analysis*

	2024 $	%	2023 $	%
Consumers	208,594,966	89	198,382,094	91
Commercial	25,281,683	11	19,303,875	9
	233,876,649	100	217,685,969	100

All deposits have fixed interest rates.

12 Bank overdraft

The Company maintains an overdraft facility which bears interest at 6.5% per annum (2023 – 6.5%). This overdraft facility together with the short-term financing through bankers' acceptances, totals $20 million committed and a further $10 million un-committed, all of which is secured by a debenture over the assets of the Company.

13 Share capital

	2024 $	2023 $
Authorised		
An unlimited number of shares of no par value		
Issued and fully paid		
15,000,000 ordinary shares of no par value	15,000,000	15,000,000

14 Reserves

Statutory reserve

The Financial Institutions Act, 2008 requires financial institutions to transfer annually a minimum of 10% of its profit after taxation to a reserve fund until the balance on this reserve is equal to the paid up capital of the institution. The Company has met and is in compliance with this requirement.

General banking reserve

In keeping with the Financial Institutions (Prudential Criteria) Regulations, 1994, the Company has set aside a reserve out of retained earnings to provide against unforeseen losses on the loan portfolio. The Company has met and is in compliance with this requirement.

15 Interest income

	2024 $	2023 $
Loans and other receivables	52,300,249	49,894,149
Cash resources and investments	306,492	313,961
	52,606,741	50,208,110

16 Interest expense

Customers' deposits	6,675,096	6,307,276
Bank overdraft and short-term financing	372,808	644
	7,047,904	6,307,920

17 Other income

Fees and commissions	1,504,138	1,277,234
Net fair value gains on investments	93,782	24,159
Gain on disposal of property and equipment	--	18,405
	1,597,920	1,319,798

18 Operating expenses

	2024	2023
	$	$
Employee benefit expense (Note 18 a.)	7,926,095	7,412,265
Administrative and other expenses	5,167,327	4,099,543
Depreciation (Note 8)	547,333	513,248
Depreciation of right of use asset (Note 8 a.)	695,843	669,257
Directors' fees	336,000	349,500
Deposit insurance premium*	447,596	435,991
Office rent	30,000	30,000
Professional fees	565,074	598,082
Green fund levy	165,199	159,673
Loss on disposal of property and equipment	26,386	--
	15,906,853	14,267,559

Audit fees for the year ended 31December 2024 totalled $380,300 (2023: $362,200). Other fees incurred to the auditor (and related network firms) for non-assurance services totalled $49,000 (2023: $92,185).

* Statutory regulations governing the operations of banks and other financial institutions in the Republic of Trinidad and Tobago stipulate that an annual premium be paid to the Deposit Insurance Corporation amounting to 0.2% of average deposit liabilities outstanding at the end of each quarter of the preceding year.

a. *Employee benefit expense*

	2024	2023
Salaries	6,817,854	6,336,600
National insurance	371,740	353,685
Pension contributions	261,390	245,643
Other long-term benefits	475,111	476,337
	7,926,095	7,412,265

19 Taxation

	2024	2023
Corporation tax		
– Current year	8,430,857	8,006,935
– Adjustments to prior year's estimates	58,816	96,693
Deferred tax (credit)/charge (see Note 10)		
– Current year	(46,554)	(54,405)
– Adjustments to prior year's estimates	(3,873)	(70)
	8,439,246	8,049,153

The tax on the profit before taxation differs from the theoretical amount that would arise using the statutory rate of 30% (2023: 30%) as follows:

	2024	2023
Profit before taxation	27,420,710	26,146,865
Corporation tax calculated at a tax rate of 30%	8,226,213	7,844,060
Expenses not deductible for tax purposes	168,165	121,111
Income not assessable for tax	(10,075)	(12,641)
Adjustments to prior year's estimates	54,943	96,623
	8,439,246	8,049,153

