BOSLIL BANK LIMITED

Consolidated Financial Statements

March 31, 2020
(Expressed in United States Dollars)

BOSLIL BANK LIMITED

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Independent Auditor's Report

To the Shareholders of Boslil Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Boslil Bank Limited and its subsidiaries (collectively, "the Group"), which comprise the consolidated statement of financial position as at March 31, 2020 and the consolidated statements of profit or loss and comprehensive income, changes in equity and cash flows for the year then ended, and notes, to the consolidated financial statements including a summary of significant accounting policy.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethic Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Eastern Caribbean, and we have fulfilled out other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report (cont'd)

To the Shareholders of Boslil Bank Limited

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

KPMG

Independent Auditor's Report (cont'd)

To the Shareholders of Boslil Bank Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG

Independent Auditor’s Report (cont’d)

To the Shareholders of Boslil Bank Limited

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements, (cont’d)

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG

Chartered Accountants
June 25, 2020
Castries, Saint Lucia

BOSLIL BANK LIMITED

Consolidated Statement of Financial Position
As at March 31, 2020
(expressed in United States dollars)

	Notes	2020 $	2019 $
Assets			
Cash and cash equivalents	5	**84,548,151**	59,604,775
Loans and advances to customers	6	**-**	409,973
Investment securities	8	**187,222,781**	184,514,881
Property and equipment	9	**1,543,815**	570,496
Intangible assets	10	**131,154**	-
Right of use asset	11	**1,094,281**	-
Other assets	12	**440,368**	253,669
Total assets		**274,980,550**	245,353,794
Liabilities			
Deposits from other banks	13	**419,628**	522,240
Due to customers	14	**250,436,099**	221,050,980
Lease Liability	15	**1,130,067**	-
Due to related parties	24	**10,021**	1,720
Other liabilities	16	**652,948**	571,681
Total liabilities		**252,648,763**	222,146,621
Equity			
Share capital and share premium	17	**8,277,255**	6,277,255
Unrealised (loss)/gain on investments		**(3,240,452)**	82,262
Reserves	26	**7,809,919**	6,840,453
Retained earnings		**9,485,065**	10,007,203
Total equity		**22,331,787**	23,207,173
Total liabilities and equity		**274,980,550**	245,353,794

Approved by the Board of Directors on June 25, 2020 and signed on its behalf by:

_________________ Director   _________________ Director

The accompanying notes are an integral part of the financial statements.

BOSLIL BANK LIMITED

Consolidated Statement of Profit or Loss and Other Compehensive Income
For the year ended March 31, 2020

(expressed in United States dollars)

	Note	2020 $	2019 $
Interest income	18	**6,714,225**	5,842,381
Interest expense	18	**(204,652)**	(313,267)
Net interest income		**6,509,573**	5,529,114
Fees and commission income, net	19	**2,179,196**	1,910,713
Net foreign exchange trading income	20	**665,368**	638,419
Other income/(expenses)	21	**979,105**	(6,117)
Impairment (losses)/gains on investments		**(368,458)**	343,540
Operating expenses	22	**(5,117,456)**	(4,101,144)
Profit for the year		**4,847,328**	4,314,525

The accompanying notes are an integral part of the financial statements.

BOSLIL BANK LIMITED

Consolidated Statement of Profit or Loss and Other Compehensive Income
For the year ended March 31, 2020

(expressed in United States dollars)

	2020 $	2019 $
Profit for the year	**4,847,328**	4,314,525
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Unrealized (loss)/gain on debt investments at FVOCI	**(3,440,734)**	992,733
Realised loss transferred to profit or loss	**118,020**	647,530
Net other Comprehensive (loss)/income to be classified to profit and loss in subsequent period	**(3,322,714)**	1,640,263
Total comprehensive income for the year	**1,524,614**	5,954,788

The accompanying notes are an integral part of the financial statements.

BOSLIL BANK LIMITED

Consolidated Statement of Changes in Equity
For the year ended March 31, 2020
(expressed in United States dollars)

	Share capital and share premium $	Unrealised (loss)/gain on Available for sale investments $	Fair Value through OCI securities $	Reserves $	Retained earnings $	Total $
Balance at April 1, 2018	6,277,255	(1,917,519)	-	5,977,548	9,184,758	19,522,042
Changes on initial application of IFRS 9	-	1,917,519	(1,558,001)	-	(929,175)	(569,657)
Restated balance at April 1, 2018	6,277,255	-	(1,558,001)	5,977,548	8,255,583	18,952,385
Total comprehensive income for the year	-	-	1,640,263	-	4,314,525	5,954,788
Transfer to reserves	-	-	-	862,905	(862,905)	-
Dividends	-	-	-	-	(1,700,000)	(1,700,000)
Balance at March 31, 2019	6,277,255	-	82,262	6,840,453	10,007,203	23,207,173
At April 1, 2019	6,277,255	-	82,262	6,840,453	10,007,203	23,207,173
Issue of share capital	2,000,000	-	-	-	-	2,000,000
Total comprehensive income for the year	-	-	(3,322,714)	-	4,847,328	1,524,614
Transfer to reserves	-	-	-	969,466	(969,466)	-
Dividends	-	-	-	-	(4,400,000)	(4,400,000)
Balance at March 31, 2020	**8,277,255**	**-**	**(3,240,452)**	**7,809,919**	**9,485,065**	**22,331,787**

The accompanying notes are an integral part of the financial statements.

BOSLIL BANK LIMITED

Consolidated Statement of Cash Flow
For the year ended March 31, 2020
(expressed in United States dollars)

	Notes	2020 $	2019 $
Cash flows from operating activities			
Profit for the year		**4,847,328**	4,314,525
Adjustments to reconcile net profit to net cash flows:			
Loss on disposal of property and equipment		**2,689**	4,515
Depreciation	**9**	**201,230**	115,569
Amortisation of intangible assets	**10**	**42,986**	164,017
Depreciation of right of use asset	**11**	**126,263**	-
Interest income on loans and advances to customers		**(20,384)**	(237,645)
Interest expense		**204,652**	313,267
Unrealized (loss)/gain on investments at FVTPL	**8, 21**	**173,315**	(109,924)
Interest expense leases		**85,522**	-
Movement in ECL		**368,458**	(348,040)
Net foreign exchange difference on investments		**613,696**	1,860,578
Impairment losses on investments		**-**	4,500
Cash flows before changes in operating assets and liabilities		**6,645,755**	6,081,362
Changes in:			
Other assets		**(186,699)**	361,406
Loans and advances to customers		**409,973**	8,703,604
Due to customers		**29,381,067**	(19,759,543)
Deposits from other banks		**(102,612)**	(1,660,333)
Other liabilities		**81,267**	142,062
Purchase of investment securities		**(223,013,258)**	(124,761,282)
Proceeds on disposal of investment securities		**215,827,175**	112,060,932
Cash from/(used) in operations		**29,042,668**	(18,831,792)
Interest paid		**(200,600)**	(331,937)
Interest paid leases		**(85,522)**	-
Interest received		**20,384**	275,381
Net cash from/(used in) operating activities		**28,776,930**	(18,888,348)
Cash flows from investing activities			
Proceeds from disposal of fixed assets		**1,894**	-
Purchase of property and equipment		**(1,179,132)**	(446,517)
Purchase of intangible assets		**(174,140)**	-
Net cash used in investing activities		**(1,351,378)**	(446,517)
Cash flows from financing activities			
Issue of share capital		**2,000,000**	-
Movement in due to related parties		**8,301**	1,269,697
Dividends paid		**(4,400,000)**	(1,700,000)
Payment of lease liability		**(90,477)**	-
Net cash used in financing activities		**(2,482,176)**	(430,303)
Increase/(decrease) in cash and cash equivalents		**24,943,376**	(19,765,168)
Cash and cash equivalents, beginning of year		**59,604,775**	79,369,943
Cash and cash equivalents, end of year	**5**	**84,548,151**	59,604,775

