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DEVELOPMENT FINANCE  
**AUDITED**  
**FINANCIALS**

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Financial Statements of

**DEVELOPMENT FINANCE LIMITED**

December 31, 2025

*(Expressed in Thousands of Trinidad and  
Tobago Dollars)*

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# DEVELOPMENT FINANCE LIMITED

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For the year ended December 31, 2025

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## Statement of Management's Responsibilities Development Finance Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Development Finance Limited ("the Company"), which comprise the statement of financial position as at December 31, 2025, the statements of profit or loss, 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 Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud and the achievement of the Company'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 financial statements, management utilised the IFRS Accounting Standards, as issued by the International Accounting Standards Board (IFRS Accounting Standards) adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS Accounting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying financial statements have been authorised for issue, if later. Management affirms that it has carried out its responsibilities as outlined above.

  
\_\_\_\_\_  
Gary Awei  
Chief Executive Officer

  
\_\_\_\_\_  
Stacey Bacloo  
Chief Accountant

Date: March 26, 2026

Date: March 26, 2026



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**Independent Auditors' Report  
To the Shareholders of Development Finance Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Development Finance Limited ("the Company"), which comprise the statement of financial position as at December 31, 2025, the statements of profit or loss, 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 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 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 with 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 Shareholders of Development Finance Limited**

**Report on the Audit of the Financial Statements (continued)**

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

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

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 judgement 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**Independent Auditors' Report  
To the Shareholders of Development Finance Limited**

**Report on the Audit of the Financial Statements (continued)**

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG

Chartered Accountants  
Port of Spain  
Trinidad, and Tobago  
March 27, 2026

# DEVELOPMENT FINANCE LIMITED

## Statement of Financial Position

December 31, 2025


*(Expressed in Thousands of Trinidad and Tobago Dollars)*

	Notes	2025 \$'000	2024 \$'000
<b>ASSETS</b>			
Cash and cash equivalents	6	95,268	94,325
Statutory deposit with Central Bank	7	64,605	45,850
Investment securities	8	1,071,501	855,992
Loans and advances to customers	9	137,378	136,962
Other assets	13	3,147	3,562
Due from related parties	10	1,421	1,421
Computer software	11	934	998
Furniture and equipment	12	2,739	3,264
Post-employment benefits	14	32,611	30,490
<b>Total assets</b>		<u>1,409,604</u>	<u>1,172,864</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Other liabilities		14,802	7,324
Customers' deposits	16	838,896	629,448
Borrowings	15	<u>261,236</u>	<u>262,144</u>
<b>Total liabilities</b>		<u>1,114,934</u>	<u>898,916</u>
<b>Equity</b>			
Stated capital	17	136,639	136,639
Reserves	18	34,763	33,952
Retained earnings		<u>123,268</u>	<u>103,357</u>
<b>Total equity</b>		<u>294,670</u>	<u>273,948</u>
<b>Total liabilities and equity</b>		<u>1,409,604</u>	<u>1,172,864</u>

*The accompanying notes on pages 10 to 101 are an integral part of these financial statements.*

These financial statements were approved for issue by the Board of Directors on March 26, 2026, and signed on its behalf by:

Director



Director



## DEVELOPMENT FINANCE LIMITED

### Statement of Profit or Loss

Year ended December 31, 2025

*(Expressed in Thousand of Trinidad and Tobago Dollars)*

	<b>Notes</b>	<b>2025</b>	<b>2024</b>
		<b>\$'000</b>	<b>\$'000</b>
Interest income calculated using the effective interest method	20	64,970	55,408
Interest expense	21	(39,116)	(32,400)
<b>Net interest income</b>		25,854	23,008
Other income	22	15,242	9,282
Net loss arising from derecognition of financial assets measured at amortised cost		(112)	(854)
<b>Revenue</b>		40,984	31,436
Impairment loss on financial instruments	23	(422)	(2,529)
General overheads and corporate expenses	24	(18,010)	(15,748)
<b>Profit for the year</b>		<u>22,552</u>	<u>13,159</u>

*The accompanying notes on pages 10 to 101 are an integral part of these financial statements.*

## DEVELOPMENT FINANCE LIMITED

### Statement of Comprehensive Income

Year ended December 31, 2025

*(Expressed in Thousand of Trinidad and Tobago Dollars)*

	Notes	2025	2024
		\$'000	\$'000
Profit for the year		<u>22,552</u>	<u>13,159</u>
<b><i>Items that will not be reclassified to profit or loss</i></b>			
Remeasurement of defined benefit plan asset	14	944	430
Equity investments at FVOCI – net change in fair value		<u>(2,589)</u>	<u>2,710</u>
		(1,645)	3,140
<b><i>Items that are or may be reclassified subsequently to profit or loss</i></b>			
Debt investments at FVOCI – net change in fair value		<u>1,145</u>	<u>(1,514)</u>
Other comprehensive income		<u>(500)</u>	<u>1,626</u>
Total comprehensive income for the year		<u><u>22,052</u></u>	<u><u>14,785</u></u>

*The accompanying notes on pages 10 to 101 are an integral part of these financial statements.*

# DEVELOPMENT FINANCE LIMITED

## Statement of Changes in Equity

Year ended December 31, 2025

(Expressed in Thousand of Trinidad and Tobago Dollars)

	<b>Ordinary Shares</b>	<b>Preference Shares</b>	<b>Statutory Reserve</b>	<b>Revaluation Reserve</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at January 1, 2024</b>	90,039	46,600	32,521	(1,490)	93,823	261,493
Transfer to Statutory Reserve	-	-	1,316	-	(1,316)	-
Profit for the year	-	-	-	-	13,159	13,159
Remeasurement of						
- debt instruments at FVOCI	-	-	-	(1,514)	-	(1,514)
- equity instruments at FVOCI	-	-	-	2,710	-	2,710
Reclassification of loss on disposal of equity investments at FVOCI to retained earnings	-	-	-	409	(409)	-
Remeasurement of defined benefit plan asset	-	-	-	-	430	430
<b>Total comprehensive income</b>	-	-	1,316	1,605	11,864	14,785
<i>Transactions with Owners recorded directly in equity</i>						
Dividends paid	-	-	-	-	(2,330)	(2,330)
<b>Balance at December 31, 2024</b>	<b>90,039</b>	<b>46,600</b>	<b>33,837</b>	<b>115</b>	<b>103,357</b>	<b>273,948</b>
<b>Balance at January 1, 2025</b>	90,039	46,600	33,837	115	103,357	273,948
Transfer to Statutory Reserve	-	-	2,255	-	(2,255)	-
Share conversion	20,000	(20,000)	-	-	-	-
Profit for the year	-	-	-	-	22,552	22,552
Remeasurement of						
- debt instruments at FVOCI	-	-	-	1,145	-	1,145
- equity instruments at FVOCI	-	-	-	(2,589)	-	(2,589)
Remeasurement of defined benefit plan asset	-	-	-	-	944	944
<b>Total comprehensive income</b>	20,000	(20,000)	2,255	(1,444)	21,241	22,052
<i>Transactions with Owners recorded directly in equity</i>						
Dividends paid	-	-	-	-	(1,330)	(1,330)
<b>Balance at December 31, 2025</b>	<b>110,039</b>	<b>26,600</b>	<b>36,092</b>	<b>(1,329)</b>	<b>123,268</b>	<b>294,670</b>

The accompanying notes on pages 10 to 101 are an integral part of these financial statements.

## DEVELOPMENT FINANCE LIMITED

### Statement of Cash Flows

Year ended December 31, 2025

*(Expressed in Thousand of Trinidad and Tobago Dollars)*

	Notes	2025 \$'000	2024 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		22,552	13,159
Adjustments for non-cash items in operating activities	25	(27,075)	(20,465)
<b>Cash outflows before changes in operating assets</b>		<u>(4,523)</u>	<u>(7,306)</u>
Changes in:			
- Loans and advances to customers		(81)	6,011
- Statutory deposit with Central Bank		(18,755)	(6,769)
- Customers' deposits		205,865	107,759
- Other assets		415	1,318
- Other liabilities		<u>7,478</u>	<u>3,795</u>
		<u>194,922</u>	<u>112,114</u>
Interest received		61,871	55,075
Interest paid		<u>(35,412)</u>	<u>(31,237)</u>
		<u>26,459</u>	<u>23,838</u>
<b>Net cash from operating activities</b>		<u>216,858</u>	<u>128,646</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of investment securities		(475,265)	(250,468)
Proceeds from sale of investment securities		262,174	198,828
Additions to furniture and equipment and computer software	11,12	(224)	(1,998)
Proceeds from sale of furniture and equipment		<u>-</u>	<u>1</u>
<b>Net cash used in investing activities</b>		<u>(213,315)</u>	<u>(53,637)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	26	153,060	155,829
Repayments of borrowings	26	(154,053)	(196,518)
Dividends paid	27	<u>(1,330)</u>	<u>(2,330)</u>
<b>Net cash used in financing activities</b>		<u>(2,323)</u>	<u>(43,019)</u>
<b>Net increase in cash and cash equivalents</b>		1,220	31,990
Effect of exchange rate fluctuations on cash and cash equivalents held		(277)	111
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>94,325</u>	<u>62,224</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u>95,268</u>	<u>94,325</u>

*The accompanying notes on pages 10 to 101 are an integral part of these financial statements.*

# DEVELOPMENT FINANCE LIMITED

## Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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### 1. General Information

Development Finance Limited (DFL or the Company) is an independent private limited liability company with the following shareholding:

Maritime Life (Caribbean) Limited	37.73% (2024: 17.08%)
Minister of Finance (Corporation Sole)	37.36% (2024: 49.75%)
Maritime General Insurance Company Limited	24.91% (2024: 33.17%)

The address of the Company's registered office is 10 Cipriani Boulevard, Port of Spain.

The Company's principal activities are those of lenders, foreign exchange dealers, debt and equity capital market arrangers, securities dealers and investment and financial advisors to commercial, corporate, industrial, sovereign and institutional entities in Trinidad and Tobago and the wider Caribbean region.

The Company was incorporated in the Republic of Trinidad and Tobago and is registered under the Companies Act, 1995 and under the Securities Act (2012) as a, Broker-Dealer and an Underwriter. The Company has been granted Authorised Dealer status under the Exchange Control Act and can accept deposits, grant credit facilities and otherwise deal in foreign currency as it is licensed under the Financial Institutions Act (FIA) 2008 to carry out the classes of business listed below:

i	acceptance/confirming house	iv	merchant banking
ii	finance house	v	mortgage lending
iii	leasing	vi	financial services.

### 2. Basis of Preparation

#### (a) *Basis of accounting*

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### (b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Net defined benefit asset is measured as the fair value of the plan assets less the present value of the defined benefit obligation, as explained in Note 3(g); and
- Financial assets at fair value through other comprehensive income (FVOCI) and profit or loss (FVTPL)

#### (c) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Trinidad and Tobago dollars, which is the Company's functional and presentation currency. Except as otherwise indicated, financial information presented has been rounded to the nearest thousand.

## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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#### 2. Basis of Preparation (continued)

##### *(d) Use of estimates and judgements*

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are identified below:

Accounting Policy 3(b)(ix)	Impairment of financial instruments: and Note 8 and 9 determination of inputs into the ECL measurement model.
Accounting Policy 3 (b)(v)	Measurement of the fair value of financial instruments with significant unobservable inputs are disclosed in Note 5.
Accounting Policy 3(g)	Measurement of defined benefit obligations: key actuarial assumptions (Note 14).

##### *(e) New, revised 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 Company has assessed them and has adopted those which are relevant to its financial statements:

- Lack of Exchangeability (*Amendments to IAS 21, The Effects of Changes in Foreign exchange Rates*) were effective from January 1, 2025. The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- Amendments to the SASB Standards to enhance their international applicability were effective from January 1, 2025. The amendments remove and replace jurisdiction specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.

The adoption of these amendments did not have any impact on the financial statements.

# DEVELOPMENT FINANCE LIMITED

## Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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### 3. Material Accounting Policies

The Company continually applied the following accounting policies to all periods presented in these financial statements.

#### *(a) Foreign currency*

Transactions in foreign currencies are translated into the respective functional currencies at the rates of exchange at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign exchange differences arising on the translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation (of equity investments in respect of which an election has been made to present subsequent changes in fair value) is recognised in OCI.

#### *(b) Financial instruments*

Financial instruments comprise balances with related parties, cash and cash equivalents, statutory deposits with Central Bank, investment securities, loans and advances to customers, other assets, borrowings, customers' deposits and other liabilities.

##### *(i) Recognition*

The Company initially recognises loans and advances to customers, deposits and debt securities on the date at which they are originated. All other financial instruments (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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### 3. Material Accounting Policies (continued)

#### (b) *Financial instruments* (continued)

##### (i) *Recognition* (continued)

A financial asset or financial liability is measured initially at fair value, for an item not at fair value through profit or loss plus 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. The fair value of a financial instrument on initial recognition is generally its transaction price.

