



By nmar at 6:40:21 am, 09/04/2026

Financial Statements of

CITICORP MERCHANT BANK LIMITED

December 31, 2025

CITICORP MERCHANT BANK LIMITED

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Statement of Management's Responsibilities
Citicorp Merchant Bank Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying separate and consolidated financial statements of Citicorp Merchant Bank Limited, ("the Parent"/"the Company") and its subsidiary (collectively the "Group") which comprise the separate and consolidated statements of financial position as at December 31, 2025, the separate and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information;
- Ensuring that the Group 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 Group's assets, detection/prevention of fraud, and the achievement of the Group's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these separate and consolidated financial statements, management utilized the 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 Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying separate and consolidated financial statements have been authorized for issue, if later. Management affirms that it has carried out its responsibilities as outlined above.



Mitchell De Silva
Citi Country Officer



Aaron Boissiere
Country Finance Officer and Controller

Date: March 31, 2026

Date: March 31, 2026



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Independent Auditors' Report to the Shareholder of Citicorp Merchant Bank Limited

Opinion

We have audited the financial statements of Citicorp Merchant Bank Limited (“the Company”) comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (“the Group”), which comprise the Group’s and Company’s statement of financial position as at December 31, 2025 the Group’s and Company’s statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and the Group as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in *the Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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



Independent Auditors' Report to the Shareholder of Citicorp Merchant Bank Limited (continued)

Responsibilities of Management and Those Charged with Governance for 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 and Group'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 and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company or Group to cease to continue as a going concern.



**Independent Auditors' Report to the Shareholder of
Citicorp Merchant Bank Limited (continued)**

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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.

A handwritten signature in blue ink that reads 'KPMG'. The signature is stylized and appears to be a signature of the firm.

Chartered Accountants

Port of Spain
Trinidad and Tobago
March 31, 2026

CITICORP MERCHANT BANK LIMITED

Statement of Financial Position

December 31, 2025

(Trinidad and Tobago \$ Thousands)

PARENT/COMPANY			GROUP		
2024	2025	Notes	2025	2024	
\$	\$		\$	\$	
ASSETS					
-	-	Cash and balances with other banks	4	89,218	132,665
-	287,985	Deposits with the Central Bank	5	1,314,003	1,639,902
-	-	Investment securities	6	4,891,936	4,575,011
25,219	35,316	Loans and advances to customers and other assets	7	387,313	447,872
-	-	Amounts due from affiliated companies	8	4,682	2,909
322,050	41,604	Amounts due from subsidiary company	8	-	-
88,094	88,094	Investment in subsidiary company	8	-	-
14,420	12,056	Property and equipment	9	25,362	27,388
651	1,255	Taxation recoverable	17(iii)	6,947	6,343
285	160	Deferred tax asset	10	4,309	4,820
-	-	Net defined benefit pension fund asset	11	30,256	24,155
<u>450,719</u>	<u>466,470</u>	Total Assets		<u>6,754,026</u>	<u>6,861,065</u>
LIABILITIES					
-	-	Customers' deposits	14	5,211,314	5,607,032
117	117	Amounts due to parent and affiliated companies	8	93,586	53,280
2,028	3,016	Other liabilities	15	254,059	207,262
-	-	Taxation payable	17(iii)	40,353	10,996
<u>1,243</u>	<u>902</u>	Deferred tax liability	10	<u>20,061</u>	<u>15,967</u>
<u>3,388</u>	<u>4,035</u>	Total Liabilities		<u>5,619,373</u>	<u>5,894,537</u>
EQUITY					
57,102	57,102	Stated capital	12	57,102	57,102
57,102	57,102	Statutory reserve fund	13	214,890	214,890
333,127	348,231	Retained earnings		853,992	697,446
-	-	Fair value reserve		8,669	(2,910)
-	-	Translation reserve		-	-
<u>447,331</u>	<u>462,435</u>	Total Equity		<u>1,134,653</u>	<u>966,528</u>
<u>450,719</u>	<u>466,470</u>	Total Liabilities and Equity		<u>6,754,026</u>	<u>6,861,065</u>

The accompanying notes on pages 12 to 117 are an integral part of these financial statements.

These financial statements were approved for issue by the Board of Directors on March 25, 2026, and signed on its behalf by:



 Rajiv Krishnan
 Director



 Mitchell De Silva
 Director

CITICORP MERCHANT BANK LIMITED

Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2025

(Trinidad and Tobago \$ Thousands)

PARENT/COMPANY			GROUP	
2024	2025	Notes	2025	2024
\$	\$		\$	\$
NET INTEREST AND OTHER INCOME				
1,130	1,283	Interest income calculated using the effective interest method	136,712	101,196
-	-	Interest expense	(3,387)	(4,468)
1,130	1,283	Net interest income	133,325	96,728
-	-	Net income from financial instruments at FVTPL	54,101	100,378
279,905	294,881	Other income	615,262	348,316
281,035	296,164		802,688	545,422
(8,948)	(9,866)	OPERATING EXPENSES	(127,227)	(113,695)
272,087	286,298	Profit before taxation and impairment	675,461	431,727
(543)	402	Impairment loss on financial assets	(2,897)	(54)
271,544	286,700	Profit before taxation	672,564	431,673
(314)	404	Taxation	(250,139)	(164,129)
271,230	287,104	Profit for the year	422,425	267,544
Other comprehensive income				
<i>Items that are or may be reclassified to profit or loss</i>				
-	-	Remeasurement of debt securities at FVOCI	17,813	(6,160)
-	-	Related tax	(6,234)	2,156
-	-	Remeasurement of debt securities at FVOCI, net of tax	11,579	(4,004)
(1,020)	-	Foreign currency translation differences	-	(1,020)
(1,020)	-		11,579	(5,024)
<i>Items that will not be reclassified to profit or loss</i>				
-	-	Remeasurement of defined benefit plan	9,417	11,489
-	-	Related tax	(3,296)	(4,021)
-	-	Remeasurement of defined benefit plan, net of tax	6,121	7,468
(1,020)	-	Other comprehensive income (loss), net of tax	17,700	2,444
270,210	287,104	Total comprehensive income for the year	440,125	269,988

The accompanying notes on pages 12 to 117 are an integral part of these financial statements.

CITICORP MERCHANT BANK LIMITED

Statement of Changes in Equity

Year ended December 31, 2025

(Trinidad and Tobago \$ Thousands)

	Stated Capital	Statutory Reserve Fund	Retained Earnings	Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
PARENT/COMPANY					
Balance at January 1, 2024	57,102	57,102	257,647	1,020	372,871
Profit for the year	-	-	271,230	-	271,230
Other comprehensive loss					
Foreign currency translation differences	-	-	-	(1,020)	(1,020)
Total other comprehensive loss	-	-	-	(1,020)	(1,020)
Total comprehensive income	-	-	271,230	(1,020)	270,210
Transactions with equity holders of the Parent/ the Company					
Dividend remittance (\$3.43 per share)	-	-	(195,750)	-	(195,750)
Balance at December 31, 2024	<u>57,102</u>	<u>57,102</u>	<u>333,127</u>	<u>-</u>	<u>447,331</u>
Balance at January 1, 2025	<u>57,102</u>	<u>57,102</u>	<u>333,127</u>	<u>-</u>	<u>447,331</u>
Profit for the year	-	-	287,104	-	287,104
Total comprehensive income	-	-	287,104	-	287,104
Transactions with equity holders of the Parent/ the Company					
Dividend remittance (\$4.76 per share)	-	-	(272,000)	-	(272,000)
Balance at December 31, 2025	<u>57,102</u>	<u>57,102</u>	<u>348,231</u>	<u>-</u>	<u>462,435</u>

The accompanying notes on pages 12 to 117 are an integral part of these financial statements.

CITICORP MERCHANT BANK LIMITED

Statement of Changes in Equity (continued)

Year ended December 31, 2025

(Trinidad and Tobago \$ Thousands)

	Stated	Statutory	Retained	Fair Value	Translation	Total
	Capital	Reserve	Earnings	Reserve	Reserve	Equity
	\$	\$	\$	\$	\$	\$
GROUP						
Balance at January 1, 2024	57,102	214,890	618,184	1,094	1,020	892,290
Profit for the year	-	-	267,544	-	-	267,544
Other comprehensive income						
Fair value reserve (Debt securities at FVOCI):						
Debt securities at FVOCI - net change in fair value	-	-	-	(4,984)	-	(4,984)
Debt securities at FVOCI - reclassified to profit or loss	-	-	-	980	-	980
Remeasurement of defined benefit plan, net of tax	-	-	7,468	-	-	7,468
Foreign currency translation differences	-	-	-	-	(1,020)	(1,020)
Total other comprehensive income	-	-	7,468	(4,004)	(1,020)	2,444
Total comprehensive income	-	-	275,012	(4,004)	(1,020)	269,988
Transactions with equity holders of the Group						
Dividend remittance (\$3.43 per share)	-	-	(195,750)	-	-	(195,750)
Balance at December 31, 2024	57,102	214,890	697,446	(2,910)	-	966,528

The accompanying notes on pages 12 to 117 are an integral part of these financial statements.

CITICORP MERCHANT BANK LIMITED

Statement of Changes in Equity (continued)

Year ended December 31, 2025

(Trinidad and Tobago \$ Thousands)

	Stated	Statutory	Retained	Fair Value	Translation	Total
	Capital	Reserve	Earnings	Reserve	Reserve	Equity
	\$	\$	\$	\$	\$	\$
GROUP (continued)						
Balance at January 1, 2025	57,102	214,890	697,446	(2,910)	-	966,528
Profit for the year	-	-	422,425	-	-	422,425
Other comprehensive income						
Fair value reserve (Debt securities at FVOCI):						
Debt securities at FVOCI - net change in fair value	-	-	-	10,502	-	10,502
Debt securities at FVOCI - reclassified to profit or loss	-	-	-	1,077	-	1,077
Remeasurement of defined benefit plan, net of tax	-	-	6,121	-	-	6,121
Foreign currency translation differences	-	-	-	-	-	-
Total other comprehensive income	-	-	6,121	11,579	-	17,700
Total comprehensive income	-	-	428,546	11,579	-	440,125
Transactions with equity holders of the Group						
Dividend remittance (\$4.76 per share)	-	-	(272,000)	-	-	(272,000)
Balance at December 31, 2025	57,102	214,890	853,992	8,669	-	1,134,653

The accompanying notes on pages 12 to 117 are an integral part of these financial statements.

CITICORP MERCHANT BANK LIMITED

Statement of Cash Flows

Year ended December 31, 2025

(Trinidad and Tobago \$ Thousands)

PARENT/COMPANY			GROUP	
2024	2025	Notes	2025	2024
\$	\$		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
271,230	287,104	Profit after taxation	422,425	267,544
Adjustments for:				
314	(404)	Taxation 17(i)	250,139	164,129
-	-	Loss on sale of equipment	8	-
(1,020)	-	Translation reserve	-	(1,020)
Net income from				
-	-	financial instruments at FVTPL 16(iii)	(54,101)	(100,378)
2,643	2,364	Depreciation 9	3,783	4,098
543	(402)	Impairment charge on financial assets 16(vi)	2,897	54
(1,130)	(1,283)	Interest income 16(i)	(136,712)	(101,196)
-	-	Interest expense 16(ii)	3,387	4,468
272,580	287,379		491,826	237,699
Changes in:				
-	-	Primary cash reserve	29,006	213,032
-	-	FVTPL investments	(844,658)	1,532,093
(26)	(10,075)	Loans and advances to customers - gross	189,659	84,926
(10)	(69)	Other assets	(118,528)	9,361
-	-	Customers' deposits	(395,718)	(81,998)
(6,255)	1,440	Other liabilities	50,080	(9,519)
Net increase in retirement and other post-employment benefit obligations excluding actuarial gains/ losses				
1,157	1,310	Interest received	3,316	4,607
-	-	Interest paid	176,618	160,176
(272)	(416)	Taxes paid 17(iii)	(3,387)	(5,482)
			(226,244)	(165,823)
<u>267,174</u>	<u>(279,569)</u>	Net cash (used in)/ from operating activities	<u>(648,030)</u>	<u>1,979,072</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
-	-	Purchase of FVOCI investments	(10,686,735)	(3,973,518)
-	-	Proceeds from maturity of FVOCI investments	11,225,380	2,581,350
-	-	Additions to property and equipment 9	(1,767)	(1,213)
<u>-</u>	<u>-</u>	Net cash from/ (used in) investing activities	<u>536,878</u>	<u>(1,393,381)</u>

CITICORP MERCHANT BANK LIMITED

Statement of Cash Flows (continued)

Year ended December 31, 2025

(Trinidad and Tobago \$ Thousands)

PARENT/COMPANY			GROUP	
2024	2025	Notes	2025	2024
\$	\$		\$	\$
CASH FLOWS FROM FINANCING ACTIVITIES				
<u>(195,750)</u>	<u>(272,000)</u>	Dividends paid	<u>(272,000)</u>	<u>(195,750)</u>
<u>(195,750)</u>	<u>(272,000)</u>	Net cash used in financing activities	<u>(272,000)</u>	<u>(195,750)</u>
71,424	7,539	Net (decrease) increase in cash and cash equivalents	(378,152)	389,941
<u>250,626</u>	<u>322,050</u>	Cash and cash equivalents at beginning of year	<u>1,449,751</u>	<u>1,059,810</u>
<u>322,050</u>	<u>329,589</u>	Cash and cash equivalents at end of year	<u>1,071,599</u>	<u>1,449,751</u>
Cash and cash equivalents at end of year comprising of:				
-	-	Cash and balances with other banks	4 89,218	132,665
-	287,985	Surplus deposit held at the Central Bank	5 1,069,273	1,366,166
-	-	Amounts due from affiliated companies	8(b)(i) 4,682	2,909
322,050	41,604	Amounts due from subsidiary company	8(b)(i) -	-
-	-	Amounts due to affiliated companies-overdrafts	8(b)(i) (91,574)	(51,989)
<u>322,050</u>	<u>329,589</u>		<u>1,071,599</u>	<u>1,449,751</u>

The accompanying notes on pages 12 to 117 are an integral part of these financial statements.

CITICORP MERCHANT BANK LIMITED

Notes to the Separate and Consolidated Financial Statements

December 31, 2025

(Trinidad and Tobago \$ Thousands)

1. Incorporation and Principal Activities

Citicorp Merchant Bank Limited ("the Parent" or "the Company") is incorporated in the Republic of Trinidad and Tobago. It operates under a licence from the Central Bank of Trinidad and Tobago under the provisions of the Financial Institutions Act, 2008. The principal activities of the Parent/the Company are to carry on the business of a merchant bank, finance house, confirming house, leasing corporation and mortgage institution. The Parent's/the Company's wholly-owned subsidiary, Citibank (Trinidad & Tobago) Limited (Citibank) (the "Subsidiary" or the "Bank"), is incorporated in Trinidad and Tobago and offers a complete range of banking services. The Parent/the Company and the subsidiary have their registered offices at 12 Queen's Park East, Port of Spain, Trinidad.

The consolidated financial statements comprise the Parent/the Company and its wholly-owned subsidiary (together referred to as the Group). The Group is a wholly-owned subsidiary of Citibank Overseas Investment Corporation, a company incorporated in the United States of America. The ultimate parent of the Group is Citibank N.A. which is incorporated and domiciled in the United States of America.

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which the subsidiaries operate. The supervisory frameworks require subsidiaries to keep certain levels of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other ratios.

2. Basis of Preparation

(a) Basis of accounting

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). Details of the Group's material accounting policies, including changes thereto, are included in Note 3.

These separate and consolidated financial statements were authorized for issue by the Board of Directors on March 25, 2026.

(b) Basis of consolidation

(i) Subsidiaries

A subsidiary company is an entity controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee.

CITICORP MERCHANT BANK LIMITED

Notes to the Separate and Consolidated Financial Statements

December 31, 2025

(Trinidad and Tobago \$ Thousands)

2. Basis of Preparation (continued)

(b) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Business combinations, except for transactions between entities under common control, are accounted for using the acquisition method of accounting when control is transferred to the Group. Common control transactions are recorded at book value.