1 General information

Boslil Bank Limited (Boslil), formerly Bank of Saint Lucia International Limited (BOSLIL) (the "Bank") was incorporated in Saint Lucia on December 30, 2003 under the International Business Companies Act of Saint Lucia. Boslil's principal activity is the provision of international banking services. It is a 75% owned subsidiary of Proven Investments Limited (the Parent company) an International Business Company incorporated in Saint Lucia, with the balance of the shares owned by Ryan Devaux. Boslil was purchased by Proven Investments Limited on March 10, 2017 from East Caribbean Financial Holding Company Limited (ECFH), a limited liability company incorporated and domiciled in Saint Lucia. BOSLIL commenced trading when the licence to carry on international banking business from Saint Lucia was obtained on March 30, 2004.

BOSLIL International Holdings Limited ("BIHL") is a wholly owned subsidiary of Boslil and was incorporated in Saint Lucia on October 18, 2010. Its principal activity is that of a holding company. It is intended that BIHL will be the sole shareholder of the companies involved in non-banking activities.

BOSLIL Finance Limited ('BFL') is a wholly owned subsidiary of Boslil and was incorporated in Saint Lucia on October 30, 2006. BFL's principal activities are the provision of structured finance services, investment management and administrative services to BOSLIL Bond Fund Limited and BOSLIL Equity Fund Limited. The operations of BFL commenced in fiscal year 2007.

BOSLIL Sudamerica SA ("BSA") is a wholly owned subsidiary of BFL and was incorporated in Uruguay on March 18, 2009. BSA's principal activity is the provision of market research, translation and business development services in South America.

BOSLIL Bond Fund Limited was incorporated in Saint Lucia on October 6, 2010. The shares of this Company are owned by BIHL. The Company is a private mutual fund and has been registered as such on January 4, 2011 under the International Mutual Fund Act of Saint Lucia.

BOSLIL Equity Fund Limited was incorporated in Saint Lucia on March 24, 2011. The shares of this Company are owned by BIHL. The company is a private mutual fund and has been registered as such on May 11, 2011 under the International Mutual Fund Act of Saint Lucia.

BOSLIL Secretarial Services was incorporated in Saint Lucia on February 9, 2011. The shares of this Company are owned by BIHL. The Company's principal activity is to provide secretarial services for companies.

BOSLIL Corporate Services Limited ("BCSL") is a wholly-owned subsidiary of BIHL and was incorporated in Saint Lucia on November 17, 2010. Its principal activity is the provision of registered agent services for which the Company was granted a licence under The Registered Agents & Trustees Licensing Act of Saint Lucia on January 4, 2011.

1 General information (cont'd)

Boslil Bank Limited and its subsidiaries (the Group) principal place of business is Massade, Gros Islet, St. Lucia and the address of the registered office is the office of its registered agent BCSL, also at the same location.

2 Summary of significant accounting policies

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

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as at March 31, 2020 (the reporting date).

Basis of preparation
The consolidated financial statements have been prepared under the historical cost convention, except for the following material items that are measured at fair value in the consolidated statement of financial position.

- Financial assets measured at fair value through profit or loss
- Financial assets designated at fair value through profit or loss
- Equity instruments designated at fair value through other comprehensive income
- Debt investments measured at fair value through other comprehensive income

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and judgements affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date, and the income and expenses for the period/year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

The estimates and the assumptions underlying them, as well as the judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 Summary of significant accounting policies (cont'd)

Basis of preparation (cont'd)

(a) Changes in accounting policies and disclosures

The Group applied for the first time certain standards and amendments, which are effective for annual reporting periods beginning on or after 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Of these new standards and amendments applied for the first time in 2019, only IFRS 16 had a material impact on the annual financial statements of the Group. The nature and/or impact of each new standard or amendment is described below:

- **IFRS 16 Leases**

  In January 2016, the IASB issued IFRS 16 Leases, the standard that replaced IAS 17 for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted. The bank did not early adopt IFRS 16. IFRS 16 specifies how leases will be recognised, measured, presented and disclosed. IFRS 16 does not significantly change the accounting for leases for Lessors. However; the standard does require lessees to recognise most leases on their balance sheet as lease liabilities with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise "short-term" leases and leases of "low-value" assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to finance lease accounting under the predecessor standard IAS 17, with interest and depreciation expense recognised separately in the statement of income.

- **Amendments to IAS 12 Income Taxes – Annual Improvements to IFRS Standards 2015-2017**

  The IASB issued an amendment to IAS 12 in December 2017. The amendment clarified the recognition and measurement of current and deferred taxes on dividends. The amendment clarified the recognition of income tax consequences of dividends where the transactions or events that generated distributable profits are recognised, apply to all income tax consequences of dividends. This amendment is effective for annual reporting periods beginning on or after January 1, 2019 and did not have a significant impact on the Group.

- **Amendments to IAS 19 Employee Benefits**

  In February 2018, through issuing amendments to IAS 19, the IASB made changes relating to defined benefit plan to include Plan Amendment, Curtailment and Settlement as follows:

  I. If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement
  II. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

2 Summary of significant accounting policies (cont'd)

Basis of preparation (cont'd)

a) **Changes in accounting policies and disclosures**

The amendments to standard are applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019 with early adoption permitted.

- **Amendments to IAS 23 Borrowing Costs - Annual Improvements to IFRS Standards 2015-2017**

  The amendment to IAS 23 clarified that when a qualifying asset is ready for its intended use or sale, any outstanding borrowings made specifically to obtain that qualifying asset, becomes part of general borrowings. It therefore means that an organization should calculate the capitalization rate on general borrowings taking into account the specific borrowing on completed assets if outstanding.

  The amendment was issued in December 2017 and is applicable for annual reporting periods beginning on or after January 1, 2019.

- **Amendments to IAS 28 Investments in Associates and Joint Ventures**
  The IASB published Long-Term Interests in Associates and Joint Ventures (Amendments to IAS 28) to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in associates or joint ventures that form part of the net investment in the associate or joint venture but to which the equity method is applied.

  The amendments are effective for reporting periods beginning on or after January 1, 2019, however, earlier application is permitted.

- **Amendments to IFRS 9 – Financial Instruments**
  The IASB issued "Prepayment Features with Negative Compensation (Amendments to IFRS 9)" to address the concerns about how IFRS 9 – Financial Instruments classifies particular prepayable financial assets. Under the current standard, financial assets are classified as at amortized cost only when the business model test and the contractual cash flow characteristics (SPPI) test are met. However, when financial institutions generate loans with prepayment features with negative compensation, the cash flows from such loans might not represent solely payments of principal and interest and as such, the contractual cash flow test is not met. As a result, all the loans with similar prepayment features could not be classified at amortized cost. Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

  Besides changes related to classification of financial assets with prepayment options, this amendment also clarified accounting for modification or exchange of financial liabilities measured at amortised cost that does not result in derecognition of the financial liability.