##### (ii) *Classification*

###### Financial assets

On initial recognition, the Company classifies its financial assets as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit and 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 Company 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. The Company has made an irrevocable election at the time of initial recognition to account for equity investments at FVOCI.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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### 3. Material Accounting Policies (continued)

#### (b) *Financial instruments* (continued)

##### (ii) *Classification* (continued)

###### Business model assessment

The Company 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 Company'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.

###### Financial liabilities

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

##### (iii) *Derecognition*

The Company derecognises 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 Company 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 derecognised), 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 recognised in profit or loss.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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### 3. Material Accounting Policies (continued)

#### *(b) Financial instruments* (continued)

##### *(iii) Derecognition* (continued)

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment in an equity instrument.

The Company enters into transactions whereby it transfers assets recognised on its 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 derecognised. 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 Company neither retains nor transfers substantially all of the risks and reward of ownership of a financial asset and it retains control of the financial asset, the Company continues to recognise 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 Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

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

###### Financial assets

If the terms of a financial asset are modified, then the Company 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.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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### 3. Material Accounting Policies (continued)

#### *(b) Financial instruments* (continued)

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

###### Financial liabilities

The Company 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 amortised 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 assets 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 Company has access at that date.

Where the instrument is not actively traded or quoted on recognised 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.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

December 31, 2025

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### 3. Material Accounting Policies (continued)

#### *(b) Financial instruments* (continued)

##### *(v) Measurement* (continued)

##### Financial assets (continued)

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 recognised in profit or loss. Interest income from these financial assets is included in interest income using the effective interest rate method.

Where the Company's management has elected to present fair value changes on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payment is established. Impairment losses (and reversal of impairment losses) on equity investments at FVOCI are not reported separately from other changes in fair value.

##### Financial liabilities

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

##### *(vi) Amortised cost measurement*

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

## DEVELOPMENT FINANCE LIMITED

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### 3. Material Accounting Policies (continued)

#### *(b) Financial instruments* (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 Company recognizes loss allowances on a forward looking basis for expected credit losses on the following financial instruments that are not measured at FVTPL:

- financial assets measured at amortised cost;
- financial assets that are debt instruments classified as FVOCI; and
- loan commitments issued.

No impairment loss is recognized on equity investments.

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

12-month ECL are the portion of ECL 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 ECL is recognized are referred to as 'Stage 1 financial instruments'.

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### 3. Material Accounting Policies (continued)

#### (b) *Financial instruments* (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’.

‘Stage 3 Financial instruments’ that are considered to be credit -impaired, the allowance for credit losses captures the lifetime ECL, similar to Stage 2.

##### Measurement of ECL

ECL 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 (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive); and
- credit impaired financial assets are assessed separately from the non-credit impaired financial assets. The Company assesses the present value of estimated future cashflows to compare against the gross carrying amount of the financial asset to determine the impairment.

##### 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 ECL are measured as follows:

- 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.

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### 3. Material Accounting Policies (continued)

#### (b) *Financial instruments* (continued)

##### (ix) *Impairment* (continued)

###### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit impaired.

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 Company.
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to ‘Stage 3’. Note 4(ii)(d) details how the Company determines whether there has been a SICR.

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 Company on terms that the Company 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.

## DEVELOPMENT FINANCE LIMITED

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### 3. Material Accounting Policies (continued)

#### (b) *Financial instruments* (continued)

##### (ix) *Impairment* (continued)

##### Credit-impaired financial assets (continued)

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

- 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 amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a deduction for the appropriate financial instrument;

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Notes to the Financial Statements

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### 3. Material Accounting Policies (continued)

#### (b) *Financial instruments* (continued)

##### (ix) *Impairment* (continued)

###### Presentation of allowance for ECL in the statement of financial position (continued)

- where a financial instrument includes both a drawn and an undrawn component and the Company. The Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised 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 recognised in the revaluation 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 Company 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 (loss) gain on financial instruments' in the statement of profit or loss and OCI.

##### (x) *Designation at fair value through profit or loss*

The Company has designated financial assets and financial liabilities at fair value through profit or loss in either of the following circumstances:

- a. The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- b. The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Note 19 sets out the amount of each class of financial asset or financial liability.

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Notes to the Financial Statements

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### 3. Material Accounting Policies (continued)

#### *(c) Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at banks and other short-term highly liquid investments with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

#### *(d) Loans and advances to customers*

##### *(i) Recognition*

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments, other than investment securities, that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. Loans and advances to customers are classified as loans and receivables. Loans and advances are initially measured at fair value plus incremental direct transaction costs and subsequent to initial recognition loans and advances are measured at amortised cost using the effective interest method.

##### *(ii) Classification of impaired loans*

A loan or any other financial asset is classified as impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact (that can be estimated reliably) on the future cash flows.

Impairment indicates that it is probable that the lender will be unable to collect all amounts due according to the terms of the loan agreement. Unless the loan is fully secured by readily marketable collateral and there is objective evidence that provides reasonable assurance of timely repayment of principal and interest, the Company will determine whether there is objective evidence of an impairment loss by using the following criteria: Arrears of either principal or interest for more than 3 months (90 days);

- Indications of insolvency proceedings;
- Un-resolved breaches in loan covenants;
- Adverse economic conditions that correlate historically with defaults in the Company affecting a group of assets including deterioration in the value of collateral.

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### 3. Material Accounting Policies (continued)

#### (d) *Loans and advances to customers* (continued)

##### (ii) *Classification of impaired loan* (continued)

###### *Loans recoverable*

A loan that is in the process of collection may be classified separately in “Collateral-dependent loans” as it is not impaired if the collection process is intended to be irreversible and the loan is fully secured by readily marketable collateral that based on objective, independent evidence provides adequate assurance of recovery of the loan. The present value of the estimated future cash flows of a collateral dependent loan includes the cash flows that may result from the realisation of collateral, net of expenses.

Impaired loans may be reclassified as unimpaired based on events occurring after impairment was recognised that justify a reasonable expectation that payments of principal and interest will be made in a timely manner based on a detailed evaluation of the borrower’s financial condition by Management and evidence that:

- (a) Payment of all past due principal and interest has been received and none of the principal and interest is due and unpaid.
- (b) Payments have been received regularly for a reasonable period of time and payments are expected to be made as scheduled.

Loans that are subject to impairment assessment and whose terms have been renegotiated in accordance with standard terms for new loans are no longer considered past due but are treated as new loans.

##### (iii) *Loans with re-negotiated terms*

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 derecognised. If the cash flows of the renegotiated asset 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 derecognised and the new financial asset is recognised at fair value. The impairment loss before an expected restructuring is measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial asset.

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### 3. Material Accounting Policies (continued)

#### (d) *Loans and advances to customers* (continued)

##### (iii) *Loans with re-negotiated terms* (continued)

- 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. This amount is discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

#### (e) *Investment securities*

Investment securities primarily comprise government bonds and other registered securities. These investments are classified as follows:

- debt investment securities measured at amortised cost- these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity instrument securities mandatorily measured at FVTPL or designated as at FVTPL;
- debt securities measured as at FVOCI;
- equity investment securities designated 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 amortised cost:

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

When 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) Borrowings, fixed deposits and repurchase agreements*

Borrowings is one of the Company's sources of debt funding. Borrowings are initially measured at fair value plus incremental direct transaction costs and are subsequently measured at amortised cost using the effective interest method.

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Any difference between proceeds net of transaction costs and the redemption value is recognised in profit or loss.

Preference shares with mandatory redemptions are classified as a financial liability and are reported at fair value through profit or loss. The Company's preference shares are included in equity as the dividends are not obligatory and the declaration of dividend is at the sole discretion of the Company.

Fixed deposits are a source of funds for the Company. Deposits are initially measured at fair value and subsequently measured at their amortised cost using the effective interest method.

When the Company sells a financial asset and simultaneously enters into an agreement to repurchase its assets at a fixed price on a future date (sale and repurchase agreement), the arrangement is accounted for as a borrowing, and is recognised in the statement of financial position as a payable under a sale and repurchase agreement. Sale and repurchase agreements are subsequently measured at amortized cost.

#### *(g) Employee benefits*

Retirement benefits for employees are provided by a defined benefit scheme, the assets of which are held in a separate trustee-administered fund. The pension plan is funded by contributions from the Company and the employees taking account the recommendations of independent qualified actuaries.

##### *(i) Defined benefit plans*

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

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

##### *(g) Employee benefits* (continued)

###### *(i) Defined benefit plans* (continued)

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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 recognised immediately in OCI. The Company 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 expenses related to defined benefit plans are recognised 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 recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

###### *(ii) Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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### 3. Material Accounting Policies (continued)

#### **(g) Employee benefits** (continued)

##### *(iii) Defined contribution plan*

The Company also operates a defined contribution pension plan (the Plan) which covers employees employed after 2015. The Company's contribution expense in relation to this Plan for the year amounts to \$107 thousand (2024: \$136 thousand).

#### **(h) Other assets and liabilities**

Other assets are debt obligations owed to the Company by its clients for services provided that have been delivered but not yet paid for, and prepayments paid by the Company in advance for goods and services being received subsequently.

Other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other liabilities are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

#### **(i) Interest**

##### *i. Effective interest rate*

Interest income and expense are recognised 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:

- I. the gross carrying amount of the financial asset; or
- II. the amortised cost of the financial liability.

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

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### Notes to the Financial Statements

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### 3. Material Accounting Policies (continued)

#### (i) Interest (continued)

##### i. Effective interest rate (continued)

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 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.

##### ii. 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 a financial 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 amortised 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.

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 amortised 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 amortised 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.

##### iii. Presentation

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

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

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Notes to the Financial Statements

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### 3. Material Accounting Policies (continued)

#### (i) Interest (continued)

##### iii. Presentation (continued)

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

- interest on financial liabilities measured at amortised cost;

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in other income.

Cash flows related to capitalised interest are presented in the statement of cash flows consistently with interest cash flows that are not capitalised.

#### (j) Fees and commissions

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period. Other fees and commission expense relate mainly to transactions and service fees which are expensed as the services are received.

#### (k) Taxation

The Company is exempt from taxation under the Corporation Tax Act, Chapter 75.02 as amended. However, the Company is required to pay Green Fund Levy which is disclosed in general overheads and corporate expenses in profit or loss.

#### (l) Dividends

Dividends are recognised as a liability in the financial statements in the period in which the dividends are approved by the Board of Directors.

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### 3. Material Accounting Policies (continued)

#### *(m) New and amended standards but 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 Company has not early-adopted. The Company has assessed them with respect to its operations and has determined that the following is relevant:

- IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, is effective for annual reporting periods beginning on or after January 1, 2024 (with earlier application permitted as long as IFRS S2 *Climate-related Disclosures* is also applied).

IFRS S1 requires an entity to disclose information about its sustainability-related risks and opportunities that are useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity.

The standard also requires entities to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S1 prescribes how an entity prepares and reports its sustainability-related financial disclosures and sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making decisions relating to providing resources to the entity.

Under the standard, entities are required to provide disclosures about the governance processes, controls and procedures, strategies and processes the entity uses to monitor, manage and oversee sustainability-related risks and opportunities, as well as, the entities performance and progress towards any targets the entity has set or is required to meet by law or regulation.

- IFRS S2 *Climate-related Disclosures*, is effective for annual reporting periods beginning on or after January 1, 2024 (with earlier application permitted as long as IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* is also applied).

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### 3. Material Accounting Policies (continued)

#### *(m) New and amended standards but not yet effective* (continued)

- IFRS S2 *Climate-related Disclosures* (continued)

IFRS S2 requires entities to disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity. The standard also requires entities to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects). IFRS S2 applies to climate-related physical risks; climate-related transition risks; and climate-related opportunities available to an entity.

IFRS S2 sets out the requirements for disclosing information about an entity's climate-related risks and opportunities. Under the standard, entities are required to provide disclosures about the governance processes, controls and procedures, strategies and processes the entity uses to monitor, manage and oversee climate-related risks and opportunities, as well as, the entities performance and progress towards any targets the entity has set or is required to meet by law or regulation.

- Annual improvements to IFRS Accounting Standards effective January 1, 2026:
  - Amendments to IFRS 9 and IFRS 7 address matters identified during post-implementation review of the classification and measurement of IFRS 9 Financial Instruments.
  - Amendments to IFRS 9 and IFRS 7 enabling nature-dependent electricity contract to be better reflected in the financial statements. The amendments clarify the application of own use exemptions to these contracts, amend hedge accounting and introduce disclosure requirements to enable investors to understand the impacts of these contracts on a company's financials performance and future cashflows.
  - Annual improvements to IFRS Accounting Standards – Volume 11- Annual improvements are limited to minor changes in an accounting standard. Amendments are to IFRS 1 *First-time Adoption of International Financial Reporting Standards*; IFRS 7 *Financial Instruments: Disclosures*; IFRS 9 *Financial Instruments*; IFRS 10 *Consolidated Financial Statements* and IAS 7 *Statement of Cash Flows*.