(ii) Transactions eliminated on consolidation

All intra-group transactions and balances are eliminated in preparing these consolidated financial statements.

(c) Basis of measurement

These financial statements are prepared on the historical cost basis, modified for the inclusion of:

- financial instruments at fair value through profit or loss (FVTPL);
- financial assets at fair value through other comprehensive income (FVOCI);
- net defined benefit asset which is measured at fair value of plan assets, adjusted by re-measurements through other comprehensive income (OCI), less the present value of the defined benefit obligation adjusted by experience gains (losses) on revaluation, limited as explained in Note 3(h) and Note 11.

(d) Functional and presentation currency

These financial statements are presented in Trinidad and Tobago dollars (\$) which is the Parent's/the Company's functional currency. All financial amounts are presented in Trinidad and Tobago dollars and have been rounded to the nearest thousand, unless otherwise stated.

(e) Use of estimates and judgements

The preparation of these financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

CITICORP MERCHANT BANK LIMITED

Notes to the Separate and Consolidated Financial Statements

December 31, 2025

(Trinidad and Tobago \$ Thousands)

2. Basis of Preparation (continued)

(e) Use of estimates and judgements (continued)

Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Estimates include:

- Accounting Policy 3(c)(v) and Note 21 Fair Value of financial instruments
- Accounting Policy 3(h) and Note 11(v) Pension benefit assumptions
- Accounting Policy 3(c)(ix) and Note 19 Loss allowance of financial instruments

3. Material Accounting Policies

The material accounting policies described below have been applied consistently for all periods presented in the financial statements.

(a) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Trinidad and Tobago dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss. There are no non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency.

CITICORP MERCHANT BANK LIMITED

Notes to the Separate and Consolidated Financial Statements

December 31, 2025

(Trinidad and Tobago \$ Thousands)

3. Material Accounting Policies (continued)

(b) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand and short-term funds and balances with other banks. Cash equivalents are short term highly liquid investments which are readily convertible into known amounts of cash without notice and which are within three (3) months of maturity when acquired and are subject to an insignificant risk of changes in value. These are measured at amortized cost. Cash and cash equivalents comprise cash and balances with other banks, amounts due from affiliated companies, surplus deposits with the Central Bank and amounts due to affiliated companies - overdrafts.

(c) Financial assets and financial liabilities

Financial instruments carried on the statement of financial position include cash and balances with other banks, Deposits with the Central Bank due from/ to parent and affiliated companies, investment securities, loans and advances to customers, customers' deposits and acceptances, guarantees and letters of credit.

The standard treatment for revenue recognition, de-recognition, classification, modification and measurement of the Group's financial instruments is set out below in notes 3(c) (i) – (x), whilst additional information on specific categories of the Group's financial instruments is disclosed in Notes 3(e), 4, 5, 6, 7, 8 and 21.

(i) Recognition

The Group initially recognizes loans and advances and deposits on the date that they are originated. All other financial assets and financial liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on the trade date which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the profit or loss.

CITICORP MERCHANT BANK LIMITED

Notes to the Separate and Consolidated Financial Statements

December 31, 2025

(Trinidad and Tobago \$ Thousands)

3. Material Accounting Policies

(c) Financial assets and financial liabilities (continued)

(ii) Classification

Financial assets

On initial recognition, the Group classifies its financial assets as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI).

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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(Trinidad and Tobago \$ Thousands)

3. Material Accounting Policies (continued)

(c) *Financial assets and financial liabilities* (continued)

(ii) *Classification* (continued)

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

Financial assets that are held for trading are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In considering whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cashflows.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

The classification of the Group's Financial Assets and Financial Liabilities is disclosed in Note 23.

CITICORP MERCHANT BANK LIMITED

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3. Material Accounting Policies (continued)

(c) *Financial assets and financial liabilities* (continued)

(ii) *Classification* (continued)

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or fair value through profit or loss (FVTPL).

(iii) *Derecognition*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the sum of:

- (i) the consideration received (including any new asset obtained less any new liability assumed); and
- (ii) any cumulative gain or loss that had been recognized in other comprehensive income (OCI) is recognized in profit or loss.

The Group enters into transactions whereby it transfers assets recognized on its separate statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred financial assets are not derecognized. Transfers of assets with retention of all or substantially all of the risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control of the financial asset, the Group continues to recognize the financial asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

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3. Material Accounting Policies (continued)

(c) *Financial assets and financial liabilities* (continued)

(iv) *Modifications of financial assets and financial liabilities*

Financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms.

Financial Liabilities

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in profit or loss.

Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss.

(v) *Measurement*

Financial assets

Subsequent to initial recognition, all financial assets at FVTPL and FVOCI are measured at fair value, based on their quoted market price at the reporting date without any deduction for transaction costs. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

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3. Material Accounting Policies (continued)

(c) *Financial assets and financial liabilities* (continued)

(v) *Measurement* (continued)

Financial assets (continued)

Where the instrument is not actively traded or quoted on recognized exchanges, fair value is determined using discounted cash flow analysis. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date for an instrument with similar terms and conditions.

Movements in the carrying amount of financial instruments measured at FVOCI (debt instrument), are taken through OCI, except for the recognition of impairment gains or losses, interest revenues and foreign exchange gains, which are recognized in profit or loss.

See Note 3(c)(ix) for measurement considerations under IFRS 9 for debt instruments at FVOCI.

Financial liabilities

Subsequent to initial recognition all non-trading financial liabilities are measured at amortized cost.

(vi) *Amortized cost measurement*

Amortized cost is calculated on the effective interest method. Premiums, discounts, and initial transaction costs are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

(vii) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a current legally enforceable right to set off the amounts and it intends to either settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

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3. Material Accounting Policies (continued)

(c) *Financial assets and financial liabilities* (continued)

(viii) *Designation at fair value through profit or loss*

Management designates financial assets and financial liabilities at fair value through profit or loss when the assets or liabilities are managed and reported internally on a fair value basis, or the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(ix) *Impairment*

The Group recognizes loss allowances, on a forward-looking basis, for the Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets measured at cost or amortized cost;
- financial assets that are debt instruments classified as FVOCI;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognized on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than receivables) on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECLs are the portion of ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECLs are recognized are referred to as 'Stage 1 financial instruments'.

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3. Material Accounting Policies (continued)

(c) *Financial assets and financial liabilities* (continued)

(ix) *Impairment* (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognized but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls;
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of the estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective interest rate or an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate;
- lease receivables: the discount rate used in measuring the lease receivable;
- undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and
- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECLs are measured as follows:

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3. Material Accounting Policies (continued)

(c) Financial assets and financial liabilities (continued)

(ix) Impairment (continued)

Restructured financial assets (continued)

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other probable reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit impaired. This is also in compliance with the regulatory definition of default.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

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3. Material Accounting Policies (continued)

(c) *Financial assets and financial liabilities* (continued)

(ix) *Impairment* (continued)

Credit-impaired financial assets (continued)

- The market's assessment of creditworthiness as reflected in bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component and the Group cannot distinguish the ECL separately, the Group presents a combined loss allowance for both components.
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

Write-off

Loans and debt securities are written off when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

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3. Material Accounting Policies (continued)

(c) *Financial assets and financial liabilities* (continued)

(x) *Designation at fair value through profit and loss*

Financial assets

At initial recognition, the Group has designated certain financial assets as at FVTPL.

Note 23 sets out the amount of each class of financial asset that has been designated at fair value through profit or loss.

(d) *Acceptances, guarantees and letters of credit*

The Group's commitments under acceptances, guarantees and letters of credit have been excluded from these financial statements because they do not meet the criteria for recognition. These represent the Group's potential liability for which there are equal and offsetting claims against its customers in the event of a call on these commitments. Refer to Note 18(b).

(e) *Investment securities*

The 'investment securities' caption in the statement of financial position includes:

- debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL are at fair value with changes recognized immediately in profit or loss; and
- debt securities measured as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognized in OCI, except for the following, which are recognized in profit or loss in the same manner as for financial assets measured at amortized cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss.

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3. Material Accounting Policies (continued)

(f) Property and equipment

(i) Recognition and measurement

Property and equipment are stated at cost less accumulated depreciation and impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized within other income in profit or loss.

(ii) Subsequent costs

Costs subsequent to acquisition, are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group 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.

(iii) Depreciation

Depreciation is provided on freehold properties on a straight-line basis. Depreciation on other assets is provided at varying rates sufficient to write off the cost of the assets over their estimated useful lives.

The following are the rates of depreciation used on the other assets:

Freehold Premises	-	on the straight-line basis 2%-10%.
Equipment, furniture and fittings	-	on the straight-line basis 10%-25%.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and these are included in profit or loss. The assets' residual value, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

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3. Material Accounting Policies (continued)

(g) Impairment-non-financial assets

The carrying amounts of the Group's other assets, other than deferred tax assets (see accounting policy 3(l)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

(h) Employee Benefits

(i) Short-term

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, National Insurance Scheme contributions, annual leave, and non-monetary benefits such as medical care and loans; post-employment benefits such as pensions; and other employee benefits such as termination benefits.

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

(ii) Post-employment

Independent qualified actuaries Bacon Woodrow & De Souza Limited carried out a valuation of the Group's significant post-employment benefits as at December 31, 2022. In June 2026, the next valuation will be carried out as at December 31, 2025.

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3. Material Accounting Policies (continued)

(h) Employee Benefits (continued)

(ii) Post-employment (continued)

Pension obligations

The Group operates a non-contributory defined benefit pension plan covering the majority of its employees. The funds of the plan are administered by fund managers appointed by the trustees of the plan. The pension plan is generally funded by payments from the Group, taking account of the recommendations of independent qualified actuaries.

The asset or liability recognized in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the discount rate.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Net interest expense and other expense related to defined benefit plans are recognized in personnel expenses in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Past-service costs are recognized immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on the straight-line basis over the vesting period.

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3. Material Accounting Policies (continued)

(i) Statutory reserve

The Financial Institutions Act, 2008, requires that a minimum of 10% of net profit, after deduction of taxes, in each year be transferred to a statutory reserve until the balance on this account is not less than the paid-up capital. This reserve is not available for distribution as dividends or for any other form of appropriation.

(j) Customers' deposits and other liabilities

The fair values of deposits and other liabilities are equal to their carrying values.

The estimated fair values of fixed rate deposits are assumed to be equal to their carrying values, since the rates are not materially different from current market rates, which would be the discount rate, and therefore discounting the contractual cash flows would approximate the carrying values.

Certain deposit accounts are transactional and do not incur interest expense.

(k) Dividends

A dividend payable is recognized when declared and irrevocably payable as at the reporting date. Dividends that are proposed and declared after the reporting date are not shown as a liability on the statement of financial position but are disclosed as a note to the financial statements.

(l) Taxation

Income tax expense comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rate enacted by the reporting date, green fund levy and any adjustment of tax payable for the previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable income (loss) and does not give rise to equal taxable and deductible temporary differences.

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3. Material Accounting Policies (continued)

(l) Taxation (continued)

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is calculated on the basis of the tax rate that is expected to apply to the period when the asset is realised or the liability is settled. The effect on the deferred tax of any changes in the tax rate is charged to profit or loss, except to the extent that it relates to items previously charged or credited directly to OCI or equity, in which case the charge is made to OCI or equity as appropriate.

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

(m) Revenue recognition

(i) Interest

I. Effective interest rate

Interest income and expense are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

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3. Material Accounting Policies (continued)

(m) Revenue recognition (continued)

(i) Interest (continued)

II. Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

III. Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date on which amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

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3. Material Accounting Policies (continued)

(m) Revenue recognition (continued)

(i) Interest (continued)

IV. Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- interest on financial assets measured at amortized cost; and
- interest on debt instruments measured at FVOCI.

Interest expense presented in the statement of profit or loss and OCI includes:

- financial liabilities measured at amortized cost; and
- interest expense on lease liabilities.

(ii) Fees and commissions

Other fees and commissions are recognized in income when a binding obligation has been established. Where such obligations are continuing, income is recognized over the duration of the facility.

Fees and commissions that are integral to the effective interest rate on a financial asset are included in the effective interest rate (see accounting policy (m)(i)(i)).

If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognized on a straight-line basis over the commitment period.

Other fees and commissions – including account servicing fees and Geographic Revenue Attribution (GRA)– are recognized as the related services are performed.

(iii) Net income from financial instruments at FVTPL

‘Net income from financial instruments at FVTPL’ comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends and foreign exchange differences.

CITICORP MERCHANT BANK LIMITED

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3. **Material Accounting Policies** (continued)

(n) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, and IT equipment.

The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

The Parent/the Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as “other income”.

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3. Material Accounting Policies (continued)

(o) New and amended standards and interpretations that became effective during the year

Certain new and amended standards came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements:

- Amendments to IAS 21 Lack of Exchangeability for periods beginning on or after January 1, 2025. The amendments provide clarification for situations where market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets. The amendments contain no specific requirements for estimating a spot rate.

The adoption of this amendment to IAS 21 did not result in any changes to the financial statements.

(p) New and amended standards and interpretations that are not yet effective

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Group has not early-adopted. The Group has assessed them with respect to its operations and has determined that the following are relevant:

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) for periods beginning on or after January 1, 2026. The amendments to the classification and Measurement of Financial Instruments are related to settling financial liabilities using electronic payments system and assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.
- IFRS 18 *Presentation and Disclosure in Financial Statements*, is effective for annual reporting periods beginning on or after January 1, 2027. IFRS 18 promotes a more consistent structure to the presentation of the income statement. In particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (operating, investing and financing) based on a company's main business activities.

CITICORP MERCHANT BANK LIMITED

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(Trinidad and Tobago \$ Thousands)

3. Material Accounting Policies (continued)

(p) New and amended standards and interpretations that are not yet effective (continued)

- IFRS 18 *Presentation and Disclosure in Financial Statements* (continued)

Entities are required to report the newly defined ‘operating profit’ subtotal – an important measure for investors’ understanding of their operating results – i.e. investing and financing activities are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the ‘investing’ category.

IFRS 18 also requires entities to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. Under the new standard, this presentation provides a ‘useful structured summary’ of those expenses. If any items are presented by function on the face of the income statement (e.g. cost of sales), then the entity provides more detailed disclosures about their nature.

IFRS 18 requires some ‘non-GAAP’ measures to be reported in the financial statements. It introduces a narrow definition for management performance measures (MPMs), requiring them to be a subtotal of income and expenses, used in public communications outside the financial statements and reflective of management’s view of financial performance. For each MPM presented, entities will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. Entities are discouraged from labelling items as ‘other’ and will now be required to disclose more information if they continue to do so.

The Group is still in the process of assessing the impact of the new amendments and standards.

CITICORP MERCHANT BANK LIMITED

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4. Cash and Balances with other Banks

	Group	
	2025	2024
	\$	\$
Cash and short-term funds	88,791	113,292
Balances with other banks	<u>427</u>	<u>19,373</u>
	<u>89,218</u>	<u>132,665</u>

5. Deposits with the Central Bank

In accordance with the Financial Institutions Act, 2008, the Group is required to hold and maintain as a non-interest bearing deposit with the Central Bank of Trinidad and Tobago, a cash reserve balance equivalent to 10% (2024: 10%) of its average Trinidad and Tobago dollar denominated deposit liabilities in the primary reserve. The surplus deposits represent the excess over the primary cash reserve and are held to facilitate interbank settlements, local investment trades and other local transactions.