2 Summary of significant accounting policies*…continued*

Basis of preparation*…continued*

(a) Changes in accounting policies and disclosures*...continued*

The adjustment arising from a modification or exchange should be recognised in profit or loss at the date of the modification or exchange.

The amendments are applicable for reporting periods beginning on or after January 1, 2019 with early adoption permitted. The changes in the standard have not had a material impact on the financial statements.

- **IFRS 3 - Business Combinations – Annual Improvements to IFRS standards 2015 - 2017**
  The amendments to IFRS 3 clarified that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.

- **IFRS 11 – Joint Arrangements (Annual Improvements to IFRS Standards 2015-2017 cycle)**
  The amendments to IFRS 11 clarified that when an entity obtains control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

  The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier adoption is permitted.

- **IFRIC Interpretation 23**
  IFRIC 23 clarifies the accounting for uncertainties in income taxes. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item under IAS 12, including taxable profit or loss, the tax bases of assets and liabilities, unused tax losses and credits and tax rates.

  <u>Determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates</u>

- A company has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.
  If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.
- If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

  IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

2 Summary of significant accounting policies*…continued*

Basis of preparation…continued

(a) Changes in accounting policies and disclosures...continued

Transition

The requirements are applied by recognising the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which an entity first applies them, without adjusting comparative information. Full retrospective application is permitted, if an entity can do so without using hindsight.

(b) Standards issued but not yet effective

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

IFRS 17- Insurance Contracts

IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. An entity shall apply IFRS 17 to:

- Insurance contracts including reinsurance contracts, it issues;
- Reinsurance contracts it holds: and
- Investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.

The standard is effective for reporting periods beginning on or after January 1, 2021. The standard is not expected to have a material impact on the financial statements of the Group.

IFRS 3 Definition of A Business (Amendments to IFRS 3)

The amendments to the definition of a Business aims at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

The amendments are changes to Appendix A defined terms, the application guidance and the illustrative examples of IFRS 3 only and include:

- Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;

2 Summary of significant accounting policies (cont'd)

Basis of preparation (cont'd)

Standards issued but not yet effective (cont'd)

IFRS 3 Definition of A Business (Amendments to IFRS 3) (cont'd)

- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisition that occur on or after the beginning of that period. Earlier adoption is permitted.

Conceptual Framework for Financial Reporting

The IASB issued a revised version of the Conceptual Framework on March 29, 2018. The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance—in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The Board also issued *Amendments to References to the Conceptual Framework in IFRS Standards* to update references in IFRS Standards to previous versions of the *Conceptual Framework*. The effective date for the updated Conceptual Framework and related amended references is January 1, 2020.

(c) Consolidation

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the Parent Company's reporting date. The consolidation principles are unchanged as compared to the previous period.

The consolidated financial statements of the Group comprise the financial statements of the parent entity and all subsidiaries for the year April 1, 2019 to March 31,2020.

Control is achieved when Parent Company (Boslil) is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee.

2 Summary of significant accounting policies (cont'd)

Basis of preparation (cont'd)

(c) Consolidation

Specifically, Boslil controls an investee if and only if Boslil has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns
- When Boslil has less than a majority of the voting or similar rights of an investee, Boslil considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- Boslil's voting rights and potential voting rights

Boslil re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when Boslil obtains control over the subsidiary and ceases when Boslil loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of income from the date Boslil gains control until the date Boslil ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If Boslil loses control over a subsidiary, it:

- Derecognises the assets and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

2 Summary of significant accounting policies (cont'd)

Basis of preparation (cont'd)

(c) Consolidation (cont'd)

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the effective acquisition date or up to the effective date on which control ceases, as appropriate.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred over the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of income.

Inter-company transactions, balances and unrealised gains on transactions between group companies have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The integration of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

(d) Fair value measurement

The Group measures financial instruments such as investment securities, at fair value at each reporting date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

Disclosures for valuation methods, significant estimates and assumptions	Notes 2 ,3 and 8
Quantitative disclosures of fair value measurement hierarchy	Note 3
Loans and advances to customers	Note 6
Financial instruments (including those carried at amortised cost)	Note 7

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

2 Summary of significant accounting policies (cont'd)

Basis of preparation (cont'd)

(d) Fair value measurement (cont'd)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling to another participant that would use the asset in its highest and best use.

The Group determines the policies and procedures for both recurring and non-recurring fair value measurement.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(e) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including: cash, deposits with other banks, deposits with non-bank financial institutions and other short-term securities.

(f) Financial assets

(i) Classification of financial assets

The Group classified its financial assets in the following IFRS 9 measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt investments

Debt investments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt investments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset.

2 Summary of significant accounting policies (cont'd)

(f) Financial assets (cont'd)

(i) Classification of financial assets (cont'd)

Debt investments (cont'd)

Based on these factors, the Group classifies its debt investments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at note 2. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect, on an investment-by-investment basis, to present subsequent changes in the investment's fair value in OCI.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss within 'Net trading income' in the period in which it arises, unless it arises from debt investments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

Gains and losses on equity investments at FVTPL are included in the 'Other operating income' caption in the income statement.

2 Summary of significant accounting policies (cont'd)

(f) Financial assets (cont'd)

(i) Classification of financial assets (cont'd)

Business model assessment

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Group in determining the business model for a group of assets include:

1. Past experience on how the cash flows for these assets were collected;
2. How the asset's performance is evaluated and reported to key management personnel;
3. How risks are assessed and managed; and
4. How managers are compensated.

For example, securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

The Group reclassifies debt investment securities when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

2 Summary of significant accounting policies (cont'd)

(f) Financial assets (cont'd)

(ii) Measurement of gains and losses on financial assets

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

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

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

Gains and losses on equity instruments classified at FVOCI are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

(g) Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on the financial instruments measured at amortised cost and debt investments at FVOCI. No impairment loss is recognised on equity instruments.

Framework

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. See below for a description of how the Group determines when a significant increase in credit risk has occurred.

2 Summary of significant accounting policies (cont'd)

(g) Impairment of financial assets (cont'd)

Framework (cont'd)

- A financial asset is credit impaired ('Stage 3') when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. See below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. See below for an explanation of how the Group has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investment securities carried at FVOCI are credit-impaired ('Stage 3'). Evidence that a financial asset is credit-impaired includes the following observable data:

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

In addition, a loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

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

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the 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.

2 Summary of significant accounting policies (cont'd)

(g) Impairment of financial assets (cont'd)

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 derecognised 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. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Measurement of ECL

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they 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 lease receivables) on which credit risk has not increased significantly since their initial recognition.

The ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e., defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

2 Summary of significant accounting policies (cont'd)

(g) Impairment of financial assets (cont'd)

Measurement of ECL (cont'd)

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 Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn and the cash flows that the Group expects to receive;
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover; and
- trade and lease receivables: Loss allowances for trade and lease receivables, measured at an amount equal to lifetime ECL.

Presentation of allowance for ECL in the statement of financial position

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 provision.
- debt investments 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 is recognised in profit or loss as a reclassification from OCI.

Forward looking information

The standard requires the incorporation of forwarding looking information in the estimation of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward looking-looking information requires significant judgement.