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### 3. Material Accounting Policies (continued)

#### *(m) New and amended standards but not yet effective* (continued)

- IFRS 18 Presentation and Disclosure in Financial Statements, is effective for annual reporting periods beginning on or after January 1, 2027.

IFRS 18 also requires companies 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 ‘most 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 a Company 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, companies 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.

Companies are discouraged from labelling items as ‘other’ and will now be required to disclose more information if they continue to do so.

The Company is assessing the impact that these standards and amendments may have on its future financial statements. IFRS S1 and S2 are subject to local adoption by local regulations.

### 4. Financial Risk Management

#### Introduction and overview

The Company’s Mission, and the characteristics of the economies in which it operates, makes credit concentrations from time to time unavoidable, in particular, risk inherent in small and medium-sized enterprises (SME risk). Capital risk management is a critical component of financial soundness and cost of capital.

The Company has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risks
- Operational risk
- Climate related risk

This note presents information about the Company’s objectives, policies and processes for measuring and managing risk.

## DEVELOPMENT FINANCE LIMITED

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### 4. Financial Risk Management (continued)

#### **Risk Management Framework**

The Board of Directors (the Board) ensures that suitably qualified management and senior staff review and implement the Company's risk management policies that are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits and report to the Board, which has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The Company's Board Audit and Risk Committee has oversight responsibility for risk management, reviews the adequacy of the risk management framework in relation to the risks faced by the Company and reports to the Board on compliance with the Company's risk management policies and procedures.

#### **(i) Portfolio SME concentration risk**

The Company's risk profile is elevated because its loans are mainly in small and medium-sized enterprises (SME). These are vulnerable to interruptions in the supply chain due to transport facilities, weather, utilities, licensing regimes and natural disasters such as hurricanes and flooding as well as changes in customer preferences due to global influences and variable household incomes. It is noteworthy that the majority of SME loans are to segments that are stable or growing (e.g. distributive trade, real estate, manufacturing and services).

This risk is highly correlated with "Country risk" in terms of governance, economic conditions and the operation of markets. Country risk, as defined in our Risk Policy, focusses on the following main areas: economic risk, political risk and nationalization, expropriation, convertibility and transferability (NECT) risk. Economic risk, as indicated by the name, relates to the risk of loss associated with downturn in the economy of the country; this is a credit risk and is captured in that area accordingly. Political risk is the risk of loss, whether by default or diminution in investment returns, as a result of political changes or instability in a country. NECT Risk is the risk of, for no apparent reason or with no justification, foreign governments can seize, confiscate or otherwise nationalize or expropriate a company's investment. They can even adopt a series of measures that have the effect of expropriation. In either case, the result is that a firm could lose overseas investments or assets. The correlation between SME risk and Country risk arises from the inability of some countries to increase competitiveness due to delays in improving infrastructure, in delivering appropriately trained entrants to the work force and in creating conditions that allow markets to function effectively. This reduces sustained access by SME to markets and operating finance.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### (i) *Portfolio SME concentration risk* (continued)

The Company manages “Country risk” (as defined above) using conventional country assessments to provide country ratings that are indexed to its assessment of its home country. This, in conjunction with detailed individual assessment, facilitates the determination of a credit score that in turn ultimately influences the pricing of loans.

##### (ii) *Credit risk*

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

##### *Settlement risk*

The Company’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 honor its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions the Company 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.

##### *Management of Credit Risk*

The Company’s Board is responsible for managing credit risk along with the Chief Executive Officer who is responsible for implementing the credit and risk management policy approved by the Board which relies on oversight by the Board’s Audit and Risk Committee. Specific management measures include:

- Ensuring that suitably qualified staff is adequately trained in various aspects of credit risk management and providing advice, guidance and specialist skills and training to business units to promote sound techniques and practices.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### (ii) *Credit risk* (continued)

##### *Management of Credit Risk* (continued)

- Formulating credit policies covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- The authorisation structure for the approval of credit and related decisions.
- Limitation of credit concentrations, industry and country risk exposure and reviewing compliance of business units with agreed exposure limits and the credit quality of local portfolios and ensuring that appropriate corrective action is taken where required.
- Developing and maintaining the Company's risk rating and pricing systems and its procedures for determining impairment loss.

Management also deals with credit risk as follows:

- Management evaluates business proposals using a three-tiered approach that centres on the business enterprise, the macroeconomic and industry environment in which it will operate and the likely effects those factors as well as continuing assessment of key success factors and credit criteria. The results of the evaluations and management's insights and judgements provide the inputs for the credit scoring/risk rating model that takes Country risk and likely loss given default, based on exposure at default, into account to determine the eventual business risk rating (BRR). The security is also evaluated on a separate scale to determine a facility security risk rating (FSRR). Both are then combined to determine the overall composite facility risk rating (CFRR). The eventual loan pricing is then derived from the CFRR. Since the model centers on a normal risk threshold, scores that are higher than statistically derived normal ranges are subject to independent review.
- Management monitors "Business enterprise risk" by regularly reviewing the performance of companies in its portfolio and review and risk reassessment of all processes and operations in all functional areas of the company.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### (ii) Credit risk (continued)

###### *Management of Credit Risk (continued)*

Management also deals with credit risk as follows:

- The Company's credit risk is managed primarily at source by the Management and reviewed by the Audit and Risk Committee and the Board.
- The Company has its own internal self-assessment and risk management controls. Loan operations and loan management services are segregated from loan origination and credit appraisal responsibilities.

##### (a) Collateral against loans and advances

The Company holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets and guarantees.

The estimate of fair value is based on a present value of the collateral using a 1 year recovery period minus 10% realisation expenses. Collateral usually is not held against investment securities, and no such collateral was held at December 31, 2025 (2024: Nil).

The Company'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 Company since the prior period.

##### (b) Credit concentration risk

A risk concentration refers to aggregate exposure to any group of counterparties having similar characteristics that would cause their ability to meet contractual obligations to be affected by similar events including changes in market, industry or economic or other conditions.

While concentrations can improve yields, such aggregate exposure could produce losses large enough to threaten the financial soundness of the Company. Accordingly, concentration of risk in the loan portfolio is measured in terms of capital and reserves.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### *(ii) Credit risk* (continued)

##### *(b) Credit concentration risk* (continued)

The probability of incidence and likely impact arising from risk concentrations are both variable and uncertain especially since most of its loans and investments are long term. Risk concentrations of varying types are unavoidable because of the structure, size and characteristics of the economies in which the Company operates and the limitations of small and medium-sized enterprises but are mitigated by the regulatory and internal risk framework which sets obligor and industry exposure limits.

The Company's concentration risk management strategy includes the following measures:

1. Identification of likely areas of concentration and assessment of the joint probabilities of default using suitable methodologies and data, where available, and appropriate judgement based on reasonableness in the light of experience.
2. The Board approves aggregate credit limits, in terms of capital and reserves, based on objective criteria and analyses regarding:
  - a. Significant exposures to an individual counterparty or group of related counterparties;
  - b. Credit exposures to counterparties in the same economic or industry sector; and
  - c. Credit exposures within the same national economies.
3. Establishment of appropriate capital structures and risk-sharing arrangements to carry on lending and investment operations in national economies that have vulnerabilities or resource constraints.
4. The Company's technical capability and availability of resources to manage its traditional portfolio concentration are reviewed periodically, including access to industry-specific expertise.

# DEVELOPMENT FINANCE LIMITED

## Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### (ii) Credit risk (continued)

##### (b) Credit concentration risk (continued)

The following table summarizes the sector risk concentration in the loan portfolio.

	<u>2025</u>		<u>2024</u>	
	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>%</u>
Manufacturing	5,832	4	11,654	9
Distribution	2,341	2	867	1
Tourism	18,739	14	24,297	18
Real estate	45,600	33	44,227	32
Industrial and commercial services	61,957	45	54,902	39
Consumer	2,909	2	1,015	1
	<u>137,378</u>	<u>100</u>	<u>136,962</u>	<u>100</u>

##### Sectoral analysis of loan commitments

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Industrial and commercial services	<u>762</u>	<u>5,569</u>

##### (c) Geographical concentrations of assets and liabilities

	<u>Total Assets</u>		<u>Total Liabilities</u>	
	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>%</u>
<b>As at December 31, 2025</b>				
Trinidad and Tobago	1,071,295	76	1,005,248	90
Eastern Caribbean	34,879	2	54,428	5
Guyana and Suriname	7,769	1	-	-
European Union	16,545	1	-	-
North and South America	<u>279,116</u>	<u>20</u>	<u>55,258</u>	<u>5</u>
<b>Total</b>	<u>1,409,604</u>	<u>100</u>	<u>1,114,934</u>	<u>100</u>

##### **As at December 31, 2024**

Trinidad and Tobago	895,797	76	739,658	83
Eastern Caribbean	35,362	3	61,365	7
Guyana and Suriname	7,666	1	4,096	-
European Union	14,659	1	-	-
North and South America	<u>219,380</u>	<u>19</u>	<u>93,797</u>	<u>10</u>
<b>Total</b>	<u>1,172,864</u>	<u>100</u>	<u>898,916</u>	<u>100</u>

## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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#### 4. Financial Risk Management (continued)

##### Risk Management Framework (continued)

##### (ii) Credit risk (continued)

##### (d) Credit quality analysis

##### *Exposure to credit risk*

The Company's maximum exposure to credit risk before collateral held or credit enhancements is detailed below:

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
<b><i>Credit risk recognised on the statement of financial position</i></b>		
Cash and cash equivalents	95,268	94,325
Deposits with Central Bank	64,605	45,850
Loans and advances to customers	137,378	136,962
Due from related parties	1,421	1,421
Investment securities (excluding equities)		
- Debt instruments measured at FVOCI	88,658	66,346
- Debt instruments measured at amortised cost	944,354	749,045
- Investments at FVTPL	2,859	4,137
Other assets	3,147	3,562
	<u>1,337,690</u>	<u>1,101,648</u>
<b><i>Credit risk not recognised on the statement of financial position</i></b>		
Undrawn credit commitments	<u>762</u>	<u>5,569</u>
Total credit risk exposure	<u>1,338,452</u>	<u>1,107,217</u>

##### *Investment securities*

The credit quality of debt instruments as well as loan commitments are all classified as "Rating 5L - 5H: low-very low credit risk".

##### *Cash and cash equivalents and due from related parties*

Cash and cash equivalents are held with reputable financial institutions and collateral is held for amounts due from the related party.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### (ii) Credit risk (continued)

##### (d) Credit quality analysis (continued)

The following table sets out information about the credit quality of financial assets measured at amortised cost, without taking into account collateral/other credit enhancement. Unless specifically indicated, for financial assets, the amount in the table represent gross carrying amounts. Explanation of terms “Stage 1”, “Stage 2” and “Stage 3” is included in Note 3(b)(ix).

##### Maximum credit exposure

	<u>2025</u>		
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Loans and Advances to customers</b>			
Rating 4L - 4H: moderate credit risk	26,318	10,995	37,313
Rating 3L - 3H: acceptable-substantial credit	<u>91,270</u>	-	<u>91,270</u>
Total	117,588	10,995	128,583
Less: ECL allowance	<u>(116)</u>	-	<u>(116)</u>
Carrying amount	<u>117,472</u>	<u>10,995</u>	<u>128,467</u>

There were no stage 3 loans and advances to customers.

**DEVELOPMENT FINANCE LIMITED**

Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)***4. Financial Risk Management (continued)****Risk Management Framework (continued)****(ii) Credit risk (continued)****(d) Credit quality analysis (continued)***Maximum credit exposure*

	<b>2025</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Investment securities</b>				
Rating 5L - 5H: low- very low credit risk	9,562	1,693	-	11,255
Rating 4L - 4H: moderate credit risk	773,394	-	-	773,394
Rating 3L - 3H: acceptable-substantial credit	195,467	-	-	195,467
Rating 2L-2H: High credit risk	34,284	-	-	34,284
Rating NR: Very high credit risk	1,420	-	1,354	2,774
Total	1,014,127	1,693	1,354	1,017,174
Less: ECL allowance	(2,835)	(290)	(1,271)	(4,396)
Carrying amount	<u>1,011,292</u>	<u>1,403</u>	<u>83</u>	<u>1,012,778</u>

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

#### (ii) Credit risk (continued)

#### (d) Credit quality analysis (continued)

#### Maximum credit exposure (continued)

	<u>2024</u>		
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Loans and Advances to customers</b>			
Rating 5L - 5H: low-very low credit risk	4,650	-	4,650
Rating 4L - 4H: moderate credit risk	22,288	11,535	33,823
Rating 3L - 3H: acceptable-substantial credit	<u>89,969</u>	-	<u>89,969</u>
Total	116,907	11,535	128,442
Less: ECL allowance	<u>(102)</u>	-	<u>(102)</u>
Carrying amount	<u>116,805</u>	<u>11,535</u>	<u>128,340</u>

There were no stage 3 loans and advances to customers.