Parent			Group	
2025	2024		2025	2024
\$	\$		\$	\$
-	-	Primary cash reserve	244,800	273,855
-	288,000	Surplus deposits	<u>1,069,273</u>	<u>1,366,166</u>
			1,314,073	1,640,021
<u>-</u>	<u>(15)</u>	Allowance for expected credit loss	<u>(70)</u>	<u>(119)</u>
<u>-</u>	<u>287,985</u>		<u>1,314,003</u>	<u>1,639,902</u>

CITICORP MERCHANT BANK LIMITED

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6. Investment securities

	2025	Group	2024
	<u>\$</u>		<u>\$</u>
<i>Debt securities measured at FVOCI</i>			
Government of the United States of America- Treasury bills	931,601		1,955,222
Government of Trinidad and Tobago Treasury Bills	969,450		715,990
Government of Trinidad and Tobago Bonds	<u>1,000,326</u>		<u>758,930</u>
	<u>2,901,377</u>		<u>3,430,142</u>
 <i>Debt Securities measured at FVTPL</i>			
Government of United States of America Treasury Bills	<u>1,990,457</u>		<u>1,144,768</u>
Total debt securities	<u>4,891,834</u>		<u>4,574,910</u>
 <i>Equities measured at FVTPL</i>			
Corporate equities	<u>102</u>		<u>101</u>
	<u>4,891,936</u>		<u>4,575,011</u>
 Concentration of investment securities			
State sector	4,891,834		4,574,910
Other institutions	<u>102</u>		<u>101</u>
	<u>4,891,936</u>		<u>4,575,011</u>

CITICORP MERCHANT BANK LIMITED

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Parent/Company			Group	
2024	2025		2025	2024
\$	\$		\$	\$
7. Loans and advances to customers and other assets				
Loans and advances and other assets comprise:				
25,000	35,000	Performing loans and advances	356,544	433,714
<u>103</u>	<u>179</u>	Interest receivable	<u>5,404</u>	<u>5,537</u>
25,103	35,179	Gross loans and advances	361,948	439,251
<u>(27)</u>	<u>(48)</u>	Allowance for expected credit loss	<u>(2,924)</u>	<u>(1,367)</u>
25,076	35,131	Net loans and advances	359,024	437,884
<u>143</u>	<u>185</u>	*Other assets	<u>28,289</u>	<u>9,988</u>
<u>25,219</u>	<u>35,316</u>		<u>387,313</u>	<u>447,872</u>

* Other assets include prepaid expenses and suspense clearing items.

		Concentration of performing loans and advances	
-	-	Retail sector	- 167
<u>25,000</u>	<u>35,000</u>	Corporate and commercial sector	<u>356,544 433,547</u>
<u>25,000</u>	<u>35,000</u>		<u>356,544 433,714</u>

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8. Related Parties

(a) Definition of related parties

A party is related to the Group if:

- (i) The party is a subsidiary or an associate of the Group;
- (ii) The party is, directly or indirectly, either under common control or subject to significant influence with the Group, or has significant influence over or joint control of the Group;
- (iii) The party is a close family member of a person who is part of key management personnel or who controls the Group;
- (iv) The party is controlled or significantly influenced by a member of key management personnel or by a person who controls the Group;
- (v) The party is a joint venture in which the Group is a venture partner;
- (vi) The party is a member of the Group's or its parent's/company's key management personnel;
- (vii) The party is a post-employment benefit plan for the Group's employees.
- (viii) The party, or any member of a group of which it is a part, provides key management personnel services to the Group or its parent/company.

(b) Identity of, and transactions and balances with, related parties

Related party transactions include but are not limited to the following:

- Data processing and information technology support;
- Technical and management services;
- Operations support;
- Transaction processing support;
- Delinquent account collection services;
- Global revenue attributable to the Group (Note 16 (iv)).

CITICORP MERCHANT BANK LIMITED

Notes to the Separate and Consolidated Financial Statements

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(Trinidad and Tobago \$ Thousands)

Parent/Company		Group	
2024	2025	2025	2024
\$	\$	\$	\$
8. Related Parties (continued)			
(b) Identity of, and transactions and balances with, related parties (continued)			
(i) Outstanding balances:			
<i>Investment in subsidiary, and amounts due from subsidiary and affiliated companies:</i>			
88,094	88,094	-	-
-	-	4,682	2,909
<u>322,050</u>	<u>41,604</u>	<u>-</u>	<u>-</u>
<u>410,144</u>	<u>129,698</u>	<u>4,682</u>	<u>2,909</u>
<i>Amounts due to Parent, subsidiary and affiliated companies</i>			
<i>Deposits</i>			
(117)	(117)	(117)	(117)
<u>-</u>	<u>-</u>	<u>(1,895)</u>	<u>(1,174)</u>
<u>(117)</u>	<u>(117)</u>	<u>(2,012)</u>	<u>(1,291)</u>
<i>Overdrafts</i>			
-	-	(91,574)	(51,989)
<u>(117)</u>	<u>(117)</u>	<u>(93,586)</u>	<u>(53,280)</u>

Amounts due from subsidiary and affiliated companies represents cash at bank held with subsidiary company and related parties who are banks.

(ii) Transactions:

<i>Interest and other income</i>			
-	-	52,541	58,942
<u>278,842</u>	<u>294,924</u>	<u>-</u>	<u>-</u>
<u>278,842</u>	<u>294,924</u>	<u>52,541</u>	<u>58,942</u>

CITICORP MERCHANT BANK LIMITED

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Parent/Company		Group	
2024	2025	2025	2024
\$	\$	\$	\$
8. Related Parties (continued)			
(b) Identity of, and transactions and balances with, related parties (continued)			
(ii) Transactions (continued)			
<i>Interest and other expenses</i>			
-	-	(42,800)	(36,525)
(377)	(316)	(518)	(556)
<u>(377)</u>	<u>(316)</u>	<u>(43,318)</u>	<u>(37,081)</u>

Affiliated companies represent related parties of the ultimate parent with whom transactions are entered into during the normal course of business.

For related party transactions and balances there are no specific conditions or terms attached.

(c) Transactions with key management personnel			
Key management personnel comprises individuals responsible for planning, directing and controlling the activities of the Group			
- Short-term benefits to key management			
<u>3,646</u>	<u>3,921</u>	<u>36,401</u>	<u>19,253</u>
		personnel	

There were no outstanding balances involving key management personnel, nor were there any write-offs recognized during the period.

CITICORP MERCHANT BANK LIMITED

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(Trinidad and Tobago \$ Thousands)

9. Property and Equipment

	Land and Freehold Premises	Equipment, Furniture and Fittings	Total
	\$	\$	\$
Year ended			
December 31, 2025			
<u>PARENT/COMPANY</u>			
Cost			
Balance at January 1, 2025	13,268	29,108	42,376
Disposals/Write-offs	<u>(976)</u>	<u>(3,325)</u>	<u>(4,301)</u>
Balance at December 31, 2025	<u>12,292</u>	<u>25,783</u>	<u>38,075</u>
Accumulated depreciation			
Balance at January 1, 2025	7,037	20,919	27,956
Depreciation	203	2,161	2,364
Disposals/Write offs	<u>(976)</u>	<u>(3,325)</u>	<u>(4,301)</u>
Balance at December 31, 2025	<u>6,264</u>	<u>19,755</u>	<u>26,019</u>
Net book value at			
December 31, 2025	<u>6,028</u>	<u>6,028</u>	<u>12,056</u>

Freehold premises are leased to a related party. This lease is for a period of 25 years. Further information about this lease is included in Note 22.

Land is recorded at \$1,615 (2024: \$1,615).

CITICORP MERCHANT BANK LIMITED

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*(Trinidad and Tobago \$ Thousands)***9. Property and Equipment (continued)**

	Land and Freehold Premises	Equipment, Furniture and Fittings	Total
	\$	\$	\$
Year ended			
December 31, 2024			
<u>PARENT/COMPANY</u>			
Cost			
Balance at January 1, 2024	<u>13,268</u>	<u>29,108</u>	<u>42,376</u>
Balance at December 31, 2024	<u>13,268</u>	<u>29,108</u>	<u>42,376</u>
Accumulated depreciation			
Balance at January 1, 2024	6,834	18,479	25,313
Depreciation	<u>203</u>	<u>2,440</u>	<u>2,643</u>
Balance at December 31, 2024	<u>7,037</u>	<u>20,919</u>	<u>27,956</u>
Net book value at			
December 31, 2024	<u>6,231</u>	<u>8,189</u>	<u>14,420</u>

Freehold premises are leased to a related party. This lease is for a period of 25 years. Further information about this lease is included in Note 22.

Land is recorded at \$1,615 (2023: \$1,615).

CITICORP MERCHANT BANK LIMITED

Notes to the Separate and Consolidated Financial Statements

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*(Trinidad and Tobago \$ Thousands)***9. Property and Equipment (continued)**

	Land and Freehold Premises	Equipment, Furniture and Fittings	Work in Progress	Total
	\$	\$	\$	\$
Year ended				
December 31, 2025				
<u>GROUP</u>				
Cost				
Balance at January 1, 2025	23,160	48,842	1,326	73,328
Additions	-	1,767	-	1,767
Disposals	(976)	(6,730)	-	(7,706)
Transfer to/from work in progress	-	893	(893)	-
Balance at December 31, 2025	<u>22,184</u>	<u>44,772</u>	<u>433</u>	<u>67,389</u>
Accumulated depreciation				
Balance at January 1, 2025	8,694	37,246	-	45,940
Depreciation	203	3,580	-	3,783
Disposals	(976)	(6,720)	-	(7,696)
Balance at December 31, 2025	<u>7,921</u>	<u>34,106</u>	<u>-</u>	<u>42,027</u>
Net book value at				
December 31, 2025	<u>14,263</u>	<u>(10,666)</u>	<u>433</u>	<u>25,362</u>

Land is recorded at \$9,926 (2024: \$9,926).

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*(Trinidad and Tobago \$ Thousands)***9. Property and Equipment (continued)**

	Land and Freehold Premises	Equipment, Furniture and Fittings	Work in Progress	Total
	\$	\$	\$	\$
Year ended December 31, 2024				
<u>GROUP</u>				
Cost				
Balance at January 1, 2024	23,160	48,550	683	72,393
Additions	-	570	643	1,213
Disposals	-	(278)	-	(278)
Balance at December 31, 2024	<u>23,160</u>	<u>48,842</u>	<u>1,326</u>	<u>73,328</u>
Accumulated depreciation				
Balance at January 1, 2024	8,491	33,629	-	42,120
Depreciation	203	3,895	-	4,098
Disposals	-	(278)	-	(278)
Balance at December 31, 2024	<u>8,694</u>	<u>37,246</u>	<u>-</u>	<u>45,940</u>
Net book value at December 31, 2024	<u>14,466</u>	<u>11,596</u>	<u>1,326</u>	<u>27,388</u>

Land is recorded at \$9,926 (2023: \$9,926).

CITICORP MERCHANT BANK LIMITED

Notes to the Separate and Consolidated Financial Statements

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(Trinidad and Tobago \$ Thousands)

10. Deferred Tax Asset (Liability)

Parent/Company			Group	
<u>2024</u>	<u>2025</u>		<u>2025</u>	<u>2024</u>
\$	\$		\$	\$
		<i>(i) The net deferred tax liability is attributable to the following items:</i>		
		Deferred tax asset:		
112	112	Leases	112	112
173	48	Allowance for expected credit loss	2,124	1,248
-	-	Accumulated tax losses	587	588
-	-	Deferred cash awards	1,297	1,117
-	-	Debt instruments at FVOCI	-	1,567
-	-	Other	189	188
<u>285</u>	<u>160</u>		<u>4,309</u>	<u>4,820</u>
		Deferred tax liability:		
(1,234)	(878)	Property and equipment	(710)	(1,331)
-	-	Debt instruments at FVOCI	(4,668)	-
-	-	Net defined benefit pension fund asset	(10,590)	(8,454)
-	-	Deferred compensation asset	(372)	(372)
-	-	MTM on trading	(575)	-
-	-	Foreign exchange revaluation	(3,081)	(5,686)
(9)	(24)	Other	(65)	(124)
<u>(1,243)</u>	<u>(902)</u>		<u>(20,061)</u>	<u>(15,967)</u>
<u>(958)</u>	<u>(742)</u>	Net deferred tax liability	<u>(15,752)</u>	<u>(11,147)</u>

CITICORP MERCHANT BANK LIMITED

Notes to the Separate and Consolidated Financial Statements

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10. Deferred Tax Asset (Liability) (continued)

Parent/Company			Group	
2024	2025		2025	2024
\$	\$		\$	\$
		<i>(ii) The movement in the net deferred tax account comprised:</i>		
(461)	(958)	Balance at the beginning of the year	(11,147)	(3,985)
		Amounts recognized in OCI:		
		Remeasurement of		
-	-	debt instruments at FVOCI	(6,234)	2,156
		Remeasurement of defined		
-	-	benefit plan	(3,296)	(4,021)
		Amounts recognized in profit or loss:		
		Current year's deferred		
(497)	216	tax charge (Note 17)	4,925	(5,297)
<u>(958)</u>	<u>(742)</u>	Balance at the end of the year	<u>(15,752)</u>	<u>(11,147)</u>

11. Net Defined Benefit Pension Fund Asset

The Group contributes to a non-contributory defined benefit pension plan (“the Plan”) which entitles a retired employee to receive an annual pension payment. Employees may retire at any time after age 60 and are entitled to receive annual payments based on a percentage of their final salary. Employees may retire earlier than age 60 under certain conditions.

The Plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market risk.

The Plan is fully funded by the Group, the assets of the Plan being managed separately by the Trustee. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out below. The Group does not expect to pay contributions to its defined benefit pension fund in 2025.

The last actuarial valuation was performed as at December 31, 2022 and the main conclusions are as follows:

- The Plan is in surplus relative to the specified funding target. On the basis of the assumptions adopted, the past service surplus is \$19,364 as at December 31, 2022. This corresponds to a funding level of 112%.

CITICORP MERCHANT BANK LIMITED

Notes to the Separate and Consolidated Financial Statements

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11. Net Defined Benefit Pension Fund Asset (continued)

- The Bank's normal cost is 17.9% of pensionable salaries. This is the rate of contributions that the Bank would have to pay if there were no past service surplus or deficit.
- It is estimated that the Plan's assets would have been sufficient to cover the cost of securing members' benefits if it had been wound up on December 31, 2022.

In June 2026, the next actuarial valuation will be performed as at December 31, 2025.

The following information summarises the components of the net benefit expense recognized in the consolidated statement of profit or loss and other comprehensive income and amounts recognized in the consolidated statement of financial position.

	<u>2025</u>	<u>2024</u>
	\$	\$
<i>Pension assets</i>		
Present value of defined benefit obligation (see 11(i))	(159,994)	(160,948)
Fair value of plan assets (see 11(ii))	<u>190,250</u>	<u>185,103</u>
Recognized assets	<u>30,256</u>	<u>24,155</u>
(i) Movement in present value of defined benefit obligation		
Opening defined benefit obligation	(160,948)	(165,315)
Current service cost	(4,414)	(5,216)
Interest cost	(9,836)	(9,669)
Re-measurements		
- Experience adjustments	2,833	5,647
- Actuarial gain from changes in financial assumptions	5,379	5,603
Benefits paid	<u>6,992</u>	<u>8,002</u>
Closing defined benefit obligation	<u>(159,994)</u>	<u>(160,948)</u>

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

	<u>2025</u>	<u>2024</u>
Active members	32%	39%
Deferred members	29%	21%
Pensioners	39%	40%
The weighted average duration of the defined benefit obligation at the year end	13.9 years	14.4 years

79% of the benefits for active members are vested.

43% of the defined obligation for active members is conditional on future salary increases.

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	<u>2025</u>	<u>2024</u>
	\$	\$
11. Net Defined Benefit Pension Fund Asset (continued)		
(ii) Movement in fair values of plan assets		
Fair value of Plan assets at the start of year	185,103	182,588
Interest income	11,333	10,737
Return on Plan assets, excluding interest income	1,205	239
Bank contributions	-	-
Benefits paid	(6,992)	(8,002)
Administration expense allowance	(399)	(459)
Fair value of Plan assets at the end of year	<u>190,250</u>	<u>185,103</u>
Actual return on Plan assets	<u>12,538</u>	<u>10,976</u>
<i>Asset allocation</i>		
Locally listed equities	21,560	26,786
Overseas equities	51,111	48,807
Government issued Bonds	92,840	85,649
Corporate Bonds	6,768	8,163
Cash and cash equivalents	<u>17,971</u>	<u>15,698</u>
	<u>190,250</u>	<u>185,103</u>

The asset values as at December 31, 2025 were provided by the Plan's Investment Manager. Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is relatively illiquid. The Investment Manager calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve.