(h) Leases

Policy applicable from April 1, 2019

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

2 Summary of significant accounting policies (cont'd)

(h) Leases (cont'd)

Policy applicable from April 1, 2019

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

Definition of a lease

A Group company is the lessee

1) Right-of-Use Asset

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment disclosed in note (i). In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

<u>Lease Liability</u>
The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

<u>A Group company is the lessor</u>

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

2 Summary of significant accounting policies (cont'd)

(h) Leases (cont'd)

A Group company is the lessor (cont'd)

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'. Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

Short-term leases and Low value leases
Short-term leases are leases with a lease term of twelve (12) months or less and containing no purchase options. A low value lease is a lease agreement where the underlying asset has a low value when new.

Instead of applying the recognition requirements of IFRS 16, a lessee may elect to account for such lease payments of such leases as an expense on a straight-line basis over the lease term or another systematic basis.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular the Group:

- Did not recognise the right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the initial application date of January 1, 2019.
- Did not recognise the right-of-use assets and liabilities for leases where the lease asset was not physically distinct from the asset. IFRS 16:5, 6 & 8 states that A capacity portion of a lease of an asset is still an identified asset if it is physically distinct (e.g. a floor of a building). A capacity or other portion of an asset that is not physically distinct is not an identified asset, unless it represents substantially all the capacity such that the customer obtains substantially all the economic benefits from using the asset (IFRS 16: B20). These leases therefore did not fall within the scope of IFRS 16.

Policy applicable before April 1, 2019

A Group company is the lessee
The leases entered into by the Group were primarily operating leases. The total payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period is expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

A Group company is the lessor
Assets leased out under operating leases are included in investment properties in the consolidated statement of financial position. They are depreciated over the expected useful life. Rental income is recognised in profit or loss on a straight-line basis over the period of the lease.

(expressed in United States dollars)

2 Summary of significant accounting policies (*cont'd)*

(h) Leases (*cont'd)*

Policy applicable before April 1, 2019 (cont'd)

(i) Impact on transition

On the initial application date of April 1, 2019, the Group did not recognise additional right –of-use assets and lease liabilities as the lease term expired within one year of the date of initial application and the impact recognition would not result in a material impact on the financial results at April 1, 2019. Application of the standard was therefore applied at March 31, 2020.

(j) Impairment of other non-financial assets

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

(k) Offsetting financial instruments

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

(l) Property and equipment

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

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets cost less residual values over their estimated useful lives, as follows:

Leasehold improvements	10%
Office furniture and equipment	10% - 20%
Computer equipment	33 1/3%
Motor vehicles	20% - 25%

2 Summary of significant accounting policies (*cont'd)*

(l) Property and equipment (cont'd)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of income.

(m) Intangible assets

Intangible assets comprise separately identifiable intangible items arising from business combinations, computer software licences and other intangible assets. Intangible assets are recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Intangible assets with a definite useful life are amortized using the straight-line method over their estimated useful economic life, generally not exceeding 20 years.

Intangible assets with an indefinite useful life are not amortised. Generally, the identified intangible assets of the Group have a definite useful life. At each reporting date, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable.

An impairment loss is recognized if the carrying amount exceeds the recoverable amount. The Group chooses to use the cost model for the measurement after recognition.

Computer software licences
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives. Software has a maximum expected useful life of 3 years.

(n) Financial liabilities

The Group's holding in financial liabilities are at amortised cost. Financial liabilities are derecognised when extinguished. Financial liabilities measured at amortised cost are deposits from banks or customers and debt securities in issue for which the fair value option is not applied.

(o) Provisions

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

(p) Share capital

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

2 Summary of significant accounting policies (cont'd)

(q) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(r) Interest income and expense

Interest income and expense are recognised in the consolidated statement of profit and loss and other comprehensive income for all instruments measured at amortised cost using the effective interest method.

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

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

(s) Fees and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of a business, are recognised upon completion of the underlying transaction.

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time apportioned basis. Asset management fees related to investment funds are recognised rateably over the period the service is provided. The same principle is applied for financial planning and custody services that are continuously provided over an extended period of time.

2 Summary of significant accounting policies (cont'd)

(t) Dividend income
Dividend income is recognised when the entity's right to receive payment is established.

(u) Foreign currency translation
Functional and presentation currency
Items in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United States dollars, which is the Group's functional and presentation currency.

Transactions and balances
Foreign currency transactions that are transactions denominated, or that require settlement in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rates as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income. Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as fair value through other comprehensive income and available-for-sale financial assets 2018, are included in the other comprehensive income.

Financial instruments
Financial instruments carried on the consolidated statement of financial position include cash and cash equivalent, investment securities, loans and advances to customers, deposits from other banks and due to customers. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.

(v) Comparatives
Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where necessary comparative information may be amended to match current year presentation.

3 Financial risk management

Strategy in using financial instruments

By its nature, the Group's activities are principally related to the use of financial instruments. The Group accepts deposits from customers at both fixed and floating rates and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds whilst maintaining sufficient liquidity to meet all claims that may fall due.

Risk management is carried out by Management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

Credit risk

Management of credit risk attaching to key financial assets

Investment securities and loans receivable

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, the associated loss ratios and the default correlations between counterparties. The Group uses ECL models developed by independent service providers to determine the ECL allowances for its investments and loans receivable. The models measure credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). The Group uses a provision matrix in applying the simplified model for trade receivables.

The following table sets out information about the credit quality of financial assets measured at amortised cost, and FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments, the amounts in the table represent the amounts committed.

(expressed in United States dollars)

3 Financial risk management (cont'd)

Credit risk (cont'd)

Management of credit risk attaching to key financial assets (cont'd)

Investment securities and loans receivable (cont'd)

- Debt investment securities and other financial assets at amortised cost:

	Group				
	Stage 1	**Stage 2**	**Stage 3**	**2020 Total**	**2019 Total**
	$	**$**	**$**	**$**	**$**
Credit grade					
Investment grade	3,634,132	4,801,835	-	8,435,967	6,112,969
Non-investment grade	11,365,325	-	-	11,365,325	3,992,864
Loss allowance	(12,099)	(76,331)	-	(88,430)	(8,979)

- Debt investment securities at FVOCI:

	Group				
	Stage 1	**Stage 2**	**Stage 3**	**2020 Total**	**2019 Total**
	$	**$**	**$**	**$**	**$**
Credit grade					
Investment grade	155,056,058	4,275,613	-	159,331,671	139,597,695
Non-investment grade	1,423,534	-	-	1,423,534	23,023,367
Loss allowance	(351,111)	(145,612)	-	(496,723)	(207,716)

(expressed in United States dollars)

3 Financial risk management (cont'd)

Credit risk (cont'd)

Management of credit risk attaching to key financial assets (cont'd)

Investment securities and loans receivable (cont'd)

- Loans receivable at amortised cost:

	2020 Total $	**2019 Total $**
Performing	-	409,973
Non-performing	-	-
Allowance for impairment losses	-	-
Carrying amount	-	-

	2020 Total $	**2019 Total $**
Aging of loans receivable		
Current	-	409,973
Past due 1-30 days		-
Past due 31-60 days	-	
Past due 60-90 days		
Over 90 days	-	-
	-	-
Total	-	409,573
Loan commitments		
Grades A Low risk		
Loss allowance	-	-

3 Financial risk management (cont'd)

Credit risk (cont'd)

Management of credit risk attaching to key financial assets (cont'd)

Investment securities and loans receivable (cont'd)

The key judgements and assumptions adopted by the Group in addressing the requirements of IFRS 9 are discussed below:

Credit risk grades

The Group uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty.

Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for personal exposures; and turnover and industry type for commercial exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

For debt investment securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are monitored and regularly updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

Determining whether credit risk has been increased significantly (Stage 2)

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

- quantitative test based on movement in Probabilities of Default (PD). Credit risk is deemed to increase significantly where the probability of default on a security or a loan has moved by six (6) basis points.
- qualitative indicators; and
- a backstop of 30 days past due, 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.

3 Financial risk management (cont'd)

Credit risk (cont'd)

Management of credit risk attaching to key financial assets (cont'd)

Determining whether credit risk has been increased significantly (Stage 2) (cont'd)

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured at 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 Group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has not declined significantly. When contractual terms of a loan have been 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.

Definition of default (Stage 3):

In assessing whether a borrower is in default, the Group uses the following indicators:

- Bankruptcies and liquidations
- Failure to pay interest/principal on an interest-bearing bond or loan, missed payment (principal, interest, or both), past the grace period.
- Distressed restructuring: difference between the net present values of cash flows before and after restructuring arrangements exceeds a certain threshold
- Government bail-out: For banks and financial institutions.

Incorporation of forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD, and LGD vary by financial instrument. Expert judgment had also been applied in this process. Forecasts of these economic variables (the "Base economic scenario") are provided by the Group's Finance team and provided the best and worse estimate view of the economy.

The impact of these economic variables on the PD, EAD, and LGD has been determined by performing a trend analysis and comparing historical information with forecast macro-economic data to determine the impact changes in these variables have historically had on default rates and on the components of LGD and EAD.

3 Financial risk management (cont'd)

Credit risk (cont'd)

Management of credit risk attaching to key financial assets (cont'd)

Incorporation of forward-looking information (cont'd)

In addition to the base economic scenario, the Group considers other possible scenarios and scenario weightings. At March 31, 2019 and March 31, 2020, the Group concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes of which each chosen scenario is representative.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Each scenario considers the expected impact of interest rates, unemployment rates and gross domestic product (GDP).

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis.

Measurement of ECL

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 are calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by LGD and EAD.

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

Life time PD models calculate probabilities of default at a minimum of an annual frequency all the way out for 20 years. Beyond 20 years, due to lack of available data and the challenge of predicting PDs this far into the future, the model assumes that the 20 year annual marginal PD holds constant from the 20 year mark until maturity.

3 Financial risk management (cont'd)

Credit risk (cont'd)

Measurement of ECL (cont'd)

LGD is the magnitude of the likely loss if there is a default. The recovery rate model provides transparent, timely (point-in-time), quantitative estimates of recovery rates of issues within different liability classes of a given company.

The bond recovery rate model is based on historically realised recovery rates of defaulted bonds. Realised recovery rates are defined as the trading price of defaulted bonds approximately 30 days after default. Effectively, the model is a non-linear factor based model. Historical recovery rate data was compared to a variety of factors in order to determine correlations between these factors and the amount recovered (as defined above). These correlations were then used to determine the coefficients in a non-linear factor model which is used for projecting recovery rates and losses prospectively. The output from this model can be used either on a stand-alone basis to estimate recovery by specific liability class upon default, or as inputs to a more comprehensive portfolio credit risk management system.

EAD represents the expected exposure in the event of a default. The Group uses an established third party service provider to determine client-specific exposure at default ("EAD") amounts on a position-by position or lot-by-lot basis. In preparing the full lifetime ECL calculation, the EAD is calculated at annual intervals from the reporting date out to maturity. The reporting date, transaction date and transaction price are used to calculate the accounting exposure at default. If not provided, an accounting effective interest rate is calculated using the transaction date and price (see section below) and is applied to the future cash flows of the particular instrument to discount these cash flows. This is done on an annual basis from reporting date out until maturity.

(expressed in United States dollars)

3 Financial risk management (cont'd)

Credit risk (cont'd)

Management of credit risk attaching to key financial assets (cont'd)

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

- Debt investment securities, loans receivable at amortised cost:

	Group				
				2020	2019
	Stage 1	Stage 2	Stage 3	Total	Total
	$	$	$	$	$
Balance at April 1,	8,979	-	-	8,979	-
Re-measurement on April 1, 2018 (IFRS 9)	-	-	-	-	32,007
Net re-measurement of loss allowance	3,241	76,210	-	79,451	(23,028)
Balance at March 31,	12,220	76,210	-	88,430	8,979

- Debt investment securities at FVOCI:

	Group				
				2020	2019
	Stage 1	Stage 2	Stage 3	Total	Total
	$	$	$	$	$
Balance at April 1	192,275	15,441	-	207,716	30,705
Re-measurement on April 1, 2018 (IFRS 9)	-	-	-	-	502,022
Net re-measurement of loss allowance	158,836	130,171	-	289,007	(325,011)
Balance at March 31	351,111	145,612	-	496,723	207,716

3 Financial risk management

Credit risk (cont'd)

The Group takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to each counterparty and its investment and the related portfolio and cash and cash equivalent balances in aggregate. Such risks are monitored on a revolving basis and subject to a monthly review.

The Group is also exposed to other credit risks arising from deposits with other banks and non-bank financial institutions, investments in debt and other securities.

Exposure to credit risk is managed through regular analysis of cash and cash equivalents, loans and advances to customers and investment securities.

Credit risk measurement

(a) Cash and cash equivalents
Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Group's policy. Counterparty credit limits are reviewed by the Group's Risk Department on an annual basis, and may be updated throughout the year subject to approval of the Group's Investment Committee, the Asset and Liability Committee and where necessary, The Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments.

(b) Loans and advances to customers
The Group's policy is that all loans and advances to customers are fully cash secured and as such loss from default is considered minimal and is limited to any unsecured unpaid interest at the time of default.

(c) Investment securities
For investment securities, external rating such as Standard & Poor's rating or their equivalents are used by BOSLIL's Treasury for managing the credit risk exposures. The investments in securities and bills are viewed as a way to gain a better credit quality mapping and simultaneously maintain a readily available source to meet the funding requirement.

Risk limit control and mitigation policies
The Group manages, limits and controls concentrations of credit risk wherever they are identified − in particular, to individual counterparties, groups and countries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to the industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary by the Board of Directors.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below.

3 Financial risk management (cont'd)

Credit risk (cont'd)

Collateral
The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral type for loans is cash collateral. On a case by case basis the Group may consider other forms of collateral including cash security financed by proceeds from the issuance of preference shares to related parties or guarantees from the ultimate parent company.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt investment securities, treasury and other eligible bills are generally unsecured.

Impairment and provisioning policies
Management determines whether objective evidence of impairment exists based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

(expressed in United States dollars)

3 Financial risk management (cont'd)

Credit risk (cont'd)

Maximum exposure to credit risk
Credit risk exposures relating to financial assets are as follows:

	Maximum exposure	
	2020 **$**	**2019** **$**
Cash and cash equivalents	**84,548,151**	59,604,775
Loans and advances to customers	**-**	409,973
Investment securities	**185,388,624**	183,205,555
Other assets	**121,349**	87,289
At 31 March 2020	**270,058,124**	243,307,592

The above table represents a worst case scenario of credit risk exposure to the Group at **March 31, 2020 and March 31, 2019**, without taking account of any collateral held or other credit enhancements attached. The exposures set out above are based on net carrying amounts as reported in the statement of financial position.

As shown above 31**%** (2019 – 24%) of the total maximum exposure is derived from cash and cash equivalents, and 69% (2019 – 75%) represents investments in debt investment securities.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its loan and advances portfolio based on the following:

- 2019 – 100% of the loans and advances portfolio are considered to be neither past due nor impaired;
- **46%** (2019 – 52%) of the investments in debt investment securities and other bills have at least an A-credit rating.