**DEVELOPMENT FINANCE LIMITED**

Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)***4. Financial Risk Management (continued)****Risk Management Framework (continued)****(ii) Credit risk (continued)****(d) Credit quality analysis (continued)*****Maximum credit exposure (continued)***

	<b>2024</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Investment securities</b>				
Rating 5L - 5H: low-very low credit risk	9,035	1,215	-	10,250
Rating 4L - 4H: moderate credit risk	224,537	-	-	224,537
Rating 3L - 3H: acceptable-substantial credit	535,366	-	-	535,366
Rating 2L-2H: High credit risk	27,676	-	-	27,676
Rating NR: very high credit risk	3,656	-	1,354	5,010
Total	800,270	1,215	1,354	802,839
Less: ECL allowance	(2,735)	-	(1,253)	(3,988)
Carrying amount	<u>797,535</u>	<u>1,215</u>	<u>101</u>	<u>798,851</u>

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### *(ii) Credit risk* (continued)

##### *(e) Amounts arising from ECL*

Inputs, assumptions and techniques used in estimating impairment are described below:

##### *Significant increase in credit risk*

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Company uses three criteria for determining whether there has been a significant increase in credit risk:

- Quantitative test based on movement in PD;
- Quantitative indicators; and
- A backstop of 30 days past due.

##### *Credit risk grades*

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement.

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

# DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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## 4. Financial Risk Management (continued)

### Risk Management Framework (continued)

#### (ii) Credit risk (continued)

##### (e) Amounts arising from ECL (continued)

##### *Credit risk grades (continued)*

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit deteriorates so, for example, the difference in risk of default between credit risk grades 5H and 5L is smaller than the difference between credit risk grades 3M and 3L.

Each exposure is allocated to a credit risk rating on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk rating band. The monitoring typically involves use of the following data:

##### *Corporate and Commercial Exposures*

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are; gross profit margin, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, key management changes, etc.
- Data from credit reference agencies, press articles, changes in external credit ratings (where applicable), etc.
- Actual and expected significant changes in the financial, economic, political, regulatory and technological environment of the borrower and/or in its business activities;
- Payment records inclusive of overdue status (where applicable);

# DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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## 4. Financial Risk Management (continued)

### Risk Management Framework (continued)

#### (ii) Credit risk (continued)

##### (e) Amounts arising from ECL (continued)

##### *Corporate and Commercial Exposures (continued)*

- Utilisation of approved credit facilities;
- Requests for and granting of forbearance inclusive of adjustments to previously agreed terms and conditions

The table below provides an indicative mapping of how the Company's internal credit risk grades relate to PD and, for the corporate portfolio.

The corporate portfolio of the Company is comprised of loans and advances to corporates and other businesses.

<b>Internal Rating</b>	<b>12-month average PD (%)</b>
Rating 5L - 5H: low-very low credit risk	0.008
Rating 4L - 4H: moderate credit risk	0.18
Rating 3L - 3H: acceptable-substantial credit risk	3.34
Rating 2L- 2H : high credit risk	19.00
Rating NR – Very high credit risk	57.5

##### *Generating the term structure of PD*

Credit risk grades are primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

The Company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

# DEVELOPMENT FINANCE LIMITED

## Notes to the Financial Statements

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### (ii) Credit risk (continued)

##### (e) Amounts arising from ECL (continued)

##### *Determining whether credit risk has increased significantly*

The Company assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region. What is considered significant differs for different types of lending.

As a general indicator, credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company's quantitative modelling:

- The remaining lifetime PD is determined to have increased by more than 5% of the corresponding amount estimated on initial recognition.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Company's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgement and relevant historical experiences.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Past due is determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is any evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument return to being measured as a 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Company determines a probation period during which the financial assets required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

# DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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## 4. Financial Risk Management (continued)

### Risk Management Framework (continued)

#### (ii) Credit risk (continued)

##### (e) Amounts arising from ECL (continued)

##### *Determining whether credit risk has increased significantly (continued)*

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- The criteria is capable of identifying significant increases in credit risk before an exposure is in default;
- The criteria do not align with the point in time when an asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable;
- Exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- There is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

##### (i) Definition of default

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held);
- The borrower is more than 90 days past due on any material credit obligation to the Company; or
- It is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Company considers indicators that are:

- Qualitative: e.g. breaches of covenant;
- Quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Company; and
- Based on data developed internally and obtained from external sources.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### *(ii) Credit risk* (continued)

##### *(e) Amounts arising from ECL* (continued)

##### *(i) Definition of default* (continued)

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

##### *(ii) Incorporation of forward-looking information*

The Company incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the movement of ECL.

In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers and adjusts for forward looking macroeconomic rates.

The Company formulates three economic scenarios: a base case, which is the central scenario and two less likely scenarios, a progressive scenario which is an upside and an adverse scenario which is a downside. The Company central scenario is aligned with information used by the Company for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by the government and monetary authorities where the Company operates.

##### Loans

For loans, the macroeconomic factors used include GDP growth, unemployment rate, and crude oil production. These factors are chosen based on expert judgment and their potential impact on ECL provisions. Potential scenarios, base, progressive and adverse are assigned weights based on management's judgement of probability of each scenario occurring. Final Forward-Looking Factor score is estimated and multiplied with estimated 1 year ECL to calculated forward looking provisions.

# DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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## 4. Financial Risk Management (continued)

### Risk Management Framework (continued)

#### (ii) Credit risk (continued)

##### (e) Amounts arising from ECL (continued)

##### (ii) Incorporation of forward-looking information (continued)

#### Investments

For investments, DFL considers Bloomberg DRSK's estimated probability term structure. These PDs incorporate forward looking information.

The scenario probability weightings applied in measuring the ECL are as follows:

	<u>2025</u>			<u>2024</u>		
	Upside	Central	Downside	Upside	Central	Downside
Scenario probability weighting	20%	60%	20%	20%	60%	20%

Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios.

The Company has identified key drivers of credit risk and credit losses for financial instruments and, using an analysis of historical data, has estimated relationship between macro-economic data variables and credit risk and credit losses.

The key drivers for credit risk are GDP growth, unemployment rate and oil production. Each macro-economic factor is graded as positive, stable or negative. Each scenario is weighted by the probability of occurring based on management's judgement.

# DEVELOPMENT FINANCE LIMITED

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## 4. Financial Risk Management (continued)

### Risk Management Framework (continued)

#### (ii) Credit risk (continued)

##### (e) Amounts arising from ECL (continued)

##### (i) Incorporation of forward-looking information (continued)

The table below lists the macroeconomic assumptions used in the base, upside and downside scenarios. The assumptions represent the absolute percentage.

#### As at 31 December 2025

	<u>GDP growth</u>	<u>Unemployment rate</u>	<u>Oil production</u>
Base assumption	1.0%	1.0%	1.6%
Upside assumption	0.75%	0.75%	0.75%
Downside assumption	1.6%	1.6%	1.6%

#### As at 31 December 2024

	<u>GDP growth</u>	<u>Unemployment rate</u>	<u>Oil production</u>
Base assumption	1.0%	1.0%	1.6%
Upside assumption	0.75%	0.75%	0.75%
Downside assumption	1.6%	1.6%	1.6%

#### Sensitivity of ECL to future economic conditions

The ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognized on material classes of its assets.

##### (ii) Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at a fair value in accordance with the accounting policy set out in Note 3(d)(iii).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- Its remaining lifetime PD at the reporting date based on the modified terms; with;

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## 4. Financial Risk Management (continued)

### Risk Management Framework (continued)

#### (ii) Credit risk (continued)

##### (e) Amounts arising from ECL (continued)

##### (ii) Modified financial assets (continued)

- The remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Company renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. This is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

For financial assets modified, the estimate of PD reflects whether the modification has improved or restored the Company's ability to collect interest and principal and the Company's previous experience. As part of this process, the Company evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, re-negotiated terms is a qualitative indicator of a significant increase in credit risk and an expectation of default may constitute evidence that an exposure is credit-impaired (see Note 3(b)(ix)). A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1.

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## 4. Financial Risk Management (continued)

### Risk Management Framework (continued)

#### (ii) Credit risk (continued)

##### (f) Expected credit loss allowance

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading 'Generating the term structure of PD'.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### (ii) Credit risk (continued)

###### (f) Expected credit loss allowance (continued)

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if for credit risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an advance or terminate a loan commitment or guarantee.

The Company can cancel them with immediate effect, but this contractual right is not enforced in the normal day-to-day management, but only when the Company becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Company expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- Instrument type;
- Credit risk gradings;
- Collateral type;
- LTV ratio for retail mortgages;
- Date of initial recognition;
- Remaining term to maturity;
- Industry; and
- Geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the Company has limited historical data, external benchmark information is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows:

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### (ii) Credit risk (continued)

##### (f) Expected credit loss allowance (continued)

External benchmarks used:

	<b>Exposure</b>	<b>PD</b>	<b>LGD</b>
	<b>\$'000</b>		
<b>As at December 31, 2025</b>			
Investments			
- At amortised cost	929,908	Bloomberg	Basel II Foundation
- FVOCI	87,266	DRSK	Approach

	<b>Exposure</b>	<b>PD</b>	<b>LGD</b>
	<b>\$'000</b>		
<b>As at December 31, 2024</b>			
Investments			
- At amortised cost	737,488	Bloomberg	Basel II Foundation
- FVOCI	65,351	DRSK	Approach

The Company assessed credit risk on financial assets classified as “low” which allowed management to measure impairment using a 12-month expected credit loss for qualifying assets. This was also applied to debt securities.

To assess the credit risk on debt securities the Company applies the following methodology:

- Risk ratings for investments is based on the external ratings from S&P or Moody's. Where an investment is unrated, ratings are based on internal assessment mapped to the S&P rating to derive a suitable equivalent credit rating with associated PD. The Company's PD estimation for investments exposures is done using *Bloomberg Credit Risk DRSK* function. Bloomberg Credit Risk DRSK function provides quantitative estimates of an issuer's default probabilities.
- Investments are currently in Stages 1, 2 and 3.

The Company considers Bloomberg DRSK's estimated probability term structure. These PDs incorporate forward looking information.

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## 4. Financial Risk Management (continued)

### Risk Management Framework (continued)

#### (ii) Credit risk (continued)

##### (f) Expected credit loss allowance (continued)

###### Loss allowance

The following table shows reconciliations from opening to the closing balances of the loss allowance by class of financial instrument.

	<u>2025</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Loans and advances to customers</b>				
Balance at January 1	102	-	-	102
Net measurement of loss allowance	3	-	-	3
New financial assets originated or purchased	11	-	-	11
Net profit or loss impact (Note 9)	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>
Balance at December 31	<u>116</u>	<u>-</u>	<u>-</u>	<u>116</u>
<b>2024</b>				
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Loans and advances to customers</b>				
Balance at January 1	31	-	-	31
Net measurement of loss allowance	25	-	-	25
New financial assets originated or purchased	46	-	-	46
Net profit or loss impact (Note 9)	<u>71</u>	<u>-</u>	<u>-</u>	<u>71</u>
Balance at December 31	<u>102</u>	<u>-</u>	<u>-</u>	<u>102</u>



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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### (ii) Credit risk (continued)

##### (f) Expected credit loss allowance (continued)

##### Loss allowance (continued)

The following table shows reconciliations from opening to the closing balances of the loans and advances to customers by class of financial instrument.

	<u>2025</u>		
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Loans and advances to customers</b>			
Balance at January 1	116,907	11,535	128,442
New financial assets originated	22,836	-	22,836
Financial assets that have been derecognised	(22,154)	(540)	(22,694)
Foreign exchange and other movements	(1)	-	(1)
Balance at December 31	<u>117,588</u>	<u>10,995</u>	<u>128,583</u>
	<u>2024</u>		
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Loans and advances to customers</b>			
Balance at January 1	134,318	-	134,318
Transfer to Stage 2	(11,535)	11,535	-
New financial assets originated	24,803	-	24,803
Financial assets that have been derecognised	(30,672)	-	(30,672)
Foreign exchange and other movements	(7)	-	(7)
Balance at December 31	<u>116,907</u>	<u>11,535</u>	<u>128,442</u>

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## 4. Financial Risk Management (continued)

### Risk Management Framework (continued)

#### (ii) Credit risk (continued)

##### (f) Expected credit loss allowance (continued)

Loss allowance\_(continued)

The following table shows reconciliations from opening to the closing balances of the investment debt securities at FVOCI by class of financial instrument.