20 Earnings per share

	2024 $	2023 $
Profit after taxation	18,981,464	18,097,712
Number of ordinary shares in issue	15,000,000	15,000,000
Earnings per share	1.27	1.21

21 Dividends

	2024	2023
Declared - $0.38 per share (2023: $0.37)	5,750,000	5,500,000

22 Related party 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 operational decisions.

A number of transactions are entered into with related parties in the normal course of business. These include loans and deposits. These transactions were carried out on commercial terms and conditions. The outstanding balances at the year-end are as follows:

a. *Outstanding balances at year-end arising from related party transactions and related income and expense for the year are as follows:*

	2024 $	2023 $
Loans to customers	1,041,695	1,002,344
Directors and key management personnel	1,041,695	1,002,344
Related Entities	--	--
Customers' deposits	53,192,685	49,895,938
Directors and key management personnel	39,806,713	44,518,460
Related Entities	13,385,972	5,377,478
Interest income	80,429	86,315
Directors and key management personnel	80,429	86,315
Related Entities	--	--
Interest expense	857,909	908,504
Directors and key management personnel	699,510	779,454
Related Entities	158,399	129,050

b. *Key management compensation*

	2024	2023
Salaries and other short-term benefits	3,749,921	3,525,886

23 Financial risk management

a. *Financial risk factors*

The Company's activities expose it to a number of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risks is core to the financial business and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects in the Company's financial performance.

The Company's risk management system serves to identify the various risks specific to the activities and operations of the Company and to document policies and procedures to address these risks. These risk management policies set appropriate risk limits and controls and monitor the risks and adherence to limits by means of reliable and up to date management systems.

The Board of Directors is responsible for the overall risk management approach and for approving risk strategies and principles. The Board of Directors discharges its responsibilities through the Asset Liability Credit Committee (ALCCO) which has overall responsibility to oversee the implementation of policies for identifying, evaluating and monitoring significant risks to which the Company is exposed. The main types of risks the Company is exposed to are credit risk, liquidity risk, interest rate risk and operational risk.

The Audit Committee oversees how management monitors compliance with the Company's policies and procedures. The Audit Committee is assisted in its oversight role by the Internal Auditors. The Internal Auditors undertake regular reviews of management’s controls and procedures, the results of which are reported to the Audit Committee.

(i) Credit risk

(a) Definition

The Company takes on credit risk which is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation.

(b) Management of risk

Credit risk is the most important risk for the Company and management therefore carefully manages this exposure. Credit exposures arise principally in lending activities. In order to effectively manage credit risk, the following is considered:

(i) Proper judgement of the creditworthiness of the borrower when analysing the loan application;
(ii) Adequate collateral held as security for funds advanced;
(iii) Maintenance of a strict and aggressive collection policy;
(iv) Monthly review of the risk ratios for the measurement of credit risk;
(v) Maintenance of a prudent loan provisioning policy;
(vi) Monitor exposures against limits to any one borrower or borrower group;
(vii) The Asset/Liability/Credit Committee to be informed of any large exposures to any one borrower or borrower group in default;
(viii) The information technology system for reporting, monitoring and controlling risks is properly maintained and updated;
(ix) Regular reporting to the Board of Directors on the performance of the loan portfolio.

23 Financial risk management (continued)

a. *Financial risk factors (continued)*

(i) *Credit risk (continued)*

(c) *Expected credit loss measurement*

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1'and has its credit risk continuously monitored by the Company.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to Note 23 a.(i)(d) for a description of how the Company determines when a significant increase in credit risk has occurred.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to Note 23 a.(i)(e) for a description of how the Company defines credit-impaired and default.

- 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. Please refer to Note 23 a.(i)(f) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

- The Company utilizes the Vasicek model to estimate the forward-looking probability of default (PD) across its loan portfolio. This model incorporates both systematic risks, influenced by macroeconomic factors, and portfolio-specific idiosyncratic risks. Default correlations within the portfolio are derived using the Basel-compliant Asymptotic Single Risk Factor (ASRF) framework, which links correlations to the portfolio's PD table. The Vasicek model uses a Z score factor, which quantifies the impact of prevailing and forecasted economic conditions on portfolio default rates. The Z-score is derived using historical and projected GDP data and serves as a threshold measure to determine default likelihood under normal, best case and worse case scenarios.