Loans and advances
The gross amount of loans and advances neither past due nor impaired totalled **Nil** (2019 – $409,973). There was no impairment provision on loans and advances for the past two years.

(expressed in United States dollars)

3 Financial risk management (cont'd)

Credit risk (cont'd)

Debt investment securities

The table below presents an analysis of debt investment securities by rating agency designation based on Standard & Poor's ratings or their equivalent:

	FVOCI $	FVTPL $	Amortised cost $	Total $
March 31, 2020				
AAA	**7,037,401**	**1,829,072**	**-**	**8,866,473**
AA+	**4,166,626**	**-**	**-**	**4,166,626**
AA	**1,195,601**	**-**	**-**	**1,195,601**
AA-	**8,805,717**	**-**	**-**	**8,805,717**
A+	**14,435,664**	**201,868**	**220,201**	**14,857,733**
A	**17,553,080**	**102,540**	**-**	**17,655,620**
A-	**30,417,670**	**101,369**	**218,895**	**30,737,934**
BBB+	**34,961,145**	**245,207**	**6,322,417**	**41,528,769**
BBB	**30,627,532**	**392,049**	**1,260,904**	**32,280,485**
BBB-	**10,131,235**	**511,249**	**215,891**	**10,858,375**
BB+	**1,278,799**	**-**	**109,229**	**1,388,028**
Below BB+	**144,735**	**-**	**-**	**144,735**
Unrated	**-**	**1,537,203**	**11,365,325**	**12,902,528**
Total	**160,755,205**	**4,920,557**	**19,712,862**	**185,388,624**
March 31, 2019				
AAA	4,143,652	2,416,769	-	6,560,421
AA+	6,723,211	-	-	6,723,211
AA	6,548,390	-	-	6,548,390
AA-	11,445,915	-	-	11,445,915
A+	12,646,491	-	-	12,646,491
A	17,239,592	-	112,577	17,352,169
A-	18,820,246	-	226,627	19,046,873
BBB+	27,766,729	612,671	5,155,377	33,534,777
BBB	22,895,988	655,904	379,035	23,930,927
BBB-	11,367,481	515,216	232,569	12,115,266
BB+	2,098,493	-	-	2,098,493
Below BB+	2,209,053	-	-	2,209,053
Unrated	18,715,821	6,287,079	3,990,669	28,993,569
Total	162,621,062	10,487,639	10,096,854	183,205,555

Unrated securities classified as at FVPL as at March 31, 2020, comprise equity and mutual funds instruments; and for investments at amortised cost are term deposits over 90 days.

(expressed in United States dollars)

3 Financial risk management (cont'd)

Credit risk (cont'd)

Geographical and economic concentrations of assets and liabilities
The following table breaks down the Group's credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as categorised by geographical region. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

Geographical risk concentrations were as follows:

	Saint Lucia $	Caribbean Latin and South American Regions $	North America $	Europe $	Middle East, Asia and Pacific Regions $	Total $
March 31, 2020						
Cash and cash equivalents	**1,003,192**	**22,940,493**	**1,734,717**	**58,869,749**	**-**	**84,548,151**
Loans and advances to customers	**-**	**-**	**-**	**-**	**-**	**-**
Investment securities	**161,285**	**18,015,956**	**117,086,811**	**48,437,093**	**1,687,479**	**185,388,624**
Other assets	**121,349**	**-**	**-**	**-**	**-**	**121,349**
	1,285,826	**40,956,449**	**118,821,528**	**107,306,842**	**1,687,479**	**270,058,124**

	Saint Lucia $	Caribbean Latin and South American Regions $	North America $	Europe $	Middle East, Asia and Pacific Regions $	Total $
March 31, 2019						
Cash and cash equivalents	938,267	4,046,836	3,467,485	51,123,588	28,599	59,604,775
Loans and advances to customers	409,973	-	-	-	-	409,973
Investment securities	3,541,227	8,201,092	101,845,843	58,733,708	10,883,685	183,205,555
Other assets	87,289	-	-	-	-	87,289
	4,976,756	12,247,928	105,313,328	109,857,296	10,912,284	243,307,592

(expressed in United States dollars)

3 Financial risk management (cont'd)

Credit risk (cont'd)

Industry Sector
The following table breaks down the Group's credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties.

Industry sector risk concentrations were as follows:

	Financial $	Telecom $	Energy, Mining, Natural Resources $	Sovereign/ Municipal $	Consumer, Cyclical/ Non-cyclical $	Other $	Total $
March 31, 2020							
Cash and cash equivalents	**84,548,151**	**-**	**-**	**-**	**-**	**-**	**84,548,151**
Loans and advances to customers	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investment securities	**88,692,582**	**9,423,586**	**10,279,129**	**11,839,830**	**35,540,727**	**29,612,770**	**185,388,624**
Other assets	**-**	**-**	**-**	**-**	**-**	**121,349**	**121,349**
	173,240,733	**9,423,586**	**10,279,129**	**11,839,830**	**35,540,727**	**29,734,119**	**270,058,124**
March 31, 2019							
Cash and cash equivalents	59,604,775	-	-	-	-	-	59,604,775
Loans and advances to customers	409,973	-	-	-	-	-	409,973
Investment securities	73,811,599	9,562,439	13,552,865	19,698,641	39,374,127	27,205,884	183,205,555
Other assets	-	-	-	-	-	87,289	87,289
	133,826,347	9,562,439	13,552,865	19,698,641	39,374,127	27,293,173	243,307,592

3 Financial risk management (cont'd)

Market risk
The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and foreign exchange rates and equity prices.

Currency risk
The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group is exposed to foreign exchange risk primarily with respect to EUR, AUD, GBP and CAD currencies. The Group manages its foreign currency risk by ensuring that its liabilities in each currency are matched with corresponding assets in the same currency and these positions are monitored monthly.

Sensitivity analysis
At **March 31, 2020**, if the EUR, AUD, GBP and CAD currencies were to weaken/strengthen by 2.63%, 16.32%, 6.08**%** and 6.16% (2019 – 9.63%, 8.25%, 7.41%, and 3.90 %), respectively, against the US dollar with all other variables held constant, net income for the year will increase/(decrease) by USD **$15,608/($16,204), (2019 – USD increase/(decrease) by** $24,921/($20,669), mainly as a result of foreign exchange gains/losses on translation of the EUR, AUD, GBP, and CAD dollar-denominated loans, receivables and investment securities. The sensitivity percentages used were based on historical trends during the **2020**/2019 period.

The following table summarizes the Group's exposure to foreign currency exchange rate risk at **March 31, 2020.**

The net currency exposure in the currency category "other" relates to exposure in XCD currency for both periods reported. XCD is pegged to the USD at 2.70.