	<u>2025</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Investment debt securities measured at FVOCI</b>				
Balance at January 1	64,136	1,215	-	65,351
Transfer to Stage 2	(1,693)	1,693	-	-
New financial assets originated	125,452	-	-	125,452
Financial assets that have been derecognised	(102,322)	(1,215)	-	(103,537)
Balance at December 31	<u>85,573</u>	<u>1,693</u>	<u>-</u>	<u>87,266</u>
	<u>2024</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Investment debt securities measured at FVOCI</b>				
Balance at January 1	98,061	2,342	-	100,403
Transfer to Stage 1	1,127	(1,127)	-	-
New financial assets originated	22,495	-	-	22,495
Financial assets that have been derecognised	(57,547)	-	-	(57,547)
Balance at December 31	<u>64,136</u>	<u>1,215</u>	<u>-</u>	<u>65,351</u>

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## Notes to the Financial Statements

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### (ii) Credit risk (continued)

##### (f) Expected credit loss allowance (continued)

##### Loss allowance (continued)

The following table shows reconciliations from opening to the closing balances of the Investment debt securities at amortised cost by class of financial instrument.

	<u>2025</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Investment debt securities measured at amortised cost</b>				
Balance at January 1	736,134	-	1,354	737,488
New financial assets originated	330,785	-	-	330,785
Financial assets that have been derecognized	(138,365)	-	-	(138,365)
Balance at December 31	<u>928,554</u>	<u>-</u>	<u>1,354</u>	<u>929,908</u>
	<u>2024</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Investment debt securities measured at amortised cost</b>				
Balance at January 1	657,502	1,356	-	658,858
Transfer to Stage 3	-	(1,354)	1,354	-
New financial assets originated	161,013	-	-	161,013
Financial assets that have been derecognized	(82,381)	-	-	(82,381)
Foreign exchange and other movements	-	(2)	-	(2)
Balance at December 31	<u>736,134</u>	<u>-</u>	<u>1,354</u>	<u>737,488</u>

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### (ii) Credit risk (continued)

##### (f) *Expected credit loss allowance* (continued)

##### Loss allowance (continued)

##### *Impaired loans and advances and investment securities (debt)*

The Company regards loans and advances or investment debt securities as impaired in the following circumstances:

- There is objective evidence that a loss event has occurred since initial recognition and the loss event has an impact on future estimated cash flows from the asset such that it does not expect to collect all principal and interest due according to the contractual terms of the loan/investment security agreement(s).
- A loan is overdue when more than 90 days in arrears. Impaired loans and advances are in 90 days and over category in the Company's internal credit risk rating system.

Past due but not impaired loans and investment debt securities are those for which contractual interest or principal payments are past due, but the Company believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Company.

##### (g) *Loans with renegotiated terms*

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 3(d)(iii).

The Company renegotiates loans to customers in financial difficulties (referred to as 'restructuring activities') to maximize collection opportunities and minimize the risk of default. Under the Company's restructuring loan policy, loan restructuring is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### *(ii) Credit risk* (continued)

##### *(g) Loans with renegotiated terms* (continued)

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the loan restructuring policy. Restructured loans are reported to the Audit and Risk Committee along with the non-performing loans.

For the purposes of disclosures in these financial statements, 'loans with renegotiated terms' are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Company has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Company had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, earlier repayment or until it is written off.

Irrespective of whether loans with renegotiated terms have been derecognised or not, they remain disclosed as impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and there are no other indicators of impairment.

In respect of some of these loans the Company has made concessions that it would not otherwise consider. During 2025, there were no loans with renegotiated terms or a loan which was re-scheduled or restructured (2024: Nil).

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be impaired when there is evidence that the risk of not receiving contractual cash flows has reduced significantly.

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## 4. Financial Risk Management (continued)

### Risk Management Framework (continued)

#### (ii) Credit risk (continued)

##### (h) Collateral held and other credit enhancements

The Company holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
	2025 %	2024 %	
<b>Loans and advances to corporate customers</b>			
Mortgages	100	100	Commercial property
Loans	100	100	Commercial properties fixed deposits, debentures and guarantees
<b>Loans and advances to retail customers</b>			
Mortgages	100	100	Residential property
Personal	95	75	Fixed deposits and motor vehicles

The terms and conditions of the collateral is to secure the principal balances of the exposure. The collateral will be sold only at time of default of the credit exposure.

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### (ii) Credit risk (continued)

##### (h) Collateral held and other credit enhancements (continued)

The following tables stratify credit exposures from loans and advances to customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral.

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
<b>LTV ratio</b>		
Less than 50%	228	319
51-70%	-	-
71-90%	-	176
91-100%	9,556	52,239
More than 100%	118,799	75,708
Total	<u>128,583</u>	<u>128,442</u>

Credit impaired loans Nil in 2025 (2024: Nil).

##### (i) Offsetting financial assets and liabilities

There were no financial assets and liabilities offset during the year (2024: Nil).

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### *(iii) Operational risk*

Operational risk refers to the probability of financial loss from causes associated with the functioning of the Company's business processes, personnel, technology and infrastructure and also from external factors other than credit, market and liquidity risks. Operational risk is an inevitable consequence of the execution of the Company's business processes.

The management of operational risk involves making appropriate judgements that balance risk and return by taking positive measures and instituting controls to avoid financial losses and damage to the Company's reputation while maintaining overall cost effectiveness.

The Company employs an overall system management approach to maintain a culture of integrity, diligence and alertness while avoiding control procedures that restrict initiative and creativity. This requires a commitment by senior management to openness and honesty and to the implementation of controls designed to address operational risk.

This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Adherence to business philosophies and corporate values;
- Compliance monitoring and reporting;
- Internal self-assessment and operational reviews;
- Reporting and analysis of operational losses including "near misses";
- Training and professional development in internal control systems and procedures;
- Development of contingency plans;
- Segregation of duties in critical aspects of loan management, information systems and expense control including the independent authorisation of transactions and access to systems; and
- Independent investigations by senior managers with professional experience in relevant fields.

Compliance with standards is supported by Board overview of a programme of systematic, periodic assessment of areas of likely operational risks identified and prioritised by management responsible for Risk Management and by internal audit (outsourced). The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to Management and the Board Audit and Risk Committee.

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### *(iv) Risk related to use of financial instruments*

##### *(a) Interest rate risk*

Interest rate risk is the risk of loss from fluctuations in future cash flows or fair values of financial instruments because of a change in market interest rates.

##### *Interest rate management*

Movements in interest rates may adversely or positively affect net interest income which is the difference between interest income and the cost of funding. This risk is mitigated by matching interest rates on assets with interest rates on corresponding liabilities.

Generally, these rates are coordinated by standard asset/liability management practices. However, this may be altered because of strategy or circumstances. In particular, the Company is exposed to interest rate risk because of movements in interest rates and:

- a. differences in the times at which interest rate movement occur (Timing risk);
- b. uncorrelated changes in interest rate indices (Index risk); and
- c. fixed income debt in US\$ on-lent at floating rates (Basis risk).

# DEVELOPMENT FINANCE LIMITED

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

#### *(iv) Risk related to use of financial instruments* (continued)

##### *(a) Interest rate risk* (continued)

##### Interest rate management (continued)

The following table summarises carrying amounts of assets and liabilities on the statement of financial position, in order to arrive at the Company's interest rate gap on the earlier of contractual repricing or maturity dates:

	<b>2025</b>					
	<b>Due on Demand</b>	<b>Due in One Year</b>	<b>Due in Two to Five Years</b>	<b>Over 5 Years</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>						
Cash and cash equivalents	90,268	5,000	-	-	-	95,268
Statutory deposit at Central Bank	-	-	-	-	64,605	64,605
Investment securities	-	106,703	323,916	582,817	22,436	1,035,872
Loans and advances to customers	-	115,945	339	12,183	8,911	137,378
Due from related parties	-	-	-	-	1,421	1,421
Other assets	-	-	-	-	3,147	3,147
	<u>90,268</u>	<u>227,648</u>	<u>324,255</u>	<u>595,000</u>	<u>100,520</u>	<u>1,337,691</u>
<b>Liabilities</b>						
Borrowings	54,998	66,591	104,500	32,800	2,347	261,236
Customers' deposits	-	378,260	449,143	-	11,493	838,896
Other liabilities	-	-	-	-	14,802	14,802
	<u>54,998</u>	<u>444,851</u>	<u>553,643</u>	<u>32,800</u>	<u>28,642</u>	<u>1,114,934</u>
<b>Net gap</b>	<u>35,270</u>	<u>(217,203)</u>	<u>(229,388)</u>	<u>562,200</u>	<u>71,878</u>	<u>222,757</u>
<b>Cumulative gap</b>	<u>35,270</u>	<u>(181,933)</u>	<u>(411,321)</u>	<u>150,879</u>	<u>222,757</u>	<u>-</u>

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*(Expressed in Thousands of Trinidad and Tobago Dollars)***4. Financial Risk Management (continued)****Risk management framework (continued)****(iv) Risk related to use of financial instruments (continued)****(a) Interest rate risk (continued)*****Interest rate management (continued)***

	2024					Total \$'000
	Due on Demand \$'000	Due in One Year \$'000	Due in Two to Five Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	
<b>Assets</b>						
Cash and cash equivalents	74,381	19,944	-	-	-	94,325
Statutory deposit at Central Bank	-	-	-	-	45,850	45,850
Investment securities	-	122,250	252,655	424,496	20,127	819,528
Loans and advances to customers	-	121,729	53	6,558	8,622	136,962
Due from related parties	-	-	-	-	1,421	1,421
Other assets	-	-	-	-	3,562	3,562
	<u>74,381</u>	<u>263,923</u>	<u>252,708</u>	<u>431,054</u>	<u>79,582</u>	<u>1,101,648</u>
<b>Liabilities</b>						
Borrowings	93,798	73,822	39,500	52,800	2,224	262,144
Customers' deposits	-	358,419	263,058	59	7,912	629,448
Other liabilities	-	7,324	-	-	-	7,324
	<u>93,798</u>	<u>439,565</u>	<u>302,558</u>	<u>52,859</u>	<u>10,136</u>	<u>898,916</u>
<b>Net gap</b>	<u>(19,417)</u>	<u>(175,642)</u>	<u>(49,850)</u>	<u>378,195</u>	<u>69,446</u>	<u>202,732</u>
<b>Cumulative gap</b>	<u>(19,417)</u>	<u>(195,059)</u>	<u>(244,909)</u>	<u>133,286</u>	<u>202,732</u>	<u>-</u>

# DEVELOPMENT FINANCE LIMITED

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### *(iv) Risk related to use of financial instruments (continued)*

###### *(a) Interest rate risk (continued)*

###### Interest rate management (continued)

The result of the sensitivity analysis for cashflow risk conducted as at December 31, on the impact on net profits before tax is based on floating rate financial assets. The sensitivity on equity is calculated by revaluing the fixed rate FVOCI financial assets for the gross effects of the assumed changes in interest rates. The correlation of a number of variables will have an impact on the risk. Movements in these variables are non-linear and are assessed individually.

Change in interest rate	Effect on profit		Effect on equity	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Increase of 1%	88	60	88	60
Decrease of 1%	(88)	(60)	(88)	(60)

As at December 31, 2025, had equity prices increased/decreased by 1% with all variables held constant, effect is as follows:

Change in market prices	Effect on profit		Effect on equity	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Increase of 1%	743	1,018	743	1,018
Decrease of 1%	(743)	(1,018)	(743)	(1,018)

###### *(b) Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

###### *(i) Liquidity risk management*

The objective is to ensure that adequate funding is in place to meet its planned portfolio growth requirements, while managing holding costs and interest rate exposures. The Company will maintain adequate liquidity levels.

This is effectively managed by primarily matching long-term borrowings to the bond redemption funds which secure floating rate bonds and also, new loan disbursements, arranging fixed deposits. The Company continues to manage its liquidity risk. There is no material uncertainty that may cast doubt on its ability to continue as a going concern.

## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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#### 4. Financial Risk Management (continued)

##### Risk Management Framework (continued)

##### *(iv) Risk related to use of financial instruments (continued)*

##### *(b) Liquidity risk(continued)*

##### *(i) Liquidity risk management (continued)*

The following represents the Company's asset and liability maturity profile, based on their undiscounted cash flows, highlighting separately the short term of 12 months and less. The profile reflects the Company's business as a long-term lender. The balances include both principal and interest cash flows over the remaining term to maturity and therefore would differ from the carrying amounts in the Company's statement of financial position.