- In previous years, for the purpose of the forward-looking calculation, the Company utilized linear regression to study the relationship between GDP and historical default rates and used this as the basis to estimate future changes to default rates. The Company views the Vasicek model as an enhancement to this approach.

23 Financial risk management (continued)

a. Financial risk factors (continued)

(i) Credit risk (continued)

(d) Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

Quantitative criteria:

In keeping with the backstop approach in IFRS 9, a financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Qualitative criteria:

It considers available reasonable and supportive forward-looking information, including the following:

- Significant changes in the expected performance and behaviour of the borrower
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Previous arrears within the last twelve months
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of loans
- Direct debit/ Automatic Clearing House (ACH) cancellation
- Extension to the loan terms granted
- Actual or expected restructuring

The Company has not used the low credit risk exemption for any financial instrument in the current year or prior year.

23 Financial risk management (continued)

a. Financial risk factors (continued)

(i) Credit risk (continued)

(e) Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The borrower is 90 days past due on its contractual payment.

Qualitative criteria:

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
- The borrower is deceased
- The borrower is insolvent
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) throughout the Company's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of three (3) months.

(f) Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligations (as per "Definition of default and credit-impaired assets" above), either over the next 12 month, or over the remaining lifetime of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 month, or over the remaining lifetime.
- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD) and is derived using historical loss and recoveries data by collateral type. For loans that are in Stage 3, LGDs are updated to reflect updated collateral estimates on an individual loan basis.

23 Financial risk management (continued)

a. *Financial risk factors (continued)*

(i) *Credit risk (continued)*

(f) *Measuring ECL - Explanation of inputs, assumptions and estimation techniques (continued)*

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each exposure. These three components are multiplied together and adjusted for the likelihood of survival. This effectively calculates an ECL for each future month, which is discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD.

Sensitivity analysis

Had there been a 10% shift in the average ECL rate for all financial instruments at amortised cost, the Company's ECL allowance would have been increase/decrease by $677,754.

(g) *Maximum exposure to credit risk before collateral held or other credit enhancements*

	2024 $	2023 $
Cash and cash equivalents	638,140	1,941,487
Statutory deposit with Central Bank	20,718,111	22,218,111
	21,356,251	24,159,598
Instalment loans	531,212,397	468,554,787
Finance leases	362,090	536,788
Trade financing	7,148,089	9,962,471
Mortgage loans	5,491,035	6,624,099
	544,213,611	485,678,145
Less: expected credit loss allowance on customer loans	(6,777,535)	(6,178,042)
	537,436,076	479,500,103
Investments	2,052,771	10,787,547
Total credit risk exposure	560,845,098	514,447,248
Loan commitments	1,544,785	1,086,560

23 Financial risk management (continued)

a. *Financial risk factors (continued)*

(i) Credit risk (continued)

(g) Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

The Company recognises provision for losses on loans to customers subject to credit risk using the expected credit loss model. While cash and cash equivalents, statutory deposit and investments are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Assets written off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments, even after several attempts at enforcement and/or recovery efforts. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Collateral and other credit enhancements

The Company's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Company since the prior period.

The principal collateral types for these instruments are security arrangements over motor vehicles, heavy equipment and real estate, the values of which are reviewed periodically if there is a significant increase in credit risk.

Modification of financial assets

The Company sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue.