(expressed in United States dollars)

3 Financial risk management (cont'd)

Currency risk (cont'd)

	USD $	GBP $	EUR $	AUD $	CAD $	Other $	Total $
At March 31, 2020							
Assets							
Cash and cash equivalents	59,573,262	6,474,200	3,804,229	8,853,922	2,970,577	2,871,961	84,548,151
Loans and advances to customers	-	-	-	-	-	-	-
Investment securities	-	-	-	-	-	-	-
–FVOCI	140,986,612	5,777,647	13,402,873	588,073	-	-	160,755,205
–FVPL	6,754,714	-	-	-	-	-	6,754,714
–Amortised cost	17,441,169	-	2,110,408	-	-	161,285	19,712,862
Other assets	99,218	-	-	588	1,700	19,843	121,349
Total assets	224,854,975	12,251,847	19,317,510	9,442,583	2,972,277	3,053,089	271,892,281
Liabilities							
Deposits from other banks	419,628	-	-	-	-	-	419,628
Due to customers	202,971,724	12,409,152	19,688,446	9,423,348	2,968,012	2,975,417	250,436,099
Due to related party	10,021	-	-	-	-	-	10,021
Lease liability	-	-	-	-	-	1,130,067	1,130,067
Other liabilities	329,711	153	1,288	-	1	321,795	652,948
Total liabilities	203,731,084	12,409,305	19,689,734	9,423,348	2,968,013	4,427,279	252,648,763
Net currency exposure	21,123,891	(157,458)	(372,224)	19,235	4,264	(1,374,190)	19,243,518

(expressed in United States dollars)

3 Financial risk management (cont'd)

Currency risk (cont'd)

	USD $	GBP $	EURO $	AUD $	CAD $	Other $	Total $
At March 31, 2019							
Assets							
Cash and cash equivalents	47,461,687	3,220,080	2,753,893	2,190,164	1,434,940	2,544,011	59,604,775
Loans and advances to customers	409,973	-	-	-	-	-	409,973
Investment securities:							
–FVOCI	141,842,449	6,140,151	13,953,478	684,984	-	-	162,621,062
–FVPL	11,796,965	-	-	-	-	-	11,796,965
–Amortised cost	7,972,557	-	1,967,123	-	-	157,174	10,096,854
Other assets	64,627	-	-	429	29	22,204	87,289
Total assets	209,548,258	9,360,231	18,674,494	2,875,577	1,434,969	2,723,389	244,616,918
Liabilities							
Deposits from other banks	522,240	-	-	-	-	-	522,240
Due to customers	186,083,592	9,332,644	18,477,373	2,854,870	1,434,871	2,867,630	221,050,980
Due to related party	1,720	-	-	-	-	-	1,720
Other liabilities	219,442	109	1,081	391	-	350,658	571,681
Total liabilities	186,826,994	9,332,753	18,478,454	2,855,261	1,434,871	3,218,288	222,146,621
Net currency exposure	22,721,264	27,478	196,040	20,316	98	(494,899)	22,470,297

3 Financial risk management (cont'd)

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial situation and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken.

Fair value interest rate risk arises from debt investment securities classified as FVOCI. At **March 31, 2020** if market interest rates had been 0.50**%** higher/lower with all variables held constant, equity for the year would have been **$172,655** (2019 – $211,518) higher/lower as a result of the decrease/increase in fair value of available-for-sale debt investment securities.

Fair value interest rate risk arises from debt investment securities classified as FVPL. At **March 31, 2020** if market interest rates had been 0.50**%** higher/lower with all variables held constant, equity for the year would have been **$18,577** (2019-$20,041**)** higher/lower as a result of the decrease/increase in fair value of FVPL debt investment securities.

Fair value interest rate risk arises from debt securities classified as amortised cost. At **March 31, 2020**, if market interest rates had been 0.50**%** higher/lower with all variables held constant, equity for the year would have been **$1,049** higher/lower as a result of the decrease/increase in fair value of amortised cost debt investment securities.

Cash flow interest rate risk arises from loans and advances to customers at variable rates. At **March 31, 2020** if variable interest rates had been 50**%** higher/lower with all other variables held constant, post-tax profit for the year would have been **$0** (2019 – $0) higher/lower.

Cash flow interest rate risk also arises from cash and cash equivalent at variable rates. At **March 31, 2020** if variable interest rates had been 0.50**%** higher/lower with all other variables held constant, post-tax profit for the year would have been **$0/(0)**higher/lower (2019 – $0/(0)) higher/lower.

The table overleaf summaries the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

(expressed in United States dollars)

3 Financial risk management (cont'd)

Interest rate risk (cont'd)

	Up to 1 month $	1 – 3 months $	3 – 12 months $	1 – 5 years $	>5 years $	Non-interest bearing $	Total $
As at March 31, 2020							
Financial assets							
Cash and cash equivalents	20,640,527	14,922,294	-	-	-	48,985,330	84,548,151
Investment securities	-	-	-	-	-	-	-
− FVOCI	1,817,190	758,741	14,878,969	115,172,794	28,127,511	-	160,755,205
− FVPL	3,267,504	-	926	711,329	940,493	305	4,920,557
− Amortised cost	161,285	5,273,224	8,451,163	5,827,190	-	-	19,712,862
Loans and advances to customers	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	121,349	121,349
Total financial assets	25,886,506	20,954,259	23,331,058	121,711,313	29,068,004	49,106,984	270,058,124
Financial liabilities							
Deposits from other banks	-	-	-	-	-	419,628	419,628
Due to customers	10,818,845	3,162,071	4,199,852	200,000	-	232,055,331	250,436,099
Due to related party	10,021	-	-	-	-	-	10,021
Other liabilities	-	-	-	-	-	652,948	652,948
Total financial liabilities	10,828,866	3,162,071	4,199,852	200,000	-	233,127,907	251,518,696
Net interest repricing gap	15,057,640	17,792,188	19,131,206	121,511,313	29,068,004	(184,020,923)	18,539,428

(expressed in United States dollars)

3 Financial risk management (cont'd)

Interest rate risk (cont'd)

	Up to 1 month $	1 – 3 months $	3 – 12 months $	1 – 5 years $	>5 years $	Non-interest bearing $	Total $
As at March 31, 2019							
Financial assets							
Cash and cash equivalents	23,619,786	16,435,756	-	-	-	19,549,233	59,604,775
Investment securities:							
− FVOCI	2,721,790	3,332,759	16,009,500	119,523,148	21,033,865	-	162,621,062
-- FVPL	2,559,903	-	-	91,536	1,979,956	5,856,244	10,487,639
− Amortised cost	157,174	227,658	4,010,517	5,701,505	-	-	10,096,854
Loans and advances to customers	409,973	-	-	-	-	-	409,973
Other assets	-	-	-	-	-	87,289	87,289
Total financial assets	29,468,626	19,996,173	20,020,017	125,316,189	23,013,821	25,492,766	243,307,592
Financial liabilities							
Deposits from other banks	119,168	-	-	-	-	403,072	522,240
Due to customers	15,370,780	5,164,414	3,737,095	35,000	-	196,743,691	221,050,980
Due to related party	1,720	-	-	-	-	-	1,720
Other liabilities	-	-	-	-	-	571,681	571,681
Total financial liabilities	15,491,668	5,164,414	3,737,095	35,000	-	197,718,444	222,146,621
Net interest repricing gap	13,976,958	14,831,759	16,282,922	125,281,189	23,013,821	(172,225,678)	21,160,971

3 Financial risk management (cont'd)

Liquidity risk

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts and maturing deposits. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board of Directors sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be placed to cover withdrawals at unexpected levels of demand.

Liquidity risk management process

The matching and controlled mismatching of the maturities and interest rates and liabilities is fundamental to the management of the Group. It is unusual for banks to be completely matched as transacted business is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Assets held for managing liquidity risk

The Group holds a diversified portfolio of investment securities to support payment obligations. The Group's assets held for managing liquidity risk comprise cash, certificate of deposits, other investments and loans and advances to customers.

The Group would be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources.