The majority of the Plan's bonds were issued by the Government of Trinidad and Tobago which also guarantees many of the corporate bonds held by the Plan.

The Plan's assets are invested in accordance with a strategy agreed with the Plan's Trustees and Management Committee. This strategy is largely dictated by statutory constraints (at least 70% of the assets must be invested in Trinidad and Tobago and no more than 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the Plan.

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	<u>2025</u>	<u>2024</u>
	\$	\$
11. Net Defined Benefit Pension Fund Asset (continued)		
(iii) Expense recognized in profit or loss		
Current service cost	(4,414)	(5,216)
Net interest on net defined benefit asset	1,497	1,068
Administration expense allowance	<u>(399)</u>	<u>(459)</u>
Net pension cost	<u>(3,316)</u>	<u>(4,607)</u>
(iv) Re-measurements recognized in other comprehensive income		
Experience gain - gross	<u>9,417</u>	<u>11,489</u>
(v) Reconciliation of opening and closing statement of financial position amounts		
Opening defined benefit asset	24,155	17,273
Net pension cost	(3,316)	(4,607)
Re-measurements recognized in other comprehensive income	9,417	11,489
Closing defined benefit asset	<u>30,256</u>	<u>24,155</u>
Summary of principal assumptions		
	<u>2025</u>	<u>2024</u>
Discount rate	6.5%	6.25%
Average individual salary increases	6.0%	6.0%

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Life expectancy at age 60 for current pensioners in years:		
- Male	22.0	22.0
- Female	26.3	26.2
Life expectancy at age 60 for current members age 40 in years:		
- Male	22.9	22.8
- Female	27.2	27.1

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11. Net Defined Benefit Pension Fund Asset (continued)

(vi) Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at December 31 would have changed as a result of a change in the assumptions used.

	<u>1% pa Increase</u>	<u>1% pa Decrease</u>
2025	\$	\$
Discount rate	(18,877)	23,305
Future salary	5,964	(5,264)
2024		
Discount rate	(19,654)	(19,654)
Future salary	6,669	6,669

An increase of 1 year in the assumed life expectancies shown above would have increased the defined benefit obligation at December 31, 2025 by \$2,913 (2024: \$2,961).

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

Parent/Company		Group	
<u>2024</u>	<u>2025</u>	<u>2025</u>	<u>2024</u>
\$	\$	\$	\$

12. Stated Capital

Authorized

Unlimited ordinary shares of no par value

Issued

57,101,932 ordinary shares of no par value

<u>57,102</u>	<u>57,102</u>	<u>57,102</u>	<u>57,102</u>
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The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share.

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13. Statutory Reserve

The Financial Institutions Act, 2008, requires that a minimum of 10% of net profit, after deduction of taxes, in each year be transferred to a statutory reserve account until the balance on this reserve is not less than the paid-up capital. This reserve is not available for distribution as dividends or for any other form of appropriation.

Parent/Company			Group	
2024	2025		2025	2024
\$	\$		\$	\$
<u>57,102</u>	<u>57,102</u>	Balance, at the end of year	<u>214,890</u>	<u>214,890</u>

14. Customers' Deposits

	Group	
	2025	2024
	\$	\$
<i>Concentration of customers' deposits</i>		
State sector	510,691	451,087
Other financial institutions	443,917	323,480
Corporate and commercial sector	4,256,706	4,832,465
	<u>5,211,314</u>	<u>5,607,032</u>

Parent/Company			Group	
2024	2025		2025	2024
\$	\$		\$	\$
		15. Other Liabilities		
-	-	Cheques in the course of clearing	212,428	142,325
1,023	1,750	Short term employee benefits	3,777	2,439
585	181	Accruals	2,197	4,034
-	-	Provision for legal settlements	1,600	1,600
-	-	Sundry payables	13,251	41,721
<u>420</u>	<u>1,085</u>	Other	<u>20,806</u>	<u>15,143</u>
<u>2,028</u>	<u>3,016</u>		<u>254,059</u>	<u>207,262</u>

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Parent/Company			Group	
2024	2025		2025	2024
\$	\$		\$	\$
16. Operating Profit				
(i) Interest income from:				
		Loans and advances calculated using the effective interest rate method	24,356	28,917
1,130	1,283	Investment securities at FVOCI calculated using the effective interest rate method	112,356	72,279
-	-		<u>112,356</u>	<u>72,279</u>
<u>1,130</u>	<u>1,283</u>		<u>136,712</u>	<u>101,196</u>
(ii) Interest expense on:				
		Customers' deposits	428	250
-	-	Other - affiliates deposits	2,959	4,218
-	-		<u>2,959</u>	<u>4,218</u>
<u>-</u>	<u>-</u>		<u>3,387</u>	<u>4,468</u>
(iii) Net Income from financial instruments At FVTPL				
		Interest	51,992	100,504
-	-	Gain on trading	2,139	(739)
-	-	Market Valuation adjustments	(30)	613
<u>-</u>	<u>-</u>		<u>54,101</u>	<u>100,378</u>
(iv) Other income				
		Fees and commissions	60,209	73,743
6,897	6,835	Exchange earnings	555,053	274,573
1,008	46	Dividend Income	-	-
<u>272,000</u>	<u>288,000</u>		<u>615,262</u>	<u>348,316</u>
<u>279,905</u>	<u>294,881</u>			

“Exchange earnings” represent gains earned from trading in foreign currencies.

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16. Operating Profit (continued)

Included in Fees and commissions is Geographic Revenue Attribution. The Geographic Revenue Attribution methodology has been implemented by the ultimate parent in order to simplify and standardize the intercompany transfer pricing policy creating even more transparency for the business and legal entities. The implementation also intends to align the transfer pricing policies and satisfy regulatory requirements as well as tax requirements by having a centralized process and governance associated with intercompany transactions. As of December 31, 2025 the implementation of this initiative generated revenue for the Parent/the Company of NIL (2024: NIL) and for the Group \$58,671 (2024: \$58,671) which is included in fees and commissions.

Parent/Company			Group	
2024	2025		2025	2024
\$	\$		\$	\$
		(v) Operating expenses		
3,842	4,977	Staff	45,741	41,518
2,086	2,209	General administration	74,555	64,915
2,643	2,364	Depreciation	3,784	4,098
-	-	Property related	2,629	2,608
377	316	Directors' fees	518	556
<u>8,948</u>	<u>9,866</u>		<u>127,227</u>	<u>113,695</u>
		(vi) Impairment (charge) reversal on financial assets		
		Impairment (charge) reversal for the year includes:		
5	(21)	Loans and advances to customers	(1,557)	1,189
-	-	Undrawn credit commitments	8	2
-	-	Acceptances, guarantees and letters of credit	(328)	(122)
-	-	Deposits with the Central Bank	49	(119)
(548)	(15)	Due from other banks	(1)	(1)
-	438	Other assets	9	(23)
-	-	Debt securities at FVOCI	(1,077)	(980)
<u>(543)</u>	<u>402</u>		<u>(2,897)</u>	<u>(54)</u>

For the movement in the ECL, refer to Note 19(b)(xv)

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Parent/Company				Group			
2024		2025		2025		2024	
\$		\$		\$		\$	
17. Taxation							
(i) Taxation charge							
Current tax:							
285		49		255,172		160,446	
-		-		-		-	
Changes in estimates related to prior years							
(468)		(237)		(108)		(1,614)	
Deferred tax expense (credit) relating to the origination and reversal of temporary differences							
497		(216)		(4,925)		5,297	
314		(404)		250,139		164,129	
Taxation charge for the year				Taxation charge for the year			
(i) Reconciliation of the effective tax rate							
The following is a reconciliation of the application of the effective tax rate with the provision for taxation.							
Parent/Company				Group			
2024		2025		2025		2024	
\$	%	\$	%	\$	%	\$	%
271,544		286,700		672,564		431,673	
	30		30	Effective tax rate:			
	35			Tax computed at the statutory			
81,463	30	86,009	30	Tax effect of items that are adjusted in determining taxable profit:			
rate:235,777	35	150,916	35	Changes in estimates related to prior years			
(468)	-	(237)	-	(108)	-	(1,614)	-
Tax effect of non-deductible dividends, management fees and charitable contributions							
(81,286)	(30)	(86,176)	(30)	14,695	2	11,292	3
Changes in estimates related to prior years - deferred tax							
605	-	-	-	(225)	-	3,535	-
314	-	(404)	-	250,139	37	164,129	38
Taxation charge for the year				Taxation charge for the year			

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Parent/Company			Group	
<u>2024</u>	<u>2025</u>		<u>2025</u>	<u>2024</u>
\$	\$		\$	\$
17. Taxation (continued)				
<i>(iii) Analysis of taxation recoverable (payable)</i>				
196	651	Balance at the beginning of the year	(4,653)	(11,708)
-	-	Reclassification of Green Fund Levy	-	64
(285)	(49)	Taxation expense:		
		- Corporation tax	(255,172)	(160,446)
272	416	Tax paid	226,311	165,823
<u>468</u>	<u>237</u>	Changes in estimates related to prior years	<u>108</u>	<u>1,614</u>
<u>651</u>	<u>1,255</u>	Balance at the end of the year	<u>(33,406)</u>	<u>(4,653)</u>
Disaggregated by:				
651	1,255	Taxation recoverable	6,947	6,343
<u>-</u>	<u>-</u>	Taxation payable	<u>(40,353)</u>	<u>(10,996)</u>
<u>651</u>	<u>1,255</u>		<u>(33,406)</u>	<u>(4,653)</u>

The Group believes that its accrual for tax liabilities is adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

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18. Commitments and Contingent Liabilities

In the normal course of business, various commitments and contingent liabilities are outstanding which are not reflected in these financial statements. These include commitments to extend credit, which, in the opinion of management, do not represent unusual risk, and no material losses are anticipated as a result of these transactions.

(a) *Litigation*

As at December 31, 2025, there is one legal proceeding outstanding against the Group. Based upon legal advice, the directors have established a provision of \$1,600 (2024: \$1,600) in relation to these matters.

(b) *Customers' liability under guarantees, indemnities and letters of credit*

Parent/Company		Group	
2024	2025	2025	2024
\$	\$	\$	\$
-	-	54,036	33,864

These represent the Parent's/the Company's and Group's potential liability for which there are equal and offsetting claims against its customers in the event of a call on these commitments.

(c) *Customers' liability under loans and advances*

Parent/Company		Group	
2024	2025	2025	2024
\$	\$	\$	\$
-	-	17,500	15,000

(d) *Capital commitments*

As at December 31, 2025, the Group had nil capital commitments (2024: \$1,046).

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19. Financial Risk Management

(a) Introduction and overview

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

- Credit risk
- Settlement risk
- Liquidity risk
- Market risk
- Operational risk
- Climate change risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. There has been no material changes in the Group's management of its risks from its use of financial instruments.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has established the Asset and Liability Committee (ALCO), the Audit Committee and other senior management committees, which are responsible for developing and monitoring the Group's risk management policies in their respective areas.

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

The Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in these functions by Internal Audit, the Governance and Business Risk Committee and the Business Risk Compliance and Control Committee.

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19. Financial Risk Management (continued)

(b) Credit risk

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

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

(i) Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to the Credit Risk management area. The Credit Risk management area is responsible for oversight of the Group's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are also allocated to business unit Credit Officers. Larger facilities require additional approvals including senior credit officers and industry specialists, as appropriate.
- Reviewing and assessing credit risk. Institutional Credit Management assesses all credit exposures prior to facilities being extended to the customers. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities).

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(i) Management of credit risk (continued)

- Developing and maintaining the Group's risk gradings in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of seven grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades and final approval lies with the Credit officers, as appropriate. Risk grades are subject to regular reviews led by the Institutional Credit Management team.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the various internal committees on the credit quality of local portfolios and appropriate corrective action is taken.
- Providing advice, guidance and specialist skills to business units to promote best practice in the management of credit risk. Regular audits of business units and credit processes are undertaken by Fundamental Credit Review.

(ii) Expected credit loss measurement

IFRS 9 outlines a 'three stage' model for impairment based on changes in credit quality since initial recognition as summarized 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 Group.
- 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 19(b)(iii) for a description of how the Group 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 19(b)(iv) for a description of how the Group defines credit-impaired and default.

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses 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 19(b)(v) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 19(b)(vi) includes an explanation of how the Group has incorporated this in its ECL model.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Further explanation is also provided of how the Group determines appropriate groupings when ECL is measured on a collective basis (refer to Note 19(b)(viii)).

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

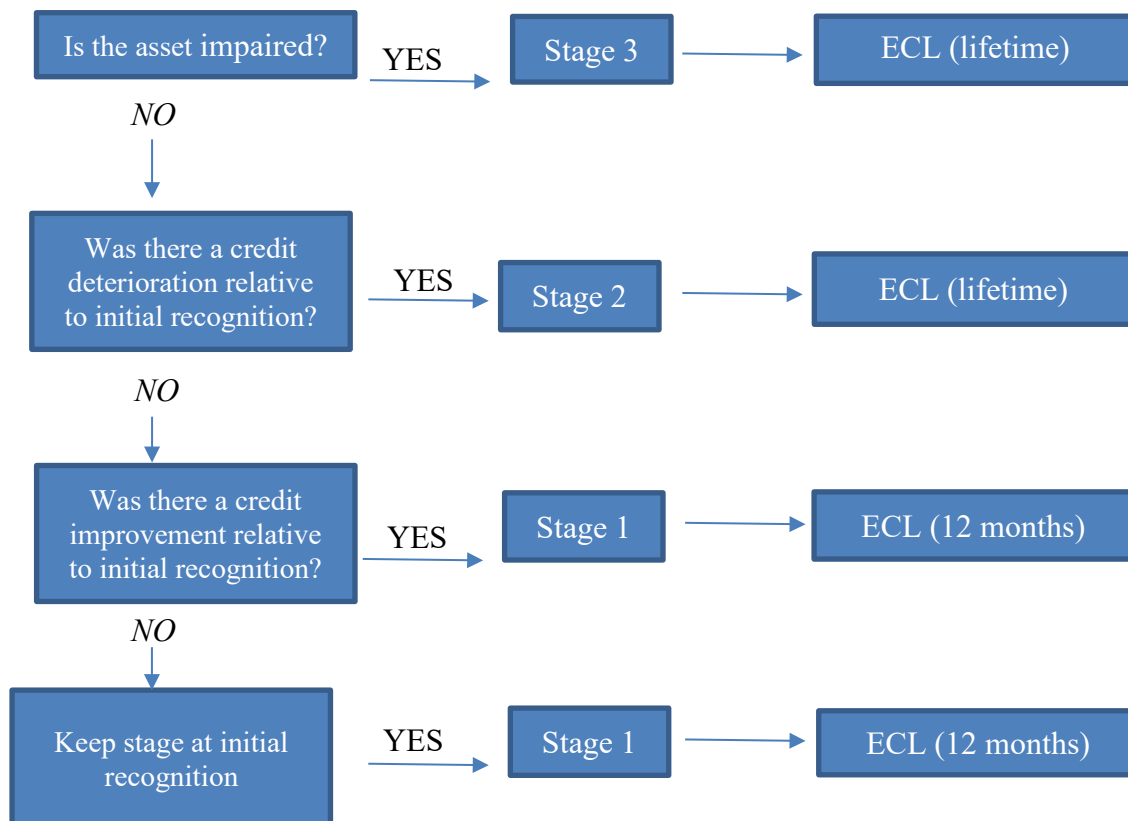
(ii) Expected credit loss measurement (continued)

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(initial recognition)	(Significant Increase in Credit Risk)	(Credit-impaired assets)
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

(iii) Significant Increase in Credit Risk (SICR)

The assessment of whether credit risk has increased (or decreased) significantly since initial recognition is performed for each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument, rather than by considering an increase in ECL.



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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(iv) Definition of default and credit-impaired assets

The Group 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 more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower formally files for Bankruptcy or there is a commencement of foreclosure proceedings.
- The obligation is classified Doubtful or worse as per the Group's classification process.
- A modification to the terms and conditions of the original agreement that would not normally be considered is executed.