23 **Financial risk management (continued)**

a. *Financial risk factors (continued)*

(i) *Credit risk (continued)*

(g) *Maximum exposure to credit risk before collateral held or other credit enhancements (continued)*

Loans to customers and loan commitments

	Expected credit loss (%)	**Estimated EAD ($)**	**Actual ECL ($)**
Stage 1	0.137%	495,730,626	678,955
Stage 2	0.343%	8,036,141	27,543
Stage 3	15.004%	40,446,845	6,068,686
Loan commitments	0.152%	1,544,785	2,351
Total	1.242%	545,758,397	6,777,535

The movement in the provision for expected credit losses is as follows:

	Stage 1 ($)	**Stage 2 ($)**	**Stage 3 ($)**	**Total ($)**
Balance at beginning of the year	902,294	2,736	5,273,012	6,178,042
Net changes to expected credit losses:				
- Transfers between categories	(220,988)	24,807	795,674	599,493
Balance at end of the year	681,306	27,543	6,068,686	6,777,535

The following is an analysis of the net impairment expense on financial assets recognised in in profit or loss:

	Stage 1 ($)	**Stage 2 ($)**	**Stage 3 ($)**	**Total ($)**
Net changes to provisions for the year	(220,988)	24,807	795,674	599,493
Amounts directly written off to profit or loss net recoveries	12,417	19,942	3,075,521	3,107,880
Net expense for the year	(208,571)	44,749	3,871,195	3,707,373

23 Financial risk management (continued)

a. Financial risk factors (continued)

(i) Credit risk (continued)

(h) Analysis of financial assets

	Stage 1		Stage 2		Stage 3	
	Current $	1 – 30 days $	31 – 60 days $	61 – 90 days $	> 90 days $	Total $
At 31 December 2024						
Cash and cash equivalents	638,140	--	--	--	--	638,140
Statutory deposit with Central Bank	20,718,111	--	--	--	--	20,718,111
Loans to customers:						
- Instalment loans	427,034,037	55,695,374	6,147,993	1,888,148	40,446,845	531,212,397
- Finance leases	362,090	--	--	--	--	362,090
- Trade financing	7,148,089	--	--	--	--	7,148,089
- Mortgages	5,491,035	--	--	--	--	5,491,035
	440,035,251	55,695,374	6,147,993	1,888,148	40,446,845	544,213,611
	461,391,502	55,695,374	6,147,993	1,888,148	40,446,845	565,569,862
At 31 December 2023						
Cash and cash equivalents	1,941,487	--	--	--	--	1,941,487
Statutory deposit with Central Bank	22,218,111	--	--	--	--	22,218,111
Loans to customers:						
- Instalment loans	364,051,984	63,629,264	894,189	89,219	39,890,131	468,554,787
- Finance leases	536,788	--	--	--	--	536,788
- Trade financing	9,962,471	--	--	--	--	9,962,471
- Mortgages	5,109,204	1,514,895	--	--	--	6,624,099
	379,660,447	65,144,159	894,189	89,219	39,890,131	485,678,145
	403,820,045	65,144,159	894,189	89,219	39,890,131	509,837,743

23 Financial risk management (continued)

a. *Financial risk factors (continued)*

(i) *Credit risk (continued)*

(i) *Stage 1 loans to customers*

These relate to loans which have exceeded the contractual payment period. Loans within this category are continuously monitored by the Company's management to ensure all collection options are exercised to bring these accounts up to date.

(j) *Stage 2 loans to customers – description of collateral held*

Collateral on these loans comprise mortgages over real estate, hire purchase agreements and chattel mortgages over equipment and vehicles.

(k) *Stage 3 loans to customers - individually impaired carrying value and fair value*

	Carrying value (before provisions) 2024 $	Fair value of collateral 2024 $	Carrying value (before provisions) 2023 $	Fair value of collateral 2023 $
Instalment loans	40,446,845	35,238,778	39,890,131	35,496,753

(l) *Repossessed collateral*

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. As at the statement of financial position date, there were no repossessed properties.