##### As at December 31, 2025

	Carrying Value \$'000	*Gross Nominal Inflow (Outflow) \$'000	1 to 12 Months \$'000	1 to 5 Years \$'000	5 to 10 Years \$'000	Over 10 Years \$'000
Cash and cash equivalents	95,268	95,268	95,268	-	-	-
Statutory deposit with Central Bank	64,605	64,605	64,605	-	-	-
Investment securities	1,071,501	1,559,526	199,576	521,024	425,900	413,026
Loans and advances to customers	137,378	226,759	21,791	66,772	93,539	44,657
Due from related parties	1,421	1,421	1,421	-	-	-
Other assets	3,147	3,147	3,147	-	-	-
Borrowings	(261,236)	(297,050)	(84,332)	(159,511)	(53,207)	-
Customers' deposits	(838,896)	(907,436)	(390,798)	(516,638)	-	-
Other liabilities	(14,802)	(14,802)	(14,802)	-	-	-
Net gap	258,386	731,438	(104,124)	(88,353)	466,232	457,683

\*Undiscounted cash flows include estimated interest payments.

The Company's margin loan balance is secured by US assets in name of the Company, custodied with an international Broker in name of the Company. The net liquidation value of the assets in the account is more than the margin loan balance outstanding, there is no fixed principal repayment amount and no specified maturity date. The Company can also liquidate their government bonds to cover the shortfall. The historical trend for maturity of customers' deposits indicates they are usually renewed, hence this should not impact the liquidity of the Company.

## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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#### 4. Financial Risk Management (continued)

##### Risk Management Framework (continued)

##### *(iv) Risk related to use of financial instruments* (continued)

##### *(b) Liquidity risk* (continued)

##### *(i) Liquidity risk management* (continued)

As at December 31, 2024

	Carrying Value \$'000	*Gross Nominal Inflow (Outflow) \$'000	1 to 12 Months \$'000	1 to 5 Years \$'000	5 to 10 Years \$'000	Over 10 Years \$'000
Cash and cash equivalents	94,325	94,325	94,325	-	-	-
Statutory deposit with Central Bank	45,850	45,850	45,850	-	-	-
Investment securities	855,992	1,201,310	150,946	424,325	406,421	219,618
Loans and advances to customers	136,962	221,834	24,082	57,036	56,769	83,947
Due from related parties	1,421	1,421	1,421	-	-	-
Other assets	3,562	3,562	3,562	-	-	-
Borrowings	(262,144)	(298,879)	(125,125)	(88,654)	(85,100)	-
Customers' deposits	(629,448)	(655,519)	(365,351)	(290,098)	(70)	-
Other liabilities	(7,324)	(7,324)	(7,324)	-	-	-
Net gap	<u>239,196</u>	<u>606,580</u>	<u>(177,614)</u>	<u>102,609</u>	<u>378,020</u>	<u>303,565</u>

\*Undiscounted cash flows include estimated interest payments.

##### *(ii) Financial assets pledged as collateral*

Financial assets are pledged as collateral as part of borrowing and securitisation facilities under terms that are usual and customary for such activities.

The following represents the total financial assets recognised in the statement of financial position that have been pledged as collateral for liabilities.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

#### *(iv) Risk related to use of financial instruments* (continued)

##### *(b) Liquidity risk* (continued)

##### *(ii) Financial assets pledged as collateral* (continued)

	<u>Encumbered</u>	<u>Un-encumbered</u>	<u>Total</u>
	\$'000	\$'000	\$'000
<b>December 31, 2025</b>			
Investment securities	589,822	481,679	1,071,501
Loans and advances	<u>6,590</u>	<u>130,788</u>	<u>137,378</u>
	<u>596,412</u>	<u>612,467</u>	<u>1,208,879</u>
<b>December 31, 2024</b>			
Investment securities	510,286	345,706	855,992
Loans and advances	<u>16,813</u>	<u>120,149</u>	<u>136,962</u>
	<u>527,099</u>	<u>465,855</u>	<u>992,954</u>

##### *(c) Foreign currency risk*

The reporting currency of the Company is the Trinidad and Tobago dollar. The aggregate amount of assets and liabilities denominated in the respective currencies are as follows:

	<u>2025</u>					
	<u>TT</u>	<u>US</u>	<u>EURO</u>	<u>GBP</u>	<u>Other</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets	888,563	504,232	6,324	10,046	439	1,409,604
Financial liabilities	<u>(885,202)</u>	<u>(219,758)</u>	-	<u>(9,974)</u>	-	<u>(1,114,934)</u>
Net gap	<u>3,361</u>	<u>284,474</u>	<u>6,324</u>	<u>72</u>	<u>439</u>	<u>294,670</u>

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

#### *(iv) Risk related to use of financial instruments (continued)*

#### *(c) Foreign currency risk (continued)*

	2024					
	TT	US	GBP	CAD	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets	648,543	507,590	8,821	540	7,370	1,172,864
Financial liabilities	(631,499)	(254,360)	(8,961)	-	(4,096)	(898,916)
Net gap	<u>17,044</u>	<u>253,230</u>	<u>(140)</u>	<u>540</u>	<u>3,274</u>	<u>273,948</u>

The management of foreign currency risk against exchange gap limits is further supplemented by monitoring the sensitivity of the possible impact on net profits before tax and on equity relative to fluctuations in foreign exchange rates to the TT dollar.

The results of the sensitivity analysis conducted as at December 31 on the possible impact on net profits before tax and on equity of fluctuations of the foreign exchange rates relative to the TT dollar are presented below.

Change in currency rate	Effect on profit		Effect on equity	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Increase of 1%	3,102	3,198	3,102	3,198
Decrease of 1%	<u>(3,102)</u>	<u>(3,240)</u>	<u>(3,102)</u>	<u>(3,240)</u>

#### *(d) Capital risk management*

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

The Company's capital risk management policies seeks to achieve several objectives:

- Compliance with capital requirements as set by the Central Bank of Trinidad and Tobago
- Ensure the Company's ability to continue as a going concern
- To maintain a strong capital base to support the development of its business.

## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

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#### 4. Financial Risk Management (continued)

##### Risk Management Framework (continued)

##### *(iv) Risk related to use of financial instruments* (continued)

##### *(d) Capital risk management* (continued)

Capital adequacy and the use of regulatory capital are monitored daily by the Company's management. The Company employs techniques derived from the guidelines developed by the Basel Committee on Banking Supervision - as implemented by the Central Bank of Trinidad and Tobago. The required information is filed with the regulatory authority on a monthly basis. These financials present capital ratios calculated using the Basel 11 rules.

The following table summarises the composition of regulatory capital and the ratios for the Company as at December 31, 2025. The Company has complied with all the externally imposed capital requirements to which it is subject.

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Total risk adjusted assets	1,152,698	969,790
Total core capital	273,447	260,581
Allowable supplementary capital	21,223	13,367
Qualifying capital	<u>294,670</u>	<u>273,948</u>
Capital ratios		
- Core capital to total risk adjusted assets	23.72%	26.87%
- Total qualifying capital to total risk adjusted	25.56%	28.25%

The minimum capital adequacy requirement is 15%.

##### *(e) Climate-related risk*

'Climate-related risks' are potential negative impacts on the Company arising from climate change. Climate-related risks have an impact on the principal risk categories discussed above (i.e. credit, liquidity, market and operational risks).

The Company distinguishes between physical risks and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

December 31, 2025

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### 4. Financial Risk Management (continued)

#### Risk Management Framework (continued)

##### *(iv) Risk related to use of financial instruments* (continued)

##### *(e) Climate-related risk* (continued)

Transition risks arise as a result of measures taken to mitigate the effects of climate change and transition to a low-carbon economy e.g. Changes to law and regulations, litigations due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

Management does not consider there to be any material impact to the financial statements in relation to this risk.

### 5. Fair Value of Financial Instruments

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

#### *(a) Valuation models*

The Company's accounting policy on fair value measurements is discussed in accounting policy 3(b)(v).

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the 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 than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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### 5. Fair Value of Financial Instruments (continued)

#### *(a) Valuation models* (continued)

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes 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 valued 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.

#### *(b) Valuation framework*

The Company has an established control framework for the measurement of fair values. This framework is an independent office and reports to the Chief Accountant, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- Verification of observable pricing;
- Re-performance of model valuations;
- A review and approval process for new models and changes to models;
- Quarterly calibration and back-testing of models against observed market transactions;
- Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month, by a committee of senior management.

When third party information, such as broker quotes or pricing, is used to measure fair value, the independent office assesses and documents the evidence obtained from the third parties to support the conclusion that the valuations meet the requirements of IFRS Standards. This includes:

- Verifying the broker or pricing services is approved by the committee of senior management for use in pricing the relevant type of instrument;

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### Notes to the Financial Statements

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#### 5. Fair Value of Financial Instruments (continued)

##### *(b) Valuation framework* (continued)

- Understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
- When prices for similar instruments are used to measure fair value, understanding how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- If a number of quotes for the same financial instrument have been obtained, then understanding how fair value has been determined using these quotes.

Significant valuation issues are reported to the Audit and Risk Committee.

##### *(c) Financial instruments measured at fair value – fair value hierarchy*

The following financial instruments were measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>As at December 31, 2025</b>				
Equity securities	35,630	-	-	35,630
Debt securities	19,284	67,982	-	87,266
Unlisted fund	-	-	2,859	2,859
	<u>54,914</u>	<u>67,982</u>	<u>2,859</u>	<u>125,755</u>
<b>As at December 31, 2024</b>				
Equity securities	36,464	-	-	36,464
Debt securities	26,086	39,265	-	65,351
Unlisted fund	-	-	4,137	4,137
	<u>62,550</u>	<u>39,265</u>	<u>4,137</u>	<u>105,952</u>

The valuation technique used for the Level 2 securities are traded market prices for similar securities.

## DEVELOPMENT FINANCE LIMITED

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### 5. Fair Value of Financial Instruments (continued)

#### (d) *Financial instruments not measured at fair value*

The table below shows the financial assets and liabilities not measured at fair value and analyses them by the level in the fair value hierarchy into which the fair value measurement is categorised. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>	<b>Total Carrying Amount</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>As at December 31, 2025</b>					
<b><i>Financial Assets</i></b>					
Investment securities	427,434	502,612	-	930,046	926,171
Loans and advances to customers	-	-	137,378	137,378	137,378
Due from related parties	-	1,421	-	1,421	1,421
Other assets	-	3,147	-	3,147	3,147
<b><i>Financial Liabilities</i></b>					
Borrowings	(15,408)	-	(246,401)	(261,809)	(261,236)
Customers' deposits	-	-	(838,896)	(838,896)	(838,896)
Other liabilities	-	(14,802)	-	(14,802)	(14,802)
<b>As at December 31, 2024</b>					
<b><i>Financial Assets</i></b>					
Investment securities	730,558	-	-	730,558	734,063
Loans and advances to customers	-	-	136,962	136,962	136,962
Due from related parties	-	1,421	-	1,421	1,421
Other assets	-	3,562	-	3,562	3,562
<b><i>Financial Liabilities</i></b>					
Borrowings	(15,571)	-	(247,074)	(262,645)	(262,144)
Customers' deposits	-	-	(629,448)	(629,448)	(629,448)
Other liabilities	-	(7,324)	-	(7,324)	(7,324)

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### Notes to the Financial Statements

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#### 5. Fair Value of Financial Instruments (continued)

##### *(d) Financial instruments not measured at fair value* (continued)

Where they are available, the fair value of loans and advances, loans recoverable and investment securities are based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes interest rates and prepayment rates. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. Input into the models may include information obtained from other market participants, which includes observed primary and secondary transactions.

The fair value of borrowings, customers' deposits are estimated using discounted cash flow techniques, applying the rates that are offered for borrowings of similar maturities and terms. The fair value of cash and cash equivalents is the amount payable at the reporting date.

Other assets and liabilities are short-term in nature and are taken to be equivalent to the fair value.

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>6. Cash and Cash Equivalents</b>		
Cash and balances with banks:		
- Local currency	53,524	40,172
- Foreign currency	36,744	34,209
Short term deposits:		
- Local currency	5,000	10,000
- Foreign currency	-	9,944
	<u>95,268</u>	<u>94,325</u>

#### 7. Statutory deposit with Central Bank

The Financial Institutions Act, 2008 (the Act) requires that every non-bank financial institution licensed under Section 57 of the Act in the Republic of Trinidad and Tobago hold and maintain a non - interest bearing deposit account, to be called a reserve account, with the Central Bank of Trinidad and Tobago, equivalent to 9% of the total deposit liabilities of that institution.

As at December 31, 2025, and 2024, the Company has complied with the above requirement.