The criteria above have been applied to all financial instruments held by the Group 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 Group's expected loss calculations.

A loan instrument is considered to no longer be in default when it no longer meets any of the default criteria for a consecutive period of six months.

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(v) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The concept and estimation of ECL is based on the likelihood and severity of credit events and their impact on cash shortfalls, which comprises the Probability of Default (“PD”), Exposure at Default (“EAD”), Loss Given Default (“LGD”), and discount rate using Effective Interest Rate (“EIR”). These are defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default and credit-impaired” above), either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by seniority of claim and product type, while the availability of collateral is factored before LGD is considered. A robust system for recovering on all delinquent facilities managed by specialized units ensures that early measures are taken to contain loss. The recovery on the various products managed by the Group are recorded and this historical information is used to determine LGD. LGD is expressed as the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

For the purpose of modeling ECL, the Group has decided to leverage credit models developed by its ultimate parent for advanced stress testing and the Comprehensive Capital Analysis and Review (“CCAR”) process.

Starting from the economic scenarios and forecasts provided by the economists in the ultimate parent’s Global Country Risk Management (GCMR), the scenarios are converted into forecasts of default likelihood (PD), and loss severity (LGD and EAD). These credit quality forecasts are then used to estimate the expected cash shortfalls.

Under IFRS 9, “expected credit losses” are probability weighted estimates of the present value of all cash shortfalls over the expected life of the financial instrument.

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(v) Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)

A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract (contractual cash flows) and the cash flows that the entity expects to receive in practice (expected cash flows). Because expected credit losses consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

Technically, the contractual cash flows described above provide the expected cash flows to be received in each period as agreed with the obligor. However, if the received cash flows are not paid as expected (in terms of the amount or timing of payments), there could be a cash shortfall that needs to be recognized as a credit loss under IFRS 9.

Each cash flow paid needs to be present valued to be able to estimate the fair value of the obligation. The appropriate discounting factor is determined by the Effective Interest Rate (EIR), which depends on the contractual interest and amortization payments, reference interest rate and term structure of interest rates.

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) 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.

(vi) Loan Portfolio

For the purposes of the ECL Model, the Group has applied Trinidad & Tobago Metrics for the following key macroeconomic factors:

- Real Gross Domestic Product
- Unemployment rate; and
- 3-month Treasury Bill Tender rate

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(vii) Grouping of instruments for losses measured on a collective basis

No expected credit loss provisions were modelled on a collective basis. If required, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. As necessary, the appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk management team.

The following exposures are assessed individually:

- Corporate and Commercial Loans – All stages; and
- Investment securities.

(viii) Risk limit control and mitigation policy

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, groups of borrowers and industry segments. The Group monitors its concentration of credit exposure so that no single borrower or industry default will have a material impact on the Group. These limits are implemented and monitored by the Credit Risk Management Unit via the stipulations of the credit policies. In instances where it is strategically beneficial, adequately documented and internally approved, the Group would seek approval on an exception basis for variation to its standard approved limits from the Board of Directors.

(ix) Risk limit control and mitigation policy

(a) Single borrower and borrower group exposure limits

Limits established by regulatory authorities have been incorporated into the lending processes where concentration is restricted by limiting credit amounts to a percentage of capital base. This is supported by a stringent reporting requirement and is further enhanced by policies requiring periodic review of all corporate credit relationships.

(b) Industry exposure limits

These limits have been established based on a ranking of the riskiness of various industries. The ranking is guided by a model developed for the Group for this purpose.

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(ix) Risk limit control and mitigation policy (continued)

(c) Credit-Related Commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralized by the underlying guarantee to which they relate and therefore carry less risk than a direct loan.

(d) Impairment and provisioning policies

See Note 3(c)(ix).

(e) Collateral against loans and advances

The Group holds collateral in the form of a charge over furniture, fixtures and equipment against certain loans and advances to customers. The fair value of the collateral exceeds the outstanding balance of the loan. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and is typically reviewed on an annual basis or more frequently if there is noticeable deterioration, the probability of default increases or in the worst case the loan is individually assessed as impaired. Collateral generally is not held over short-term loans and advances to customers. Collateral usually is not held against investment securities, and no such collateral was held at December 31, 2025 (2024 - \$nil).

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

There were no significant changes in the quality of collateral or credit enhancements as a result of deterioration or changes in the collateral policies of the Group during the reporting period.

The Group has no financial instruments for which it has not recognized a loss allowance because of collateral. There were no financial assets that were credit-impaired at the reporting date.

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(ix) Risk limit control and mitigation policy (continued)

(e) Collateral against loans and advances (continued)

There were no financial assets that were credit-impaired at the reporting date. The Group did not obtain financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g., guarantees).

The Parent/the Company and Group's maximum exposure to credit risk before collateral held or credit enhancements is detailed below:

Parent/Company			Group	
<u>2024</u>	<u>2025</u>		<u>2025</u>	<u>2024</u>
\$	\$		\$	\$
		<i>Credit risk recognized on the statement of financial position</i>		
-	-	Cash and balances with other banks	89,218	132,665
-	-	Amounts due from affiliated companies	4,682	2,909
322,050	41,604	Amounts due from subsidiary company	-	-
-	287,985	Deposits with the Central Bank	1,314,003	1,639,902
-	-	Investment securities (excluding equities) – gross	4,891,834	4,574,910
<u>25,103</u>	<u>35,179</u>	Loans and advances to customers – gross	<u>361,948</u>	<u>439,251</u>
<u>347,153</u>	<u>364,768</u>		<u>6,661,685</u>	<u>6,789,637</u>
		<i>Credit risk not recognized on the statement of financial position</i>		
-	-	Acceptances, guarantees and letters of credit	54,036	33,864
<u>-</u>	<u>-</u>	Undrawn credit commitments	<u>17,500</u>	<u>15,000</u>
		<i>Impairment loss on:</i>		
-	-	Acceptances, guarantees and letters of credit	474	145
<u>-</u>	<u>-</u>	Undrawn credit commitments	<u>4</u>	<u>12</u>

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*(Trinidad and Tobago \$ Thousands)***19. Financial Risk Management (continued)****(b) Credit risk (continued)***(x) Loans and advances to customers and other financial assets*

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

PARENT/COMPANY

Loans	2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
	\$	\$	\$	\$
Gross balance	35,179	-	-	35,179
Loss allowance	(48)	-	-	(48)
Carrying balance	<u>35,131</u>	<u>-</u>	<u>-</u>	<u>35,131</u>

PARENT/COMPANY

Loans	2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
	\$	\$	\$	\$
Gross balance	25,103	-	-	25,103
Loss allowance	(27)	-	-	(27)
Carrying balance	<u>25,076</u>	<u>-</u>	<u>-</u>	<u>25,076</u>

GROUP

Loans and advances	2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
	\$	\$	\$	\$
Gross balance	313,218	48,730	-	361,948
Loss allowance	(645)	(2,279)	-	(2,924)
Carrying balance	<u>312,573</u>	<u>46,451</u>	<u>-</u>	<u>359,024</u>

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(x) Loans to Customers and other financial assets (continued)

GROUP

Investment securities FVOCI

	2025			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
	\$	\$	\$	\$
Gross balance	2,901,377	-	-	2,901,377
Loss allowance	(2,511)	-	-	(2,511)
Carrying balance	<u>2,898,866</u>	<u>-</u>	<u>-</u>	<u>2,898,866</u>

GROUP

Loans and advances

	2024			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
	\$	\$	\$	\$
Gross balance	439,251	-	-	439,251
Loss allowance	(1,367)	-	-	(1,367)
Carrying balance	<u>437,884</u>	<u>-</u>	<u>-</u>	<u>437,884</u>

Investment securities FVOCI

	2024			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
	\$	\$	\$	\$
Gross balance	3,430,142	-	-	3,430,142
Loss allowance	(1,435)	-	-	(1,435)
Carrying balance	<u>3,428,707</u>	<u>-</u>	<u>-</u>	<u>3,428,707</u>

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(xi) Loss allowance

The loss allowance/recovery recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent step up (or step down) between 12 month and lifetime ECL;
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Unwinding of discounts within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign Exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets that were written off during the period.

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(xi) Loss allowance (continued)

The following tables explain the changes in the gross loans between the beginning and the end of the annual period due to these factors.

PARENT/COMPANY

	Loans and advances			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	ECL
	\$	\$	\$	\$
Gross loans as at January 1, 2025	25,103	-	-	25,103
New financial assets originated	60,000	-	-	60,000
Repayments	(50,000)	-	-	(50,000)
	10,000	-	-	10,000
Change in interest receivable	76	-	-	76
Gross loans as at December 31, 2025	<u>35,179</u>	<u>-</u>	<u>-</u>	<u>35,179</u>

PARENT/COMPANY

	Loans			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	ECL
	\$	\$	\$	\$
Gross loans as at January 1, 2024	25,077	-	-	25,077
Change in interest receivable	26	-	-	26
Gross loans as at December 31, 2024	<u>25,103</u>	<u>-</u>	<u>-</u>	<u>25,103</u>

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19. Financial Risk Management (continued)

(b) *Credit risk* (continued)

(xi) *Loss allowance* (continued)

The following tables explain the changes in the gross loans between the beginning and the end of the annual period due to these factors.

GROUP

	Loans and advances			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	ECL
	\$	\$	\$	\$
Gross loans as at January 1, 2025	439,251	-	-	439,251
Transfer (from) to -Stage 1	(48,730)	48,730	-	-
New financial assets originated	762,429	-	-	762,429
Repayments	(839,599)	-	-	(839,599)
	(125,900)	48,730	-	(77,170)
Change in interest receivable	(133)	-	-	(133)
Gross loans as at December 31, 2025	<u>313,218</u>	<u>48,730</u>	<u>-</u>	<u>361,948</u>

GROUP

	Loans and advances			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	ECL
	\$	\$	\$	\$
Gross loans as at January 1, 2024	452,036	-	-	452,036
New financial assets originated	477,055	-	-	477,055
Repayments	(493,098)	-	-	(493,098)
	(16,043)	-	-	(16,043)
Change in interest receivable	3,258	-	-	3,258
Gross loans as at December 31, 2024	<u>439,251</u>	<u>-</u>	<u>-</u>	<u>439,251</u>

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(xi) Loss allowance (continued)

The following tables explain the changes in the investment securities between the beginning and the end of the annual period due to these factors.

GROUP

	<u>Investment securities at FVOCI</u>			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	ECL
\$	\$	\$	\$	
Investment securities as at January 1, 2025	3,430,142	-	-	3,430,142
New financial assets originated	10,664,223	-	-	10,664,223
Change in PDs/ LGDs/ EADs	17,392	-	-	17,392
Repayments	(11,210,380)	-	-	(11,210,380)
	<u>(528,765)</u>	-	-	<u>(528,765)</u>
Investment securities as at December 31, 2025	<u>2,901,377</u>	-	-	<u>2,901,377</u>

GROUP

	<u>Investment securities at FVOCI</u>			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	ECL
\$	\$	\$	\$	
Investment securities as at January 1, 2024	2,044,240	-	-	2,044,240
New financial assets originated	3,973,517	-	-	3,973,517
Change in PDs/ LGDs/ EADs	(6,265)	-	-	(6,265)
Repayments	(2,581,350)	-	-	(2,581,350)
	<u>1,385,902</u>	-	-	<u>1,385,902</u>
Investment securities as at December 31, 2024	<u>3,430,142</u>	-	-	<u>3,430,142</u>

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(xi) Loss allowance (continued)

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

PARENT/COMPANY

	Loans			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
	\$	\$	\$	\$
Loss allowance as at January 1, 2025	27	-	-	27
Change in PDs/ LGDs/ EADs	21	-	-	21
Loss allowance as at December 31, 2025	48	-	-	48

PARENT/COMPANY

	Loans			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
	\$	\$	\$	\$
Loss allowance as at January 1, 2024	32	-	-	32
Change in PDs/ LGDs/ EADs	(5)	-	-	(5)
Loss allowance as at December 31, 2024	27	-	-	27

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(xi) Loss allowance (continued)

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

GROUP

	Loans and advances			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
	\$	\$	\$	\$
Loss allowance as at January 1, 2025	1,367	-	-	1,367
Transfer (from) to -Stage 1	(2,279)	2,279	-	-
New financial assets originated	4,209	-	-	4,209
Repayments	(2,652)	-	-	(2,652)
Total net profit or loss charge during the period	(722)	2,279	-	1,557
		-	-	
Loss allowance as at December 31, 2025	<u>645</u>	<u>2,279</u>	<u>-</u>	<u>2,924</u>

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(Trinidad and Tobago \$ Thousands)

19. Financial Risk Management (continued)

(b) Credit risk (continued)

(xi) Loss allowance (continued)

GROUP

	Loans and advances			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
	\$	\$	\$	\$
Loss allowance as at January 1, 2024	2,694	-	-	2,694
New financial assets originated	1,200	-	-	1,200
Change in PDs/ LGDs/ EADs	(4)	-	-	(4)
Repayments	<u>(2,661)</u>	-	-	<u>(2,661)</u>
Total net profit or loss charge during the period	(1,465)	-	-	(1,465)
Write-off	<u>138</u>	-	-	<u>138</u>
Loss allowance as at December 31, 2024	<u>1,367</u>	-	-	<u>1,367</u>

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(xi) Loss allowance (continued)

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

GROUP	Investment securities at FVOCI			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
	\$	\$	\$	\$
Loss allowance as at January 1, 2025	1,435	-	-	1,435
New financial assets originated	2,455	-	-	2,455
Repayments	(1,379)	-	-	(1,379)
Total net profit or loss charge during the period	<u>1,076</u>	<u>-</u>	<u>-</u>	<u>1,076</u>
Loss allowance as at December 31, 2025	<u>2,511</u>	<u>-</u>	<u>-</u>	<u>2,511</u>

GROUP	Investment securities at FVOCI			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
	\$	\$	\$	\$
Loss allowance as at January 1, 2024	455	-	-	455
New financial assets originated	1,435	-	-	1,435
Repayments	(455)	-	-	(455)
Total net profit or loss charge during the period	<u>980</u>	<u>-</u>	<u>-</u>	<u>980</u>
Loss allowance as at December 31, 2024	<u>1,435</u>	<u>-</u>	<u>-</u>	<u>1,435</u>

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19. Financial Risk Management (continued)

(b) *Credit risk* (continued)

(xii) *Credit quality analysis*

The Group classifies its credit quality for debt securities and loans and advances into six categories:

- **Pass** - A Pass facility has no evident weakness, marginal risk or low loss severity and is adequately protected by the obligor's current sound worth and paying capacity.
- **Pass Watch-list** - Pass Watch-list is not a Regulatory Credit Classification and is considered Pass. Facilities extended to an obligor should be considered for a Pass Watch-list classification if the facility exhibits potential weaknesses, but that potential weakness is mitigated by the current and projected financial and operating strength of the obligor.
- **Special Mention** - A Special Mention facility has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the facility or in the institution's credit position at some future date. A Special Mention facility is not adversely classified and does not expose the Bank to sufficient risk to warrant adverse classification.
- **Substandard** - A Substandard facility is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Facilities so classified must have a well-defined weakness, or weaknesses, that jeopardize the liquidation on of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. An exposure that is on non-accrual or about to be placed on non-accrual has severe problems such that the full collection of interest and principal is highly questionable. Non-accrual loans will almost always be classified. Non-performing loans are defined by the Bank as past due 90+ days plus non-accrual.
- **Doubtful** - An exposure classified as Doubtful has all the weaknesses inherent in one classified Substandard with the added characteristic that the weaknesses make collection or liquidation in full, based on currently existing facts, condition, and values, highly questionable and improbable.
- **Loss** - Facilities classified as Loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted.

The following tables set out information about the credit quality of financial assets measured at amortized cost and debt instruments measured at FVOCI without taking into account collateral or other credit enhancement. Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts.

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(xii) Credit quality analysis (continued)

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 19(b)(ii).