23 Financial risk management (continued)

a. *Financial risk factors (continued)*

(i) Credit risk (continued)

(m) Concentration risks of loans to customers

	Instalment loans $	Finance leases $	Trade financing $	Mortgage loans $	Total $
At 31 December 2024					
Consumer	107,854,307	--	--	--	107,854,307
Manufacturing	37,509,291	--	--	--	37,509,291
Communications	59,760,710	--	--	--	59,760,710
Real estate	1,590,695	--	--	5,491,035	7,081,730
Hotel and restaurant	10,577,108	--	--	--	10,577,108
Energy	3,825,704	--	--	--	3,825,704
Distribution	42,333,671	--	7,148,089	--	49,481,760
Construction	51,850,087	--	--	--	51,850,087
Private sector	3,959,015	--	--	--	3,959,015
Agriculture	21,636,079	--	--	--	21,636,079
Utilities	606,376	--	--	--	606,376
Other	115,574,434	362,090	--	--	115,936,524
Car rentals	19,915,950	--	--	--	19,915,950
Security services	14,141,030	--	--	--	14,141,030
Hardware	16,677,377	--	--	--	16,677,377
Air/con, maint, environ	9,367,906	--	--	--	9,367,906
Equipment rentals	10,303,008	--	--	--	10,303,008
Safety equipment	3,729,650	--	--	--	3,729,650
	531,212,397	362,090	7,148,089	5,491,035	544,213,611
Loan commitments	1,544,785	--	--	--	1,544,785
At 31 December 2023					
Consumer	95,604,012	--	--	--	95,604,012
Manufacturing	30,056,687	--	--	--	30,056,687
Communications	51,795,478	--	--	--	51,795,478
Real estate	411,078	--	--	6,624,099	7,035,177
Hotel and restaurant	8,851,912	--	--	--	8,851,912
Energy	3,201,774	--	--	--	3,201,774
Distribution	41,367,702	--	9,962,471	--	51,330,173
Construction	48,911,804	--	--	--	48,911,804
Private sector	4,426,598	--	--	--	4,426,598
Agriculture	20,514,453	--	--	--	20,514,453
Utilities	460,887	--	--	--	460,887
Other	106,036,739	536,788	--	--	106,573,527
Car rentals	16,923,625	--	--	--	16,923,625
Security services	13,550,442	--	--	--	13,550,442
Hardware	4,566,139	--	--	--	4,566,139
Air/con, maint, environ	10,014,244	--	--	--	10,014,244
Equipment rentals	9,980,944	--	--	--	9,980,944
Safety equipment	1,880,269	--	--	--	1,880,269
	468,554,787	536,788	9,962,471	6,624,099	485,678,145
Loan commitments	1,086,560	--	--	--	1,086,560

23 Financial risk management (continued)

a. *Financial risk factors (continued)*

(ii) Liquidity risk

(a) Definition

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

(b) Management of risk

Liquidity risk arises when the Company is unable to meet its payment obligations associated with its financial liabilities, repay its depositors and its ability to lend is affected. In order to effectively manage this risk, the following is considered:

(i) Daily monitoring of the cash flows;
(ii) Review projections to ensure that the daily requirements can be met;
(iii) Customers' deposit maturities are monitored to ensure the availability of funding to repay depositors;
(iv) Scheduling of loans and other financing and customers' deposits maturities to ensure an even spread in the disbursement of funds;
(v) Standby lines of credit established;
(vi) The Company maintains an overdraft facility which bears interest at 6.5% per annum (2023 – 6.5%). This overdraft facility totals $20 million, all of which is secured by a debenture over the assets of the Company.

(c) Maturity analysis of financial instruments

The table below presents the cash flows payable by the Company under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows.