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Statutory deposit with Central Bank	<u>64,605</u>	<u>45,850</u>

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## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

December 31, 2025

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#### 8. Investment Securities

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
<i>Investment securities measured at amortised cost:</i>		
- Government bonds and state owned enterprises debt securities	597,922	485,378
- Corporate debt securities	<u>331,986</u>	<u>252,110</u>
	929,908	737,488
Impairment allowance:	<u>(3,737)</u>	<u>(3,425)</u>
	<u>926,171</u>	<u>734,063</u>
<i>Investment securities measured at FVOCI:</i>		
- Government bonds and state owned enterprises debt securities	74,284	51,602
- Corporate debt securities	12,982	13,749
- Equity securities	<u>35,630</u>	<u>36,464</u>
	<u>122,896</u>	<u>101,815</u>
<i>Investment securities measured at FVTPL:</i>		
- Unlisted Funds	<u>2,859</u>	<u>4,137</u>
Total investment securities	1,051,926	840,015
Accrued interest	<u>19,575</u>	<u>15,977</u>
	<u>1,071,501</u>	<u>855,992</u>
<i>Movement in impairment loss allowance for debt instruments at amortized cost and FVOCI:</i>		
Balance at January 1	3,988	1,529
Net remeasurement of impairment loss allowance	312	2,250
Net remeasurement of FVOCI impairment	<u>96</u>	<u>209</u>
Balance as at December 31	<u>4,396</u>	<u>3,988</u>

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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### 8. Investment Securities (continued)

Equity investments securities designated as FVOCI.

The following table shows investments in equity securities for which the Company has elected to present the changes in fair value in OCI. The election was made because the investments are expected to be held for the long term.

	<b>Fair values at</b>	<b>Dividend</b>
	<b>\$'000</b>	<b>Income</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>As at December 2025</b>		
Equity securities - ordinary shares	<u>35,630</u>	<u>847</u>

	<b>Fair values at</b>	<b>Dividend</b>
	<b>\$'000</b>	<b>Income</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>As at December 31, 2024</b>		
Equity securities - ordinary shares	<u>36,464</u>	<u>541</u>

No equity investments were disposed of during the year ended December 31, 2025 (2024: \$2,341). There were no transfers of cumulative losses within equity relating to these investments (2024: \$409 gain). The change in fair value on these investments was Nil for the year ended December 31, 2025 (2024: \$3,119 gain).

### Securitizations

Certain securitization transactions result in the Company derecognizing the transferred financial assets in their entirety. Under the arrangement the Company collects a percentage of the cashflows as a fee. Potentially, a loss may occur if the costs the Company incurs exceeds the fees receivable or if the Company does not perform in accordance to the agreement.

## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

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#### 9. Loans and Advances to Customers

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Principal	128,583	128,442
Impairment loss allowance	<u>(116)</u>	<u>(102)</u>
	128,467	128,340
Accrued interest	1,982	1,633
Loan recoverable	<u>6,929</u>	<u>6,989</u>
	<u>137,378</u>	<u>136,962</u>

#### *Movement in impairment loss allowance:*

Balance at beginning of year	102	31
Net remeasurement of impairment loss allowance (Note 23)	<u>14</u>	<u>71</u>
Balance at end of year	<u>116</u>	<u>102</u>

#### 10. Related Party Balances and Transactions

##### *(a) Identity of related parties*

A party is related to the Company if:

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

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### 10. Related Party Balances and Transactions (continued)

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
<b>(b) Related party balances</b>		
<b>(i) Due from related and associated companies:</b>		
DevCap Fund Management Limited (a)	2,725	2,725
Caribbean Development Capital Limited (b)	<u>221</u>	<u>221</u>
	2,946	2,946
Impairment loss allowance	<u>(1,525)</u>	<u>(1,525)</u>
	<u>1,421</u>	<u>1,421</u>

(a) Funds advanced to DevCap Fund Management Limited will be repaid from the sale of property held as security by the Company. A partial provision exists. Interest rates on balance due from related party is NIL with repayment upon sale of collateral. DevCap Fund Management Limited is connected to the Company through common directors.

(b) This is an unsecured balance.

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
<b>(ii) Loans and advances</b>		
Caribbean Development Capital Limited (a)	25,000	25,000
Caribbean Microfinance Trinidad and Tobago Limited (b)	5,542	5,542
Key management personnel (c)	<u>185</u>	<u>251</u>
	<u>30,727</u>	<u>30,793</u>

These amounts are included in "Loans and advances to customers".

(a) The demand loan was issued at average local prime interest rate less 58 bps, with a floor rate of 6.99%, this rate is subject to quarterly review and reset, a moratorium of principal and interest for 24 months from January 2025 during which interest will accrue. Thereafter, repayable via lumpsum payments of principal and interest with outstanding interest and principal to be fully liquidated at expiry of the loan agreement. Caribbean Development Capital Limited is connected to the Company through common directors.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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### 10. Related Party Balances and Transactions

#### *(b) Related party balances* (continued)

##### *(ii) Loans and advances* (continued)

(b) The demand loan was issued at average local prime interest rate less 58 bps, with a floor rate of 6.99%, this rate is subject to quarterly review and reset, a moratorium of principal and interest for 24 months from January 2025 during which interest will accrue. Thereafter, repayable via lumpsum payments of principal and interest with outstanding interest and principal to be fully liquidated at expiry of the loan agreement. Caribbean Microfinance Trinidad and Tobago Limited is connected to the Company through common directors.

(c) The loans with key management personnel are partially secured with a rate of 6%.

<u>2025</u>	<u>2024</u>
\$'000	\$'000

##### *(iii) Investment securities*

Fidelity Finance and Leasing Company Limited	<u>780</u>	<u>708</u>
--	------------	------------

These are included in "Investment securities".

These are fixed deposits held with various fixed rates ranging from 2.70% to 2.85% with maturity dates from 2026 to 2028. Fidelity Finance and Leasing Company Limited is connected to the Company through common directors and shareholders.

<u>2025</u>	<u>2024</u>
\$'000	\$'000

##### *(iv) Deposits*

Maritime Life (Caribbean) Limited (a)	10,149	10,153
Key management personnel (b)	<u>2,732</u>	<u>2,269</u>
	<u>12,881</u>	<u>12,422</u>

These are included in "Customer's deposits".

(a) This is issued at a rate of 4% (2024: 4%) with a maturity date in 2026. Maritime Life (Caribbean) Limited is connected to the Company by significant share ownership and through common directors.

(b) These are issued at various fixed rates ranging from 3.60% to 5.00% with maturity dates 2027 to 2030 (2024: 3% to 4.25% with maturity dates 2025 to 2028).

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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### 10. Related Party Balances and Transactions

#### *(b) Related party balances (continued)*

##### *(v) Due to related parties*

<u>2025</u>	<u>2024</u>
\$'000	\$'000

These amounts are unsecured and repayable and are disclosed below:

CDN Management Services Limited*	(33)	(33)
----------------------------------	------	------

CDN Management Services Limited is connected to the Company through common Directors. These amounts are included within "other liabilities".

#### *(c) Related party transactions*

A number of transactions have been entered into with related parties in the normal course of business.

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

- Pension plan payments
- Foreign exchange transactions
- Fixed deposits issued
- Loans and advances issued
- Investments transactions

<u>2025</u>	<u>2024</u>
\$'000	\$'000

#### *(i) Outstanding balances*

Loans – Key management personnel and related parties	30,727	30,793
Investments – related parties	780	708
Receivables – related parties	<u>1,421</u>	<u>1,421</u>
	<u>32,928</u>	<u>32,922</u>

As at December 31, 2025, these balances are allocated to stage 1 of the ECL model and a loss allowance of \$Nil (2024: \$42,000) was recognised in profit or loss in respect of these balances.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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### 10. Related Party Balances and Transactions (continued)

#### *(c) Related party transactions (continued)*

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>(ii) Deposits and other liabilities</b>		
Deposits with key management personnel	2,732	2,269
Deposits with Maritime Life (Caribbean) Limited	10,149	10,153
	<u>12,881</u>	<u>12,422</u>
<b>(iii) Income and expenses</b>		
<i>Income</i>		
Maritime Life (Caribbean) Limited (shareholder)	1,912	1,632
Maritime General Insurance Company Limited (shareholder)	2,911	1,985
Related parties (other)	30	55
Directors, key management personnel and their immediate relatives	77	83
	<u>4,930</u>	<u>3,755</u>
<b>(iv) Expenses excluding key management personnel</b>		
Maritime Life (Caribbean) Limited (shareholder)	690	749
Related parties (other)	6	20
Directors, key management personnel and their immediate relatives	1,011	1,182
	<u>1,707</u>	<u>1,951</u>
<b>(d) Transactions with key management personnel</b>		
<i>Key management personnel compensation:</i>		
Salaries and other short-term benefits	<u>2,722</u>	<u>2,929</u>

## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

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#### 11. Computer Software

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Opening net book amount at January 1	998	1,142
Amortisation charge	<u>(64)</u>	<u>(144)</u>
Closing net book amount at December 31	<u>934</u>	<u>998</u>

#### 12. Furniture and Equipment

	<u>Motor Vehicles</u>	<u>Furniture and Equipment</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Year ended December 31, 2025</b>			
Opening net book amount	842	2,422	3,264
Additions	-	224	224
Depreciation charge	<u>(253)</u>	<u>(496)</u>	<u>(749)</u>
Closing net book amount	<u>589</u>	<u>2,150</u>	<u>2,739</u>
<b>At December 31, 2025</b>			
Cost	1,265	5,374	6,639
Additions	-	224	224
Disposals	-	(54)	(54)
Accumulated depreciation	<u>(676)</u>	<u>(3,394)</u>	<u>(4,070)</u>
Closing net book amount	<u>589</u>	<u>2,150</u>	<u>2,739</u>
<b>Year ended December 31, 2024</b>			
Opening net book amount	1,095	738	1,833
Additions	-	1,998	1,998
Disposals	-	-	-
Depreciation charge	<u>(253)</u>	<u>(314)</u>	<u>(567)</u>
Closing net book amount	<u>842</u>	<u>2,422</u>	<u>3,264</u>
<b>At December 31, 2024</b>			
Cost	1,265	8,841	10,106
Additions	-	1,998	1,998
Disposals	-	(5,465)	(5,465)
Accumulated depreciation	<u>(423)</u>	<u>(2,952)</u>	<u>(3,375)</u>
Closing net book amount	<u>842</u>	<u>2,422</u>	<u>3,264</u>

## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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#### 13. Other Assets

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Other receivables and prepayments	3,147	3,562

#### 14. Post-employment Benefits

The Company contributes to a defined benefit pension plan (the Plan), which entitles a retired employee to receive an annual pension payment. The Plan is funded by the Company and certain employees, the assets of the Plan being managed separately by the Trustee. The funding requirements are based on the pension fund's actuarial measurement performed by an independent qualified actuary.

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

The Company is not expected to contribute to the Plan in 2026.

*(i) The amounts recognised in the statement of financial position are as follows:*

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Present value of obligation	(30,261)	(30,412)
Fair value of plan assets	62,872	60,902
Asset in the statement of financial position	<u>32,611</u>	<u>30,490</u>

*(ii) Movement of amounts recognised in the statement of financial position:*

Asset recognised in the statement of financial position at January 1	30,490	29,039
Income recognised in profit or loss	1,177	1,021
Actuarial loss recognised in OCI	944	430
Asset in the statement of financial position	<u>32,611</u>	<u>30,490</u>

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

December 31, 2025

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### 14. Post-employment Benefits (continued)

#### *(iii) Changes in the fair value of plan assets*

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Opening fair value of plan assets	60,902	59,617
Expected return on plan assets	3,599	3,429
Benefits paid	(1,828)	(2,008)
Actuarial gains (losses) on plan assets	<u>199</u>	<u>(136)</u>
Closing fair value of plan assets	<u>62,872</u>	<u>60,902</u>

#### *(iv) Changes in the present value of the obligation*

Opening present value of obligation	30,412	30,578
Current service cost	370	363
Interest cost	1,788	1,749
Benefits paid	(1,828)	(2,008)
Expenses	264	296
Actuarial gains arising from:		
Changes in financial assumptions	-	(223)
Experience adjustments	<u>(745)</u>	<u>(343)</u>
Closing fair value of obligation	<u>30,261</u>	<u>30,412</u>

#### *(v) The amounts recognised in profit or loss are as follows:*

Current service cost	370	363
Interest cost	1,788	1,749
Expected return on plan assets	(3,599)	(3,429)
Expenses	<u>264</u>	<u>296</u>
Total included in employee costs (Note 24)	<u>(1,177)</u>	<u>(1,021)</u>
Expected return on plan assets	3,599	3,429
Actuarial gains (losses) on plan assets	<u>(199)</u>	<u>(136)</u>
Actual return on plan assets	<u>3,798</u>	<u>3,293</u>

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

December 31, 2025

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### 14. Post-employment Benefits (continued)

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
<b>(vi) Actuarial gains and losses recognised in other comprehensive income</b>		
Remeasurement gains (losses) – Assets	(199)	136
Remeasurement gains – Experience adjustments	(745)	(343)
Remeasurement gains – Economic	-	(223)
	<u>(944)</u>	<u>(430)</u>
<b>(vii) The principal actuarial assumptions used were:</b>		
Discount rate	6.00%	6.00%
Future salary increases	<u>6.00%</u>	<u>6.00%</u>
Mortality		
pre-retirement	Nil	Nil
Post-retirement	GAM 94'	GAM 94'
<b>(viii) Asset allocation:</b>		
The major categories of the plan assets are:		
Foreign investments	54%	53%
Local equities	14%	16%
Government securities	22%	21%
Corporate securities	5%	5%
Mutual funds	2%	2%
Other	<u>3%</u>	<u>3%</u>
	<u>100%</u>	<u>100%</u>
Actual return on Plan assets	<u>3,798</u>	<u>3,293</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.