PARENT/COMPANY	2025			Purchased credit impaired	Total
	Stage 1	Stage 2	Stage 3		
Loans					
Pass	35,179	-	-	-	35,179
Loss allowance	(48)	-	-	-	(48)
Carrying amount	<u>35,131</u>	-	-	-	<u>35,131</u>
PARENT/COMPANY	2024			Purchased credit impaired	Total
	Stage 1	Stage 2	Stage 3		
Loans					
Pass	25,103	-	-	-	25,103
Loss allowance	(27)	-	-	-	(27)
Carrying amount	<u>25,076</u>	-	-	-	<u>25,076</u>
GROUP	2025			Purchased credit impaired	Total
	Stage 1	Stage 2	Stage 3		
Loans and advances					
Pass	313,218	-	-	-	313,218
Special mention	-	48,730	-	-	48,730
Gross carrying amount	313,218	48,730	-	-	361,948
Loss allowance	(645)	(2,279)	-	-	(2,924)
Carrying amount	<u>312,573</u>	<u>46,451</u>	-	-	<u>359,024</u>

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(xii) Credit quality analysis (continued)

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 19(b)(ii).

GROUP	2024				Purchased credit impaired	Total
	Stage 1	Stage 2	Stage 3			
Loans and advances						
Pass	390,731	-	-	-		390,731
Pass watchlist	48,520	-	-	-		48,520
Gross carrying amount	439,251	-	-	-		439,251
Loss allowance	(1,367)	-	-	-		(1,367)
Carrying amount	<u>437,884</u>	-	-	-		<u>437,884</u>
GROUP	2025				Purchased credit impaired	Total
	Stage 1	Stage 2	Stage 3			
Investment securities at FVOCI						
Pass	2,901,377	-	-	-		2,901,377
Gross carrying amount	2,901,377	-	-	-		2,901,377
Loss allowance	(2,511)	-	-	-		(2,511)
Carrying amount	<u>2,898,866</u>	-	-	-		<u>2,898,866</u>

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(xii) Credit quality analysis (continued)

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 19(b)(ii).

GROUP	2024				Purchased credit impaired	Total
	Stage 1	Stage 2	Stage 3			
Investment securities at FVOCI						
Pass	1,943,871	-	-	-	-	1,943,871
Pass watchlist	1,486,271	-	-	-	-	1,486,271
Gross carrying amount	3,430,142	-	-	-	-	3,430,142
Loss allowance	(1,435)	-	-	-	-	(1,435)
Carrying amount	<u>3,428,707</u>	-	-	-	-	<u>3,428,707</u>

Cash and cash equivalents and amounts due from affiliated companies

Parent/Company		Group	
2024	2025	2025	2024
\$	\$	\$	\$
322,050	329,589	1,163,173	1,501,740
Cash and cash equivalent and amounts due from affiliated companies			

Cash and cash equivalents and amounts due from affiliated companies are held with reputable financial institutions. As such, ECL is assessed as insignificant.

(xiii) Forward-looking information incorporated in the ECL models

The assessment of significant increase in credit risk (SICR) and an estimate of expected credit loss (ECL) both incorporate forward-looking information.

The Group uses a forward-looking model to estimate the potential of future economic conditions.

It formulates three economic scenarios: a base case, which is the median scenario assigned a 56% probability of occurring, and two less likely scenarios, one optimistic (upside) and one pessimistic (downside), each assigned 11% and 33% probability of occurring, respectively. Each scenario considers the expected impact of gross domestic product (GDP), interest rates, and unemployment rates.

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19. Financial Risk Management (continued)

(b) Credit risk (continued)

(xiii) Forward-looking information incorporated in the ECL models

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in Trinidad and Tobago, supranational organizations and selected private-sector forecasters.

The Group's IFRS 9 model uses scenario-based parameter models for the first 8 quarters (scenario dependent) to determine PD – Probability of Default, LGD – Loss given Default and CCF – Credit conversion factor. After the 8 quarters, the model uses long-term averages to cover the life of the asset.

There are three basic scenario-dependent parameters in the ECL calculation:

- Probability of Default - For a given model industry and geography segment, the IFRS 9 model considers annual Probability of Default and non-default Transition matrix values from the input scenario values for each quarter using the forward-looking variables including unemployment, GDP and equity indexes.
- Loss Given Default (LGD) - The model is calibrated on macro variables such as unemployment and GDP and loan characteristics including attributes like collateral coverage and support coverage
- Credit Conversion Factors (CCF) is used to calculate Exposure at Default - Exposure at default is currently calculated in different ways for Direct Outstanding, Contingent, and Unused Commitment transactions.

The following table shows key macroeconomic variables used to calculate modelled estimates for ECL expressed as averages through the reasonable and supportable period (8 quarters).

Key Macroeconomic Variable	Scenario	2025	2024
Gross domestic product	Base	1.6%	1.8%
	Optimistic	3.0%	3.4%
	Pessimistic	(1.7)%	(1.5)%
Unemployment	Base	4.1%	5.2%
	Optimistic	3.6%	4.5%
	Pessimistic	5.2%	5.7%
Interest rate	Base	6.4%	0.5%
	Optimistic	6.4%	0.5%
	Pessimistic	5.7%	0.4%
Scenario weight applied	Base	56%	63%
	Optimistic	11%	9%
	Pessimistic	33%	28%

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19. Financial Risk Management (continued)

(c) Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval/limit monitoring process described earlier. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals.

(d) Liquidity risk

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

Management of liquidity risk

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

Management of liquidity at the Group is the responsibility of the Treasurer. The Group adheres to the Liquidity Risk Management Framework, which incorporates the Citigroup Liquidity Risk Management Policy which establishes a single set of standards for the measurement of liquidity risk for consistency, stability in methodologies and transparency of risk. Management of liquidity is performed on a daily basis and is monitored by independent risk management. There is also active oversight by the country Asset and Liability Committee (ALCO) which monitors and reviews the overall liquidity and statement of financial position of the Group. The ALCO comprises the CEO, Treasurer, CFO, Senior Business Heads and independent risk management.

Monitoring liquidity

The Group prepares a Balance Sheet Funding and Liquidity Plan every year which includes analysis of the statement of financial position, as well as the economic and business conditions impacting the liquidity of the country. As part of the funding and liquidity plan, liquidity limits, liquidity ratios, market triggers and assumptions for periodic stress tests are established and approved.

The Group also prepares a Contingency Funding Plan ("CFP") which includes the strategies for addressing liquidity and funding challenges in crisis situations, triggers, procedures, roles and responsibilities, communication plan and key contacts to manage a local liquidity event. The CFP is reviewed annually and updated for funding actions based on stress test results at a minimum on a semi-annual basis.

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19. Financial Risk Management (continued)

(d) Liquidity risk (continued)

Liquidity limits

Liquidity limits establish boundaries for market access in business-as-usual conditions and are monitored against the liquidity position/gaps on a daily basis. These limits are established based on the size of the consolidated statement of financial position, depth of the market, experience level of local management, stability of the liabilities and liquidity of the assets. Finally, the limits are subject to the evaluation of the Group's stress test results. Generally, limits are established such that in stress scenarios, the Group is self-funded. Thus, the risk tolerance of the liquidity position/gaps is limited based on the capacity to cover the position in a stressed environment. These limits are the key daily risk management tool for the Group.

Market triggers

Market triggers are internal or external market or economic factors that may imply a change to market liquidity or the Group's access to the markets. Appropriate market triggers are established and reviewed with the country ALCO and independent risk management.

Stress testing

The main form of liquidity management is liquidity stress testing. Scenarios are used which include assumptions about significant changes in key funding sources, contingent uses of funding and political and economic conditions. The assumptions used in the liquidity stress tests are reviewed and approved by the country ALCO. The results of these stress tests are reviewed by the local ALCO to ensure that the Parent/Company is self-funded.

Stress testing and scenario analyses are intended to quantify the potential impact of an adverse liquidity event on the balance sheet and liquidity position, in order to have sufficient liquidity on hand to manage through such an event. These scenarios include assumptions about significant changes in key funding sources, market triggers (such as credit ratings), potential uses of funding and macroeconomic, geopolitical and other conditions. These conditions include expected and stressed market conditions as well as company-specific events.

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19. Financial Risk Management (continued)

(d) *Liquidity risk* (continued)

Stress testing (continued)

Liquidity stress tests are performed to ascertain potential mismatches between liquidity sources and uses over a variety of time horizons and over different stressed conditions. To monitor the liquidity of an entity, these stress tests and potential mismatches are calculated on a daily basis. Given the range of potential stresses, the Parent/Company maintains contingency funding plans. These plans specify a wide range of readily available actions for a variety of adverse market conditions or idiosyncratic stresses.

Exposure to liquidity risk

The key liquidity ratio is the top five (5) large fund providers to total third party liabilities, measured in local and foreign currency. Trigger levels for local currency and foreign currency are 65% and 80% respectively. Details of this ratio for the Group at the reporting date and during the reporting period were as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
<i>Local Currency</i>		
Total top 5 large fund providers	790,509	1,542,703
Total third-party liabilities	2,174,125	3,124,619
Ratio	<u>36%</u>	<u>49%</u>
	<u>2025</u>	<u>2024</u>
	\$	\$
<i>Foreign Currency</i>		
Total top 5 large fund providers	2,329,431	2,048,444
Total third-party liabilities	3,080,800	2,768,940
Ratio	<u>76%</u>	<u>74%</u>

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19. Financial Risk Management (continued)

(d) *Liquidity risk* (continued)

Exposure to liquidity risk (continued)

The table below shows the maturity profile of financial assets and financial liabilities:

	Maturing					Total
	Due on Demand	Less than 3 months	Over 3 months to 1 year	1 year to 5 years	Over Five Years	
	\$	\$	\$	\$	\$	\$
Parent/Company 2025						
Financial Assets						
Performing loans to customers	-	-	-	35,000	-	35,000
Deposits with Central Bank	287,985	-	-	-	-	287,985
Amounts due from subsidiary company	41,604	-	-	-	-	41,604
Total financial assets	329,589	-	-	35,000	-	364,589
Financial Liabilities						
Amounts due to parent and affiliated companies	117	-	-	-	-	117
Total financial liabilities	117	-	-	-	-	117
Net gap	329,472	-	-	35,000	-	364,472
Cumulative gap	329,472	329,472	329,472	364,472	364,472	-

CITICORP MERCHANT BANK LIMITED

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(Trinidad and Tobago \$ Thousands)

19. Financial Risk Management (continued)

(d) Liquidity risk (continued)

Exposure to liquidity risk (continued)

The table below shows the maturity profile of financial assets and financial liabilities:

	Maturing					Total
	Due on Demand	Less than 3 months	Over 3 months to 1 year	1 year to 5 years	Over Five Years	
	\$	\$	\$	\$	\$	\$
Group 2025						
Financial Assets						
Cash and balances with other banks	89,218	-	-	-	-	89,218
Amounts due from affiliated companies	4,682	-	-	-	-	4,682
Deposits with Central Bank	1,314,003	-	-	-	-	1,314,003
Investment securities	-	3,069,590	1,630,017	192,329	-	4,891,936
Performing loans and advances to customers	-	165,549	32,664	158,331	-	356,544
Total financial assets	1,407,903	3,235,139	1,662,681	350,660	-	6,656,383
Financial Liabilities						
Savings and current accounts	5,209,768	-	-	-	-	5,209,768
Certificates of deposit	-	240	1,306	-	-	1,546
Amounts due to parent and affiliated companies	93,586	-	-	-	-	93,586
Total financial liabilities	5,303,354	240	1,306	-	-	5,304,900
Net gap	(3,895,451)	3,234,899	1,661,375	350,660	-	1,351,483
Cumulative gap	(3,895,451)	(660,552)	1,000,823	1,351,483	1,351,483	-
Guarantees and Indemnities	-	-	1,878	43,968	8,191	54,037

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19. Financial Risk Management (continued)

(d) Liquidity risk (continued)

Exposure to liquidity risk (continued)

The table below shows the maturity profile of financial assets and financial liabilities:

	Maturing					Total
	Due on Demand	Less than 3 months	Over 3 months to 1 year	1 year to 5 years	Over Five Years	
	\$	\$	\$	\$	\$	\$
<u>Parent/Company 2024</u>						
Financial Assets						
Performing loans to customers	-	-	-	25,000	-	25,000
Amounts due from subsidiary company	322,050	-	-	-	-	322,050
Total financial assets	322,050	-	-	25,000	-	347,050
Financial Liabilities						
Amounts due to parent and affiliated companies	117	-	-	-	-	117
Total financial liabilities	117	-	-	-	-	117
Net gap	321,933	-	-	25,000	-	346,933
Cumulative gap	321,933	321,933	321,933	364,933	364,933	-

CITICORP MERCHANT BANK LIMITED

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(Trinidad and Tobago \$ Thousands)

19. Financial Risk Management (continued)

(d) Liquidity risk (continued)

Exposure to liquidity risk (continued)

The table below shows the maturity profile of financial assets and financial liabilities:

	Maturing					
	Due on Demand	Less than 3 months	Over 3 months to 1 year	1 year to 5 years	Over Five Years	Total
	\$	\$	\$	\$	\$	\$
Group 2024						
Financial Assets						
Cash and balances with other banks	132,665	-	-	-	-	132,665
Amounts due from affiliated companies	2,909	-	-	-	-	2,909
Deposits with Central Bank	1,639,902	-	-	-	-	1,639,902
Investment securities	-	3,519,289	356,122	699,600	-	4,575,011
Performing loans and advances to customers	-	121,806	90,275	221,466	167	433,714
Total financial assets	1,775,476	3,641,095	446,397	921,066	167	6,784,201
Financial Liabilities						
Savings and current accounts	5,603,277	-	-	-	-	5,603,277
Certificates of deposit	-	2,399	1,356	-	-	3,755
Amounts due to parent and affiliated companies	53,280	-	-	-	-	53,280
Total financial liabilities	5,656,557	2,399	1,356	-	-	5,660,312
Net gap	(3,881,081)	3,638,696	445,041	921,066	167	1,123,889
Cumulative gap	(3,881,081)	(242,385)	202,656	1,123,722	1,123,889	-
Guarantees and Indemnities	-	292	200	856	32,516	33,864

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CITICORP MERCHANT BANK LIMITED

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(Trinidad and Tobago \$ Thousands)

19. Financial Risk Management (continued)

(d) *Liquidity risk* (continued)

Exposure to liquidity risk (continued)

The table below shows the undiscounted cash flows on the Group's financial liabilities on the basis of their earliest possible contractual maturity. The Group's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance. The balances include the future interest payments over the remaining term to maturity.

	<u>Carrying</u> <u>Amount</u>	<u>Less</u> <u>than</u> <u>3 months</u>	<u>Three</u> <u>Months to</u> <u>One Year</u>	<u>One To</u> <u>Five Years</u>
	\$	\$	\$	\$
<u>Parent/Company - 2025</u>				
Amounts due to parent and affiliated companies	117	117	-	-
<u>Group – 2025</u>				
Savings and current accounts	5,209,768	5,209,768	-	-
Certificates of deposit	1,546	1,546	-	-
Amounts due to parent and affiliated companies	93,586	93,586	-	-
	<u>5,304,900</u>	<u>5,304,900</u>	<u>-</u>	<u>-</u>

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19. Financial Risk Management (continued)

(d) *Liquidity risk* (continued)

Exposure to liquidity risk (continued)

	<u>Carrying</u> <u>Amount</u>	<u>Less</u> <u>than</u> <u>3 months</u>	<u>Three</u> <u>Months to</u> <u>One Year</u>	<u>One To</u> <u>Five Years</u>
	\$	\$	\$	\$
<u>Parent/Company - 2024</u>				
Amounts due to parent and affiliated companies	117	117	-	-
<u>Group – 2024</u>				
Savings and current accounts	5,603,277	5,603,277	-	-
Certificates of deposit	3,755	3,755	-	-
Amounts due to parent and affiliated companies	53,280	53,280	-	-
	<u>5,660,312</u>	<u>5,660,312</u>	<u>-</u>	<u>-</u>

(e) *Market risk*

Market risk encompasses interest rate risk, foreign exchange risk and other price risk; these arise in the normal course of business. Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Foreign exchange risk is the risk of change in the value of a financial instrument due to changes in foreign exchange rates. Other price risk is the risk to earnings that arises from changes in equity and commodity prices and their implied volatilities.