		Undiscounted cash flows			
	Carrying amount $	Within one year $	One to five years $	Over five years $	Total $
As at 31 December 2024					
Financial assets					
Cash and cash equivalents	638,140	638,140	--	--	638,140
Statutory deposit	20,718,111	--	20,718,111	--	20,718,111
Loans to customers	537,436,076	27,711,513	335,558,034	316,963,278	680,232,825
	558,792,327	28,349,653	356,276,145	316,963,278	701,589,076
Financial liabilities					
Customers' deposits	233,876,649	229,483,708	8,553,317	--	238,037,025
Bank overdraft	15,145,446	15,145,446	--	--	15,145,446
Other liabilities	3,584,168	3,584,168	--	--	3,584,168
	252,606,263	248,213,322	8,553,317	--	256,766,639
Net liquidity gap	306,186,064	(219,863,669)	347,722,828	316,963,278	444,822,437
Loan commitments	1,544,785	1,544,785	--	--	1,544,785

23 Financial risk management (continued)

a. *Financial risk factors (continued)*

(ii) Liquidity risk (continued)

(c) Maturity analysis of financial instruments (continued)

		Undiscounted cash flows			
	Carrying amount $	Within one year $	One to five years $	Over five years $	Total $
As at 31 December 2023					
Financial assets					
Cash and cash equivalents	1,941,487	1,941,487	--	--	1,941,487
Statutory deposit	22,218,111	--	22,218,111	--	22,218,111
Loans to customers	479,500,103	27,552,258	325,910,457	251,777,307	605,240,022
	503,659,701	29,493,745	348,128,568	251,777,307	629,399,620
Financial liabilities					
Customers' deposits	217,685,969	208,552,972	12,669,045	--	221,222,017
Bank overdraft	450,793	450,793	--	--	450,793
Other liabilities	1,208,493	1,208,493	--	--	1,208,493
	219,345,255	210,212,258	12,669,045	--	222,881,303
Net liquidity gap	284,314,446	(180,718,513)	335,459,523	251,777,307	406,518,317
Loan commitments	1,086,560	1,086,560	--	--	1,086,560

(iii) Market risk

The Company is inherently exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Market risk can be subdivided into three categories namely interest rate risk, currency risk and other price risk.

(a) Interest rate risk

- *Overview*

Interest rate risk can be further subdivided into two types: cash flow interest rate risk and fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Company carries all of its assets at amortised cost and as such is only exposed to cash flow interest rate risk. Financial liabilities, because of their short-term nature, tend to re-price at a faster rate than the longer term financial assets thereby creating a short-term interest rate mismatch.

23 Financial risk management (continued)

a. *Financial risk factors (continued)*

(iii) Market risk (continued)

(a) Interest rate risk (continued)

- *Management of risk*

The Company's interest rate risk management process includes the following:

– Monitoring of current and anticipated movements in lending and deposit rates in the market utilising market intelligence, Central Bank data, emerging trends and other relevant data sources;
– Monitoring of competitors' rates;
– Ensuring an appropriate balance between risk and return is achieved during the pricing process;
– Ensuring adherence to policies over approval of interest rates;
– Ensuring that stand by facilities at the lowest short-term interest rates are available to meet short-term demands for funds;
– Monitoring volatility in the market to achieve optimal balance between bank borrowings and fixed deposits.

- *Sensitivity analysis*

For the purposes of illustrating its exposure to interest rate risk, the Company has prepared a sensitivity analysis showing what the profit before tax would have been had interest rates been 50 basis points increase or decrease. In preparing this calculation, the Company assumed that the change in interest rate would have affected interest income on loans and other receivables, interest income on cash and cash equivalents and interest expense on new/renewed deposits in the respective financial year. Similar assumptions were used for both reporting periods.

As at 31 December 2024, had interest rates been 50 basis points increase/decrease, profit before taxation would have decrease/increase by $1,389,885 (2023: $1,219,039). This has no impact on other components of equity.

(b) Currency risk

The Company has no significant exposure to currency risk.

(c) Other price risk

The Company has very limited exposure to other price risk as it does not hold any significant investments in equities and commodities.

b. *Capital risk*

The Company's objectives when managing capital are as follows:

(i) To comply with the capital requirements set out by the Central Bank of Trinidad and Tobago (CBTT);
(ii) To safeguard the Company's ability to continue as a going concern so it can continue to provide returns to shareholders and benefits for other stakeholders;
(iii) To maintain a strong capital base to support the development of its business.