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

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### 14. Post-employment Benefits (continued)

#### *(viii) Asset allocation* (continued)

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.

#### *(ix) Sensitivity of present value of defined benefit obligation:*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2025	
	1% Increase \$'000	1% Decrease \$'000
Discount rate	(3,303)	4,069
Salary growth	722	(641)
	2024	
	1% Increase \$'000	1% Decrease \$'000
Discount rate	(3,378)	4,173
Salary growth	742	(646)

The weighted average duration of the obligation is 14 years.

### 15. Borrowings

	2025 \$'000	2024 \$'000
Short-term borrowings (a)	56,697	94,903
Long-term borrowings (b)	202,193	165,017
	258,890	259,920
Accrued interest	2,346	2,224
	<u>261,236</u>	<u>262,144</u>

## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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#### 15. Borrowings (continued)

The Company's borrowings are mainly long term and are measured at amortised cost. Borrowings are covered by various forms of loan agreements. These include Trust Deeds related to bond issues on capital markets and finance contracts with international institutions. The Company has complied with all terms and conditions of all borrowings and all payments have been made as contracted. The finance contracts with international institutions include operational benchmarks related to the purposes of the loan based on projections and assumptions. Changes in market conditions and implementation issues beyond the control of the Company may delay the achievement of such benchmarks and deadlines.

##### (a) Short-term borrowings

	<u>Interest Rate</u>	<u>2025</u>	<u>2024</u>
	%	\$'000	\$'000
Margin account	4.42-5.11	54,998	93,798
Credit card	25.2	34	
Repurchase agreements	2.75-4.50	<u>1,699</u>	<u>1,071</u>
		<u>56,697</u>	<u>94,903</u>

This Margin account represents a portfolio margin account secured by assets held with an international Broker. Interest rate is variable based on a Reference benchmark rate determined by a combination of internationally reference rates, bank deposit rates and dynamic interbank rates determined from foreign exchange and money markets. There is no fixed principal repayment amount, and there is no specified maturity date.

##### (b) Long-term borrowings

	<u>Interest Rate</u>	<u>2025</u>	<u>2024</u>
	%	\$'000	\$'000
TT\$ Fixed Rate Bonds (i)	2.75-6.00	135,300	90,300
US\$ Floating Rate Loan (ii)	5.00-5.60	53,756	60,717
TT\$ Repurchase Agreements (iii)	3.50-4.50	<u>13,137</u>	<u>14,000</u>
		<u>202,193</u>	<u>165,017</u>

## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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#### 15. Borrowings (continued)

##### *(b) Long-term borrowings* (continued)

- (i) This represents a TTD debt issued, interest rate is fixed with maturity dates in June 2027 to July 2032 and are secured by pledged assets.
- (ii) This represents a USD loan issued by a multi-lateral financial institution, interest is variable based the lender's proprietary interest rate. Principal repayments commenced in September 2023, maturity date in September 2033, and is secured by a specified portion of loans and advances made for specific purposes.
- (iii) The security pledged for the repurchase agreements are Government of Trinidad and Tobago Bonds and state owned non-financial institutions Bonds with a market value of \$15.4 million (2024: \$15 million). The tenors range from 5 to 1,578 days.

#### 16. Customers' Deposits

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Customers' deposits	827,402	621,537
Accrued interest	<u>11,494</u>	<u>7,911</u>
	<u>838,896</u>	<u>629,448</u>
<i>Sectoral analysis</i>		
Corporate customers	127,995	105,022
Retail customers	<u>699,407</u>	<u>516,515</u>
	<u>827,402</u>	<u>621,537</u>

## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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#### 17. Stated Capital

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
<i>Authorised</i>		
Unlimited number of ordinary shares of no par value		
<i>Issued and fully paid</i>		
80,300,393 (2024: 60,300,393) ordinary shares of no par value	110,039	90,039
266,000 non-redeemable, non-cumulative, non-voting preference shares (i)	26,600	26,600
200,000 non-cumulative, non-voting, Redeemable convertible preference shares(ii)	<u>-</u>	<u>20,000</u>
	<u>136,639</u>	<u>136,639</u>

- (i) Schedule Item (5d) of the Company's Articles of Incorporation states that the 266,000 non-cumulative, non-voting preference shares will not, on a winding up of or other repayment of capital, entitle the holders to have the assets of the Company available for distribution among the preference shareholders.
- (ii) The 200,000 non-cumulative, non-voting, redeemable, convertible preference shares carry a fixed non-cumulative preferential dividend. This payment ranks after the non-redeemable preference shares but in priority to the Company's ordinary shares in the declaration of dividends. These preference shares are at the original subscription price of \$20 million. The option to redeem or convert can be exercised at any time at the sole discretion of the holders at a price of \$1.00 per ordinary share. On a winding up, the holders of these preference shares are entitled to receive their share of the assets of the Company available for distribution among shareholders in preference to ordinary shareholders and will be entitled to the repayment of their capital payment in priority to ordinary shareholders. These shares were converted to 20 million ordinary shares during 2025.

The payment of dividends is at the discretion of the Company for both ordinary and preference shares.

## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

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*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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#### 18. Reserves

##### *Statutory reserve*

The Financial Institutions Act (2008) requires a financial institution to transfer annually a minimum of 10% of its net profit after taxation to a statutory reserve account until the balance on this reserve is equal to the paid up capital of the financial institution. The reserve is not available for distribution.

##### *Revaluation reserve*

The revaluation reserve includes the net change in fair value of debt and equity investments measured at FVOCI.

#### 19. 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:

	2025				Total
	FVTPL	FVOCI	FVOCI	Amortised	Carrying
	\$'000	Debt	Equity	Cost	Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash and cash equivalents	-	-	-	95,268	95,268
Statutory deposit					
with Central Bank	-	-	-	64,605	64,605
Investment securities	2,859	88,658	35,630	944,354	1,071,501
Loans and advances to customers	-	-	-	137,378	137,378
Due from related parties	-	-	-	1,421	1,421
Other assets	-	-	-	3,147	3,147
<b>Total financial assets</b>	<u>2,859</u>	<u>88,658</u>	<u>35,630</u>	<u>1,246,173</u>	<u>1,373,320</u>
<b>Financial Liabilities</b>					
Borrowings	-	-	-	261,236	261,236
Customers' deposits	-	-	-	838,896	838,896
Other liabilities	-	-	-	14,802	14,802
<b>Total financial liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,114,934</u>	<u>1,114,934</u>

**DEVELOPMENT FINANCE LIMITED**

Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)***19. Classification of Financial Assets and Financial Liabilities (continued)**

	<b>2024</b>				<b>Total Carrying Amount \$'000</b>
	<b>FVTPL</b>	<b>FVOCI Debt</b>	<b>FVOCI Equity</b>	<b>Amortised Cost</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>Financial Assets</b>					
Cash and cash equivalents	-	-	-	94,325	94,325
Statutory deposit with Central Bank	-	-	-	45,850	45,850
Investment securities	4,137	66,346	36,464	749,045	855,992
Loans and advances to customers	-	-	-	136,962	136,962
Due from related parties	-	-	-	1,421	1,421
Other assets	-	-	-	3,562	3,562
<b>Total financial assets</b>	<u>4,137</u>	<u>66,346</u>	<u>36,464</u>	<u>1,031,165</u>	<u>1,138,112</u>
<b>Financial Liabilities</b>					
Borrowings	-	-	-	262,144	262,144
Customers' deposits	-	-	-	629,448	629,448
Other liabilities	-	-	-	7,324	7,324
<b>Total financial liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>898,916</u>	<u>898,916</u>

**20. Interest Income Calculated Using The Effective Interest Method**

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Loans and cash advances to customers	10,262	10,174
Investment securities:		
- FVOCI	5,118	4,782
- Amortised cost	49,325	40,279
Other investment income	265	173
	<u>64,970</u>	<u>55,408</u>

## DEVELOPMENT FINANCE LIMITED

### Notes to the Financial Statements

December 31, 2025

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#### 21. Interest Expense

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Borrowings	11,486	11,636
Customers' deposits	27,042	20,526
Repurchase agreements	<u>588</u>	<u>238</u>
	<u>39,116</u>	<u>32,400</u>

#### 22. Other Income

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Net foreign exchange translation losses (gains)	(68)	298
Profit from trading in foreign exchange	13,272	6,915
Fee income	2,464	1,202
Dividends on equity securities measured at FVOCI	847	541
Other income	6	2
Fair value (loss) gains on investments on investments at FVTPL	<u>(1,279)</u>	<u>324</u>
	<u>15,242</u>	<u>9,282</u>

#### 23. Impairment loss on Financial Instruments

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Impairment charge for the year		
- Loans	14	71
- Investments	<u>408</u>	<u>2,458</u>
	<u>422</u>	<u>2,529</u>

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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### 24. General Overheads and Corporate Expenses

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
<i>Included in general overheads and corporate expenses are the following:</i>		
Corporate marketing and business development	689	781
Regulatory and professional fees	4,411	4,000
Accommodation and communication	813	671
General corporate expenses	3,306	3,124
Employee costs:		
- Personnel	8,910	7,288
- Defined benefit pension fund income (Note 14)	(1,177)	(1,021)
Depreciation and amortisation	813	710
Green Fund Levy	245	195
	<u>18,010</u>	<u>15,748</u>

### 25. Adjustments for Non-Cash Items in Operating Activities

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Depreciation and amortisation (Note 11 and 12)	813	711
Impairment loss charge (credit) (Note 23)	422	2,529
Post-employment benefit income (Note 14)	(1,177)	(1,021)
Fair value gains/(losses) on investments at FVTPL (Note 22)	(1,279)	324
Interest income (Note 20)	(64,970)	(55,408)
Interest expense (Note 21)	39,116	32,400
	<u>(27,075)</u>	<u>(20,465)</u>

**DEVELOPMENT FINANCE LIMITED**

## Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)***26. Analysis of Changes in Financing During the Year**

	<b>Repurchase Agreement</b>	<b>Borrowings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$,000</b>	<b>\$'000</b>
Balance at January 1, 2025	<u>15,176</u>	<u>246,968</u>	<u>262,144</u>
<i>Changes from financing cash flows</i>			
Proceeds from issue of borrowings	11,813	141,247	153,060
Repayment of borrowings	<u>(12,073)</u>	<u>(141,980)</u>	<u>(154,053)</u>
Total changes from financing cash flows	<u>(260)</u>	<u>(733)</u>	<u>(993)</u>
<i>The effect of changes in foreign exchange rates</i>			
Changes in fair value	7	(43)	(36)
<i>Other changes:</i>			
Interest expense	588	11,486	12,074
Interest paid	<u>(369)</u>	<u>(11,584)</u>	<u>(11,953)</u>
Total liability-related other changes	<u>226</u>	<u>(141)</u>	<u>85</u>
Balance at December 31, 2025	<u>15,142</u>	<u>246,094</u>	<u>261,236</u>
Balance at January 1, 2024	<u>-</u>	<u>303,164</u>	<u>303,164</u>
<i>Changes from financing cash flows</i>			
Proceeds from issue of borrowings	33,074	122,755	155,829
Repayment of borrowings	<u>(18,032)</u>	<u>(178,486)</u>	<u>(196,518)</u>
Total changes from financing cash flows	<u>15,042</u>	<u>(55,731)</u>	<u>(40,689)</u>
<i>The effect of changes in foreign exchange rates</i>			
Changes in fair value	(60)	(45)	(105)
<i>Other changes</i>			
Interest expense	238	11,635	11,873
Interest paid	<u>(44)</u>	<u>(12,055)</u>	<u>(12,099)</u>
Total liability-related other changes	<u>194</u>	<u>(420)</u>	<u>(226)</u>
Balance at December 31, 2024	<u>15,176</u>	<u>246,968</u>	<u>262,144</u>

## DEVELOPMENT FINANCE LIMITED

Notes to the Financial Statements

December 31, 2025

*(Expressed in Thousands of Trinidad and Tobago Dollars)*

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### 27. Dividends

The following amounts were recognized as distributions to equity holders of the Company during the years ended December 31, 2025.

	<u>2025</u>	<u>2024</u>
	<u>\$,000</u>	<u>\$'000</u>
Dividends: 5% on preference shares	<u>1,330</u>	<u>2,330</u>

At the reporting date, there were no proposed dividends by the Board of Directors.

### 28. Events after the Reporting Date

The Company 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 27, 2026, the date these financial statements were available to be issued. Based upon this evaluation, the Company has determined that there are no subsequent events that requires adjustment to or disclosure in these financial statements.