Management of market risks

Market risks are measured in accordance with established Group standards. The business is required to establish, with approval from independent market risk management, a market risk limit framework for identified risk factors that clearly defines approved risk profiles and is within the parameters of the Group's overall risk appetite.

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19. Financial Risk Management (continued)

(e) *Market risk* (continued)

Management of market risks (continued)

Each business is ultimately responsible for the market risks it takes and for remaining within its defined limits.

Exposure to market risks – trading portfolios

Price risk in trading portfolios is monitored using a series of measures, including:

- Factor sensitivities;
- Value-at-Risk (VAR); and
- Stress testing.

Factor sensitivities are expressed as the change in the value of a position for a defined change in a market risk factor, such as a change in the value of a Treasury bill for a one-basis-point change in interest rates.

The Group's independent market risk management ensures that factor sensitivities are calculated, monitored and, in most cases, limited for all relevant risks taken in a trading portfolio.

VAR estimates the potential decline in the value of a position or a portfolio under normal market conditions. The VAR method incorporates the factor sensitivities of the trading portfolio with the volatilities and correlations of those factors and is expressed as the risk to the Group over a one-day holding period, at a 99% confidence level. The Group's VAR is based on the volatilities of and correlations among a multitude of market risk factors as well as factors that track the specific issuer risk in debt and equity securities. Note that the Group has no material positions in equities.

The Group has a VAR limit for its trading portfolio. VAR is measured daily and the utilisation of the VAR limit is included in daily market risk reports submitted to local Treasury and senior management as well as independent market risk management. A summary of the VAR position of the Group's trading portfolio at December 31 is as follows:

	<u>2025</u>	<u>2024</u>
Foreign currency risk	311	1,361
Interest rate risk	<u>339</u>	<u>54</u>
Overall	<u>466</u>	<u>1,415</u>

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19. Financial Risk Management (continued)

(e) Market risk (continued)

Exposure to market risks – trading portfolios (continued)

In addition to VAR limits, there is a framework of position and sensitivity limits for the trading portfolio, including limits to address potential concentration risks in the trading portfolio.

Stress testing is performed on trading portfolios on a regular basis to estimate the impact of extreme market movements. Independent market risk management, in conjunction with the business, develops stress scenarios, reviews the output of periodic stress testing exercises and uses the information to make judgments as to the ongoing appropriateness of exposure levels and limits.

The Group has its own market risk limit framework encompassing these measures and other controls, including permitted product lists and a new product approval process for complex products.

Total revenues of the trading business consist of:

- Customer revenue, which includes spreads from customer flow and positions taken to facilitate customer orders;
- Proprietary trading activities in both cash and derivative transactions; and
- Net interest revenue.

All trading positions are marked to market, with the result reflected in earnings.

(f) Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates for financial instruments carried at variable rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

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19. Financial Risk Management (continued)

(f) Exposure to interest rate risk – non-trading portfolios (continued)

The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities.

A summary of the interest rate gap position on non-trading portfolios is as follows:

	Due on Demand	Less than 3 months	Over 3 months to 1 year	1 year to 5 years	Over Five Years	Non-interest Bearing	Total
	\$	\$	\$	\$	\$	\$	\$
Parent/Company 2025							
Financial Assets							
Performing loans to customers	-	-	-	35,000	-	-	35,000
Deposits with Central Bank	287,985	-	-	-	-	-	287,985
Amounts due from subsidiary company	41,604	-	-	-	-	-	41,604
Total financial assets	329,589	-	-	35,000	-	-	364,589
Financial Liabilities							
Amounts due to parent and affiliated companies	117	-	-	-	-	-	117
Total financial liabilities	117	-	-	-	-	-	117
Net gap	329,472	-	-	35,000	-	-	364,472
Cumulative gap	329,472	329,472	329,472	364,472	364,472	364,472	-

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19. Financial Risk Management (continued)

(f) Exposure to interest rate risk – non-trading portfolios (continued)

	Due on Demand	Less than 3 months	Over 3 months to 1 year	1 year to 5 years	Over Five Years	Non-interest Bearing	Total
	\$	\$	\$	\$	\$	\$	\$
Group 2025							
Financial Assets							
Cash and balances with other banks	89,218	-	-	-	-	-	89,218
Amounts due from affiliated companies	4,682	-	-	-	-	-	4,682
Deposits with Central Bank	1,314,003	-	-	-	-	-	1,314,003
Investment securities	-	3,069,590	1,630,017	192,227	-	102	4,891,936
Performing loans and advances to customers	-	165,549	32,664	158,331	-	-	356,544
Total financial assets	1,407,903	3,235,139	1,662,681	350,558	-	102	6,656,383
Financial Liabilities							
Savings and current accounts	5,209,768	-	-	-	-	-	5,209,768
Certificates of deposit	-	240	1,306	-	-	-	1,546
Amounts due to parent and affiliated companies	93,586	-	-	-	-	-	93,586
Total financial liabilities	5,303,354	240	1,306	-	-	-	5,304,900
Net gap	(3,895,451)	3,234,899	1,661,375	350,558	-	102	1,351,483
Cumulative gap	(3,895,451)	(660,552)	1,000,823	1,351,381	1,351,381	1,351,483	-

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December 31, 2025

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19. Financial Risk Management (continued)

(f) Exposure to interest rate risk – non-trading portfolios (continued)

	Due on Demand	Less than 3 months	Over 3 months to 1 year	1 year to 5 years	Over Five Years	Non- interest Bearing	Total
	\$	\$	\$	\$	\$	\$	\$
Parent/Company 2024							
Financial Assets							
Performing loans to customers	-	-	-	25,000	-	-	25,000
Amounts due from subsidiary company	322,050	-	-	-	-	-	322,050
Total financial assets	322,050	-	-	25,000	-	-	347,050
Financial Liabilities							
Amounts due to parent and affiliated companies	117	-	-	-	-	-	117
Total financial liabilities	117	-	-	-	-	-	117
<i>Net gap</i>	321,933	-	-	25,000	-	-	346,933
<i>Cumulative gap</i>	321,933	321,933	321,933	364,933	364,933	364,933	-

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19. Financial Risk Management (continued)

(f) Exposure to interest rate risk – non-trading portfolios (continued)

	Due on Demand	Less than 3 months	Over 3 months to 1 year	1 year to 5 years	Over Five Years	Non-interest Bearing	Total
	\$	\$	\$	\$	\$	\$	\$
Group 2024							
Financial Assets							
Cash and balances with other banks	132,665	-	-	-	-	-	132,665
Amounts due from affiliated companies	2,909	-	-	-	-	-	2,909
Deposits with Central Bank	1,639,902	-	-	-	-	-	1,639,902
Investment securities	-	3,519,289	356,122	699,499	-	101	4,575,011
Performing loans and advances to customers	-	121,806	90,275	221,466	167	-	433,714
Total financial assets	1,775,476	3,641,095	446,397	920,965	167	101	6,748,201
Financial Liabilities							
Savings and current accounts	5,603,277	-	-	-	-	-	5,603,277
Certificates of deposit	-	2,399	1,356	-	-	-	3,755
Amounts due to parent and affiliated companies	53,280	-	-	-	-	-	53,280
Total financial liabilities	5,656,557	2,399	1,356	-	-	-	5,660,312
Net gap	(3,881,081)	3,638,696	445,041	920,965	167	101	1,123,889
Cumulative gap	(3,881,081)	(242,385)	202,656	1,123,621	1,123,788	1,123,889	-

The interest rate risk is not considered to be significant due to the low percentage of interest paid on deposits.

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19. Financial Risk Management (continued)

(f) Exposure to interest rate risk – non-trading portfolios (continued)

One of the Group's primary business functions is providing financial products that meet the needs of its customers. Loans and deposits are tailored to the customer's requirements with regard to tenor, index, and rate type. Net Interest Revenue (NIR) is the difference between the yield earned on the non-trading portfolio assets (including customer loans) and the rate paid on the liabilities (including customer deposits or corporate borrowings). The NIR is affected by changes in the level of interest rates. For example:

- At any given time, there may be an unequal amount of assets and liabilities which are subject to market rates due to maturation or repricing. Whenever the amount of liabilities subject to repricing exceeds the amount of assets subject to repricing, an entity is considered "liability sensitive." In this case, an entity's NIR will deteriorate in a rising rate environment.
- The assets and liabilities of an entity may reprice at different speeds or mature at different times, subjecting both "liability sensitive" and "asset sensitive" entities to NIR sensitivity from changing interest rates. For example, an entity may have a large amount of loans that are subject to repricing this period, but the majority of deposits are not scheduled for repricing until the following period. That entity would suffer from NIR deterioration if interest rates were to fall.

NIR in the current period is the result of customer transactions and the related contractual rates originated in prior periods as well as new transactions in the current period; those prior period transactions will be impacted by changes in rates on floating rate assets and liabilities in the current period.

Interest rate risk governance

The risks in the Group's non-trading portfolios are estimated using a common set of standards that define, measure, limit and report the market risk. The business is required to establish, with approval from independent market risk management, a market risk limit framework that clearly defines approved risk profiles and is within the parameters of the Group's overall risk appetite. The businesses are ultimately responsible for the market risks they take and for remaining within their defined limits. These limits are monitored by independent market risk and the country ALCO.

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19. Financial Risk Management (continued)

(f) Exposure to interest rate risk – non-trading portfolios (continued)

Interest rate risk measurement

The Group's principal measure of risk to NIR is Interest Rate Exposure (IRE). IRE measures the change in expected NIR in each currency resulting solely from unanticipated changes in forward interest rates. Factors such as changes in volumes, spreads, margins and the impact of prior-period pricing decisions are not captured by IRE. IRE assumes that the business makes no additional changes in pricing or balances in response to the unanticipated rate changes.

Mitigation and hedging of risk

All financial institutions' financial performances are subject to some degree of risk due to changes in interest rates. In order to manage these risks effectively, the Group may modify pricing on new customer loans and deposits or enter into transactions with other institutions that have the opposite risk exposures. As information becomes available, the Group formulates strategies aimed at protecting earnings from the potential negative effects of changes in interest rates.

The Group employs additional measurements, including stress testing the impact of interest rate movements on the value of the consolidated statement of financial position.

Interest Rate Risk Sensitivity

Interest Rate exposures (IRE) measures the potential pre-tax impact on Net Interest Income (NII) for accrual accounted positions due to defined shifts in interest rates over a specified reporting period. NII is the difference between accrued interest income earned on assets (e.g., customer loans) and accrued interest expense paid on liabilities (e.g., customer deposits) and may be affected by factors such as changes in the level of interest rates, balance sheet volumes, and customer rates. The defined shifts in interest rate curves may be parallel or non-parallel and may occur either instantaneously as of a given date or gradually over time.

The following are the Interest Rate exposures (IRE) impact on the Group's balance. Shocks used are 100 basis points and 200 basis points up and down.

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19. Financial Risk Management (continued)

(f) Exposure to interest rate risk – non-trading portfolios (continued)

Interest Rate Risk Sensitivity (continued)

	100bps Parallel Increase TTD MM	200bps Parallel Increase TTD MM	100bps Parallel Decrease TTD MM	200bps Parallel Decrease TTD MM
2025				
As of Dec 31 st	39.3	77.8	-39.3	-79.2
Average for the period	36.5	73.1	-36.5	-73.8
Maximum for the period	23.7	47.4	-23.7	-48.1
Minimum for the period	23.0	46.0	-23.7	-47.4
2024				
As of Dec 31 st	30.5	61.6	-31.1	-62.3
Average for the period	27.7	54.8	-27.7	-56.2
Maximum for the period	29.8	58.9	-29.8	-60.2
Minimum for the period	30.5	60.9	-28.4	-56.2

(g) Foreign currency risk

The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Limits are set on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

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(Trinidad and Tobago \$ Thousands)

19. Financial Risk Management (continued)

(g) Foreign currency risk (continued)

The table below summarises the Trinidad and Tobago dollar equivalent of the major currencies in which the Group holds its assets and liabilities.

Parent/Company 2025

	<u>TT</u>	<u>US</u>	<u>Total</u>
	\$	\$	\$
Financial Assets			
Performing loans	35,000	-	35,000
Deposits with the Central Bank	287,985	-	287,985
Amounts due from subsidiary company	<u>30,923</u>	<u>10,681</u>	<u>41,604</u>
Total financial assets	<u>353,908</u>	<u>10,681</u>	<u>364,589</u>
Financial Liabilities			
Amounts due to parent and affiliated companies	<u>117</u>	-	<u>117</u>
Total financial liabilities	<u>117</u>	-	<u>117</u>
<i>Net currency position</i>	<u><u>353,791</u></u>	<u><u>10,681</u></u>	<u><u>364,472</u></u>

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*(Trinidad and Tobago \$ Thousands)***19. Financial Risk Management (continued)****(g) Foreign currency risk (continued)****Group 2025**

	TT	US	Other	Total
	\$	\$	\$	\$
Financial Assets				
Cash and balances with other banks	18,173	71,031	14	89,218
Amounts due from subsidiary and affiliated companies	-	-	4,682	4,682
Deposits with the Central Bank	1,314,003	-	-	1,314,003
Investment securities	1,969,809	2,922,127	-	4,891,936
Performing loans and advances to customers	<u>227,506</u>	<u>129,038</u>	<u>-</u>	<u>356,544</u>
Total financial assets	<u>3,529,491</u>	<u>3,122,196</u>	<u>4,696</u>	<u>6,656,383</u>
Financial Liabilities				
Savings and current accounts	2,139,648	3,069,985	135	5,209,768
Certificates of deposit	1,546	-	-	1,546
Amounts due to parent and affiliated companies	<u>2,012</u>	<u>91,574</u>	<u>-</u>	<u>93,586</u>
Total financial liabilities	<u>2,143,206</u>	<u>3,161,559</u>	<u>135</u>	<u>5,304,900</u>
<i>Net currency position</i>	<u>1,386,285</u>	<u>(39,363)</u>	<u>4,561</u>	<u>1,351,483</u>
<i>Undrawn credit commitments</i>	<u>17,500</u>	<u>-</u>	<u>-</u>	<u>17,500</u>

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December 31, 2025

(Trinidad and Tobago \$ Thousands)

19. Financial Risk Management (continued)

(g) Foreign currency risk (continued)

Parent/Company 2024

	<u>TT</u>	<u>US</u>	<u>Total</u>
	\$	\$	\$
Financial Assets			
Performing loans	25,000	-	25,000
Amounts due from subsidiary company	311,415	10,635	322,050
Total financial assets	<u>336,415</u>	<u>10,635</u>	<u>347,050</u>
Financial Liabilities			
Amounts due to parent and affiliated companies	117	-	117
Total financial liabilities	<u>117</u>	<u>-</u>	<u>117</u>
<i>Net currency position</i>	<u>336,298</u>	<u>10,635</u>	<u>346,933</u>

CITICORP MERCHANT BANK LIMITED

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December 31, 2025

*(Trinidad and Tobago \$ Thousands)***19. Financial Risk Management (continued)****(g) Foreign currency risk (continued)****Group 2024**

	TT	US	Other	Total
	\$	\$	\$	\$
Financial Assets				
Cash and balances with other banks	50,021	82,630	14	132,665
Amounts due from subsidiary and affiliated companies	-	-	2,909	2,909
Deposits with the Central Bank	1,639,902	-	-	1,639,902
Investment securities	1,474,954	3,100,057	-	4,575,011
Performing loans and advances to customers	<u>222,743</u>	<u>210,971</u>	<u>-</u>	<u>433,714</u>
Total financial assets	<u>3,387,620</u>	<u>3,393,658</u>	<u>2,923</u>	<u>6,784,201</u>
Financial Liabilities				
Savings and current accounts	2,545,366	3,057,809	102	5,603,277
Certificates of deposit	3,755	-	-	3,755
Amounts due to parent and affiliated companies	<u>1,291</u>	<u>51,989</u>	<u>-</u>	<u>53,280</u>
Total financial liabilities	<u>2,550,412</u>	<u>3,109,798</u>	<u>102</u>	<u>5,660,312</u>
<i>Net currency position</i>	<u>837,208</u>	<u>283,860</u>	<u>2,821</u>	<u>1,123,889</u>
<i>Undrawn credit commitments</i>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>

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19. Financial Risk Management (continued)

(h) Operational risk

Operational Risk Overview

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition of Operational Risk includes legal risk - which is the risk of loss (including litigation costs, settlements, and regulatory fines) resulting from the failure of the Group to comply with laws, regulations, prudent ethical standards, and contractual obligations in any aspect of the Group's business - but excludes strategic and reputation risks. The Group also recognizes the impact of Operational Risk on the reputation risk associated with the Group's business activities.