23 Financial risk management (continued)

b. Capital risk (continued)

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

The Company holds a license under the Financial Institutions Act 2008 to carry on business of a financial nature and as such has to comply with the following capital requirements.

(i) The Company is required to have a minimum paid up share capital of TT$15,000,000.
(ii) The Company must transfer a minimum of 10% of its profit after taxation to the statutory reserve until the balance on the Reserve is not less than the paid up capital of the Company.
(iii) The Company is required to have qualifying capital of not less than 8% of its risk adjusted assets.

The table below summarises the composition of regulatory capital and the capital adequacy ratios of the Company.

	2024 $'000	2023 $'000
Qualifying capital	309,260	296,029
Risk adjusted assets	546,656	497,543
Capital adequacy ratio	56.57%	59.50%

During the two years ended 2024 and 2023, the Company complied with the externally imposed capital requirements to which they are subject.

24 Fair values of financial assets and liabilities

Fair value estimation

The carrying amount of financial assets and liabilities comprising cash and cash equivalents, statutory deposit with Central Bank, current loans and other receivables, short-term financing, current customer deposits and other liabilities are a reasonable estimate of their fair values because of the short maturity of these instruments.

For the majority of the non-current loans and receivables the fair values are not significantly different from the carrying values. The fair values are calculated using the discounted cash flows at the current borrowing rate.

The Company adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

24 Fair values of financial assets and liabilities (continued)

Fair value estimation (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the Company is the current bid price. Instruments included in Level 1 relates to Roytrin Mutual Funds, Scotiabank Trinidad & Tobago Growth and Income Fund and Unit Trust Corporation Growth & Income Fund where the values of the funds are made publicly available on a daily basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 relates to term deposit held with Development Finance Limited.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Company has no Level 3 investments.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the Company's financial assets that are measured at fair value.

At December 2024

	Level 1	Level 2	Total
	$	$	$
Assets			
Financial assets at FVPL:			
- Investments	1,052,771	1,000,000	2,052,771

At December 2024

	Level 1	Level 2	Total
	$	$	$
Assets			
Financial assets at FVPL:			
- Investments	2,787,547	8,000,000	10,787,547

24 Fair values of financial assets and liabilities (continued)

The following table summarises the carrying amounts and fair values of those financial instruments presented on the statement of financial position at an amount other than their fair value.

The carrying amount and fair value of the financial assets and liabilities are as follows:

	Carrying value 2024 $	Fair value 2024 $	Carrying value 2023 $	Fair value 2023 $
Financial assets				
Cash and cash equivalents	638,140	638,140	1,941,487	1,941,487
Statutory deposit	20,718,111	20,718,111	22,218,111	22,218,111
Loans to customers	537,436,076	522,392,319	479,500,103	469,546,748
Financial liabilities				
Customers' deposit	233,876,649	237,708,051	217,685,969	220,734,746
Bank overdraft	15,145,446	15,145,446	450,793	450,793
Other liabilities	3,584,168	3,584,168	1,208,493	1,208,493

The fair values of the Company's financial instruments are determined in accordance with International Financial Reporting Standard (IFRS 13) "Fair Value Measurement".

Financial instruments where the 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 value. Financial instruments where carrying value is approximately equal to fair value include cash and cash equivalents, statutory deposits, bank overdraft and other liabilities.

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 flow based on prevailing market rates.

Customer deposits

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

25 Contingent liabilities and commitments

a. *Loan commitments*
At the statement of financial position date, there were loan commitments amounting to $1,544,785 (2023: $1,086,560) related to approved facilities not yet disbursed.

b. *Capital commitments*
There was no capital expenditure contracted for at the statement of financial position date but not recognised in the financial statements (2023: Nil).

26 Subsequent events

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

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