Operational Risk is inherent in the Group's business activities, as well as related support functions, and can result in losses.

The objective of Operational Risk Management (ORM) activities is to keep Operational Risk at appropriate levels relative to the characteristics of the businesses, the markets in which it operates, its capital and liquidity, and the competitive, economic and regulatory environment.

ORM actively participates in various governance forums to ensure the Operational Risk Management Framework (ORMF) is fully embedded in The Group's day-to-day management activities and provides independent risk review and challenge.

Operational Risk Management Framework

Citi has an established Global Operational Risk Management Framework which is consistent and aligns with the Enterprise Risk Management Framework (ERMF) and is supplemented by the Legal Entity Risk Management Framework. The above-mentioned frameworks are made up of a hierarchy of policy documents that supports effective and efficient Operational Risk Management practices by setting the minimum requirements for consistent identification, measurement, monitoring, control, and reporting of Operational Risk across Citi.

Within the ORMF, common definitions and taxonomies are maintained and deployed to enable consistent application and categorization. Furthermore, the ORMF provides guidance on the governance structures, management committees and the enabling of key roles that support effective management of Operational Risk.

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19. Financial Risk Management (continued)

(h) Operational risk (continued)

Operational Risk Governance

The Group manages Operational Risk on a day-to-day basis through the Lines of Defense approach. The First Line of Defense (1LoD) owns and manages the risks arising from the execution of their business activities and is comprised of the Front-Line Units and Enterprise Support Functions.

Responsibility for oversight and challenge of the 1LoD risk management activities sits with the Second Line of Defense (2LoD), through Independent Risk Management (IRM), led by the Chief Risk Officer (CRO). With support from the Operational Risk Management function responsible for overseeing and challenging the management of Operational Risk in the Group.

The Group's Internal Audit function makes up the Third Line of Defense (3LoD) who provide independent and objective assurance that risk management, governance, and internal controls are functioning properly to help the Group achieve its objectives.

The Group's Operational Risk Governance is supported by the Group's specific governance structures, resources, and processes. The Country Coordinating Committee (CCC) reviews and approves the overall approach to Operational Risk Governance. These Committees are responsible for reviewing, challenging, and escalating key Operational Risk matters, ensuring alignment with Risk Appetite thresholds. Clear reporting and escalation paths are defined, ensuring accountability and timely communication of risk-related issues.

The CCC monitors Operational Risks and trends. Enhancements in effective governance are monitored on an ongoing basis, including review of regulatory and supervisory guidance, global best practices and evolving the Group's organization developments. Any identified gaps or deficiencies will be addressed by the Group's Management.

(i) Climate change risk

Climate change presents immediate and long-term risks to the Group and its clients, with the risks expected to increase over time. Climate change risk refers to the risk of loss arising from climate change and is comprised of both physical risk and transition risk. Physical risk considers how chronic and acute climate change (e.g. increased storms, drought, fires, floods) can directly damage physical assets or otherwise impact their value or productivity. Transition risk considers how changes in policy, technology, business practices and market preferences to address climate change can lead to changes in the value of assets.

19. Financial Risk Management (continued)

(i) *Climate change risk* (continued)

Climate change risk is an overarching risk that can act as a driver of other categories of risk, such as credit risk from obligors exposed to high climate risk, strategic risks if the Bank fails to consider transition risk in client selection, reputational risk from increased stakeholder concerns about financing high carbon industries and operational risk from physical climate risks to the Group's facilities and personnel.

The ultimate parent currently identifies climate change risk as an emerging risk within its enterprise risk management framework. Emerging risks are risks or thematic issues that are either new to the landscape, or in the case of climate risk, existing risks that are rapidly changing or evolving in an escalating fashion, which are difficult to assess due to limited data or other uncertainties.

The ultimate parent reviews factors related to climate change risk under its Environmental and Social Risk Management Policy, which includes a focus on climate risk related to financed projects and clients in high-carbon sectors.

The ultimate parent continues to explore and test methodologies for quantifying how climate risks could impact the individual credit profiles of its clients across various sectors. To assist in embedding climate risk assessments in its credit assessment process, the ultimate parent has developed sector-specific climate risk assessments. Such risk assessments are designed to supplement publicly available client disclosures and data provided from third-party vendors and facilitate conversations with clients on their most material climate risks and management plans for adaptation and mitigation. The ultimate parent's assessments consider sectors that have been identified as higher climate change risk by the risk identification process. This will not only help to better understand its clients' businesses and climate-related risks, but will also provide a source of climate data. The ultimate parent's net zero plan is leading to the further integration of climate risk discussions into client engagement and client selection.

The ultimate parent continues to develop globally consistent principles and approaches for managing climate through the implementation of its Climate Risk Management Framework. Through this implementation process, climate risk is being embedded into relevant policies and processes over time. Furthermore, the ultimate parent continues to participate in financial industry initiatives and develop and pilot new methodologies and approaches for measuring and assessing the potential financial risks of climate change. The ultimate parent is also closely monitoring regulatory developments on climate risk and sustainable finance, and actively engaging with regulators on these topics.

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20. Capital Management

The Group's capital management policies seek to achieve several objectives:

- Compliance with capital requirements as set by the Central Bank of Trinidad and Tobago;
- Assurance of the Group's ability to continue as a going concern; and
- Maintenance of a strong capital base to support the development of its business.

The Group's lead regulator, the Central Bank of Trinidad and Tobago, sets and monitors capital requirements for the Group.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management. The Group employs techniques derived from the guidelines developed by the Basel Committee on Banking Supervision as implemented by the Central Bank of Trinidad and Tobago (CBTT).

The required information is filed with the regulatory authority on a monthly basis.

The Group's regulatory capital consists of the sum of the following elements:

- Tier 1 capital. Tier 1 capital comprises stated capital, statutory reserve and retained earnings and is a measure of the Group's financial position. Deductions such as dividends and losses incurred in the current year of operations, whether audited or unaudited and whether or not publicly disclosed are made from Tier 1.
- Tier 2 capital. Tier 2 capital comprises provisions for losses on assets.

The Basel II framework expands the rules for minimum capital requirements established under Basel I by incorporating the credit risk of assets to determine regulatory capital ratios. It consists of three pillars:

- Capital adequacy requirements - Takes into consideration operational risks in addition to credit risks associated with risk-weighted assets.
- Supervisory review - Mandates periodic assessments of internal capital adequacy in accordance with the institution's risk profile.
- Market discipline - Ensures market discipline through the obligation to disclose relevant market information.

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20. Capital Management (continued)

The regulatory capital position at December 31 was as follows:

Parent/Company			Group	
2024	2025		2025	2024
\$	\$		\$	\$
		Common Equity Tier 1 Capital		
57,102	57,102	Fully paid issued ordinary share capital	57,102	57,102
57,102	57,102	Statutory reserve fund	214,890	214,890
<u>333,127</u>	<u>348,231</u>	Retained earnings - Audited	<u>853,992</u>	<u>697,446</u>
<u>447,331</u>	<u>462,435</u>	Net Common Equity Tier 1 Capital	<u>1,125,984</u>	<u>969,438</u>
<u>447,331</u>	<u>462,435</u>	Net Tier 1 Capital	<u>1,125,984</u>	<u>969,438</u>
<u>27</u>	<u>48</u>	Provision for losses on assets	<u>2,924</u>	<u>1,367</u>
<u>27</u>	<u>48</u>	Net Tier 2 Capital	<u>2,924</u>	<u>1,367</u>
447,358	462,483	Qualifying Capital	1,128,908	970,805
<u>(88,094)</u>	<u>(88,094)</u>	Investments in banking and financial subsidiaries	<u>-</u>	<u>-</u>
<u>359,264</u>	<u>374,389</u>	Adjusted Qualifying Capital	<u>1,128,908</u>	<u>970,805</u>
459,196	536,952	Total Risk Adjusted Assets	3,123,370	2,069,367
105,219	57,111	Risk weighted assets- credit risk	547,115	559,391
10,635	10,681	Risk weighted assets- market risk	517,229	739,412
<u>343,342</u>	<u>469,160</u>	Risk weighted assets- operational risk	<u>2,059,026</u>	<u>770,564</u>
		Capital Ratios		
97.42%	86.12%	Net Common Equity Tier 1 Capital (%)	36.05%	46.85%
97.42%	86.12%	Net Tier 1 Capital (%)	36.05%	46.85%
78.24%	69.72%	Total Capital adequacy ratio (%)	36.14%	46.91%
		Minimum Required Capital Ratios		
4.5%	4.5%	Net Common Equity Tier 1 ratio (%)	4.5%	4.5%
6%	6%	Net Tier 1 ratio (%)	6%	6%
10%	10%	Capital adequacy ratio (%)	10%	10%
2.5%	2.5%	Capital Conservation Buffer (%)	2.5%	2.5%

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20. Capital Management (continued)

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

There have been no material changes in the Group's management of capital during the period. The Group has complied with all the externally imposed capital requirements to which it is subject.

21. Fair Value of Financial Assets and Liabilities

The fair value of financial instruments that are recognized on the statement of financial position and the fair value of financial instruments that are not recognized on the statement of financial position are based on the valuation methods and assumptions set out in the material accounting policies Note 3(c).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

The Group categorizes fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements:

- Level 1 - Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2 - Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique included inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Due to the judgement used in applying a wide range of acceptable valuation techniques and estimations in the calculation of fair value amounts, fair values are not necessarily comparable among financial institutions. The calculation of estimated fair values is based upon market conditions at a specific point in time and may not be reflective of future fair values.

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*(Trinidad and Tobago \$ Thousands)***21. Fair Value of Financial Assets and Liabilities (continued)**

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

Group

	2025			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Treasury bills	2,922,058	969,450	-	3,891,508
Government Bonds	-	1,000,326	-	1,000,326
Other	-	-	102	102
	<u>2,922,058</u>	<u>1,969,776</u>	<u>102</u>	<u>4,891,936</u>

Group

	2024			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Treasury bills	3,099,990	715,990	-	3,815,980
Government Bonds	-	758,930	-	758,930
Other	-	-	101	101
	<u>3,099,990</u>	<u>1,474,920</u>	<u>101</u>	<u>4,575,011</u>

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21. Fair Value of Financial Assets and Liabilities (continued)

Financial instruments not measured at fair value

The following financial instruments are not measured at fair value and fair value is an approximation of the amount disclosed on the statement of financial position due to the factors disclosed below:

(1) Loans and advances

Loans and advances to customers are granted at market rates and their values are not adversely affected by unusual terms. The estimated future cash flows are discounted using a discount rate based on market rates at the reporting date for similar type facilities.

The fair value of the loan portfolio is considered to approximate the amortized cost in the absence of an active market.

(2) Short-term financial assets and financial liabilities

The carrying amount of short-term financial assets and financial liabilities comprising cash and balances with other banks, deposits with the Central Bank, amounts due from affiliated companies, customer deposits and amounts due to parent and affiliated companies are a reasonable estimate of their fair values because of the short maturity of these instruments.

22. Leases

(i) Leases as lessee

The Group leases IT equipment with contract terms of less than one year. These leases are short-term and/or leases of low value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

Parent/Company			Group	
2024	2025		2025	2024
\$	\$		\$	\$
-	-	Expenses relating to short-term leases and low value items	95	164
<u>-</u>	<u>-</u>		<u>95</u>	<u>164</u>

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22. Leases (continued)

(ii) Leases as Lessor

The Parent/the Company leases out its own property. The Parent/the Company classified this lease as an operating lease because it did not transfer substantially all of the risks and rewards incidental to the ownership of the asset. Note 9 sets out information about the operating lease of the Parent's/Company's premises.

Rental income recognized by the Parent/the Company during 2025 was \$3,170 (2024: \$3,170). The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	\$'000
2025 - Operating Leases	
Less than one year	3,170
One to five years	12,679
More than five years	<u>38,037</u>
	<u>53,886</u>
2024 - Operating Leases	
Less than one year	3,170
One to five years	12,679
More than five years	<u>41,207</u>
	<u>57,056</u>

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23. Classification of Financial Assets and Financial Liabilities

The following table provides a reconciliation between line items in the Statement of Financial Position and the categories of financial instruments:

	FVTPL	FVOCI Debt	FVTPL Equity	Amortized Cost	Total
	\$	\$	\$	\$	\$
<u>Parent/Company 2025</u>					
Financial Assets					
Performing loans to customers	-	-	-	35,000	35,000
Deposits with the Central Bank	-	-	-	287,985	287,985
Amounts due from subsidiary company	-	-	-	41,604	41,604
Total financial assets	-	-	-	364,589	364,589
Financial Liabilities					
Amounts due to parent and affiliated companies	-	-	-	117	117
Total financial liabilities	-	-	-	117	117
<u>Group 2025</u>					
Financial Assets					
Cash and balances with other banks	-	-	-	89,218	89,218
Amounts due from affiliated companies	-	-	-	4,682	4,682
Deposits with the Central Bank	-	-	-	1,314,003	1,314,003
Performing loans and advances to customers	-	-	-	356,544	356,544
Investment securities	1,990,457	2,901,377	102	-	4,891,936
Total financial assets	1,990,457	2,901,377	102	1,764,447	6,656,383
Financial liabilities					
Customers' deposits	-	-	-	5,211,314	5,211,314
Amounts due to parent and affiliated companies	-	-	-	93,586	93,586
Total financial liabilities	-	-	-	5,304,900	5,304,900

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23. Classification of Financial Assets and Financial Liabilities (continued)

	<u>FVTPL</u>	<u>Debt</u>	<u>FVOCI</u> <u>Equity</u>	<u>FVTPL</u> <u>Cost</u>	<u>Amortized</u> <u>Total</u>
	\$	\$	\$	\$	\$
<u>Parent/Company 2024</u>					
Financial Assets					
Performing loans to customers	-	-	-	25,000	25,000
Amounts due from subsidiary company	-	-	-	322,050	322,050
Total financial assets	-	-	-	347,050	347,050
Financial Liabilities					
Amounts due to parent and affiliated companies	-	-	-	117	117
Total financial liabilities	-	-	-	117	117
	<u>FVTPL</u>	<u>FVOCI</u> <u>Debt</u>	<u>FVTPL</u> <u>Equity</u>	<u>Amortized</u> <u>Cost</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<u>Group 2024</u>					
Financial Assets					
Cash and balances with other banks	-	-	-	132,665	132,665
Amounts due from affiliated companies	-	-	-	2,909	2,909
Deposits with the Central Bank	-	-	-	1,639,902	1,639,902
Performing loans and advances to customers	-	-	-	433,714	433,714
Investment securities	2,688,967	2,044,240	101	-	4,722,308
Total financial assets	2,677,967	2,044,240	101	2,209,190	6,931,498
Financial liabilities					
Customers' deposits	-	-	-	5,607,032	5,607,032
Amounts due to parent and affiliated companies	-	-	-	53,280	53,280
Total financial liabilities	-	-	-	5,660,312	5,660,312

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24. Events after the Reporting Date

The Group has evaluated events occurring after December 31, 2025, in order to assess and determine the need for potential recognition or disclosure in these financial statements. Such events were evaluated through March 25, 2026, the date these financial statements were available to be issued. Based upon this evaluation, the Group has determined that there are no subsequent events that require adjustment to or disclosure in these financial statements.