Non-derivative cash flows

The table below presents the cash flows receivable and payable by the Group under non-derivative financial assets and liabilities by remaining contractual maturities at the statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

(expressed in United States dollars)

3 Financial risk management (cont'd)

Liquidity risk (cont'd)

At March 31, 2020	Up to 1 month $	1 – 3 months $	3 – 12 months $	1 – 5 years $	Over 5 years $	Total $
Deposits from other banks	**419,628**	**-**	**-**	**-**	**-**	**419,628**
Due to customers	**242,875,616**	**3,166,127**	**4,222,423**	**203,889**	**-**	**250,468,055**
Other liabilities	**652,948**	**-**	**-**	**-**	**-**	**652,948**
Total financial liabilities	**243,948,192**	**3,166,127**	**4,222,423**	**203,889**	**-**	**251,540,631**

At March 31, 2019	Up to 1 month $	1 – 3 months $	3 – 12 months $	1 – 5 years $	Over 5 years $	Total $
Deposits from other banks	522,258	-	-	-	-	522,258
Due to customers	212,119,783	5,176,702	3,765,590	35,587	-	221,097,662
Other liabilities	571,681	-	-	-	-	571,681
Total financial liabilities	213,213,722	5,176,702	3,765,590	35,587	-	222,191,601

3 Financial risk management (cont'd)

Fair value of financial assets and liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. The following methods and assumptions were used to estimate the fair value of financial instruments.

The fair values of cash resources, other financial assets and other financial liabilities are assumed to approximate their carrying values due to their short term nature.

The fair values of held for trading financial assets are assumed to be equal to the estimated market value. The fair values of unquoted securities are estimated at book value which is not significantly different from their carrying values.

Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

The following methods and assumptions were used to estimate the fair values of assets and liabilities:

<u>Deposits from banks and due to customers</u>
The estimated fair values of deposits from other banks and due to customers with no stated maturity, which includes non-interest bearing deposits, is the amount payable on demand. Deposits payable on a fixed date are at rates, which reflect market conditions and are assumed to have fair values which approximate carrying values.

<u>Loans and advances to customers</u>
The estimated fair values of loans and advances to customers reflect changes in interest rates that have occurred since the loans were originated and are determined by discounting contractual future cash flows, over the remaining term to maturity, at current interest rates. Due to the short term nature of the loans and advances to customers the estimated fair values of loans is not significantly different from their carrying values.

<u>Investment securities</u>
Investment securities include interest bearing debt and equity investment securities held to maturity and available-for-sale. Assets classified for sale are measured at fair value based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit maturity and yield characteristics.

(expressed in United States dollars)

3 Financial risk management (cont'd)

Fair value of financial assets and liabilities (cont'd)

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's statement of financial position at their fair value.

	Carrying value		Fair value	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Financial assets				
- Amortised cost	**19,712,862**	10,096,854	**19,785,020**	10,115,054
- Loans and advances to customers	**-**	409,973	**-**	409,973
Financial liabilities				
- Due to customers	**250,436,099**	221,050,980	**250,468,054**	221,097,663
- Deposits from other banks	**419,628**	522,240	**419,628**	522,258

Management assessed that cash and cash equivalents, loans and advances to customers, other assets and other liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Fair value hierarchy
IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt investments on exchanges such as London, New York and Trinidad and Tobago.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt investments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

(expressed in United States dollars)

3 Financial risk management (cont'd)

Fair value hierarchy (cont'd)

	2020				**2019**			
	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets and liabilities measured at fair value								
Financial assets FVTPL								
Debt investment securities	**1,554,588**	**3,365,968**	**-**	**4,920,556**	1,982,679	8,504,379	-	10,487,058
Equity securities	**922,348**	**911,810**	**-**	**1,834,158**	836,335	473,572	-	1,309,907
	2,476,936	**4,277,778**	**-**	**6,754,714**	2,819,014	8,977,951	-	11,796,965
Financial assets FVOCI								
Debt investment securities	**158,917,965**	**1,837,240**	-	**160,755,205**	158,780,502	3,840,560	-	162,621,062
	158,917,965	**1,837,240**	**-**	**160,755,205**	158,780,502	3,840,560	-	162,621,062
Total financial assets	**161,394,901**	**6,115,018**	**-**	**167,509,919**	161,599,516	12,818,511	-	174,418,027

(expressed in United States dollars)

3 Financial risk management (cont'd)

Fair value hierarchy (cont'd)

Assets for which fair values are disclosed

	Level 1 $	Level 2 $	Level 3 $	Total $
March 31, 2020				
Loans and receivable				
Investments at amortised cost investments	**2,044,007**	**17,668,855**	**-**	**19,712,862**
Loans and advances to customers	**-**	**-**	**-**	**-**
Total financial assets	**2,044,007**	**17,668,855**	**-**	**19,712,862**
March 31, 2019				
Loans and receivable				
Investments at amortised cost investments	-	10,115,054	-	10,115,054
Loans and advances to customers	-	-	409,973	409,973
Total financial liabilities	-	10,115,054	409,973	10,525,027

Liabilities for which fair values are disclosed

	Level 1 $	Level 2 $	Level 3 $	Total $
March 31, 2020				
Financial liabilities				
Due to customers	**-**	**250,436,099**	**-**	**250,436,099**
Deposits from other banks	**-**	**419,628**	**-**	**419,628**
Total financial liabilities	**-**	**250,855,727**	**-**	**250,855,727**
March 31, 2019				
Financial liabilities				
Due to customers	-	221,097,663	-	221,097,663
Deposits from other banks	-	522,258	-	522,258
Total financial liabilities	-	221,619,921	-	221,619,921

3 Financial risk management (cont'd)

Fair value hierarchy (cont'd)

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily DAX, FTSE 100 and Dow Jones debt investment securities classified as Fair Value through profit and loss (2018-trading securities) or Fair Value through other comprehensive income (2019-available-for-sale.)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter fixed income securities) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no instruments in level 3 in the current year or in the prior period.

3 Financial risk management (cont'd)

Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statements of financial position, are:

- To comply with the capital requirements set by the regulator of the banking markets where the entities within the Group operate;

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by Financial Services Regulatory Authority (the Authority), for supervisory purposes. The required information is filed with the Authority on a quarterly basis.

The Authority requires each bank or banking group to: (a) hold the minimum level of the regulatory capital of $1,000,000 and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel capital ratio') at or above the prescribed regulatory minimum of 4% and maintain a ratio of total regulatory Tier 11 capital to the risk-weighted asset (the 'Basel capital adequacy ratio') at or above the prescribed regulatory minimum of 8.5%.

The Group's regulatory capital as managed by its Treasury is divided into two tiers:

- Tier 1 capital: share capital (net of any book values of the treasury shares), minority interests arising on consolidation from interests in permanent equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and

- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of the asset and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees.

(expressed in United States dollars)

3 Financial risk management (cont'd)

Capital management (cont'd)

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of the asset and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees.

The table below summarises the composition of regulatory capital and the ratios of the Group for the year ended March 31, 2020 and period ended March 31, 2019. During those two periods, the Group complied with all of the externally imposed capital requirements to which they are subject.

	2020 $	2019 $
Tier 1 capital		
Share capital and share premium	**8,277,255**	6,277,255
Reserves	**7,809,919**	6,840,453
Retained earnings	**9,485,065**	10,007,203
	25,572,239	23,124,911
Tier 2 capital		
Unrealised (loss)/gain – FVOCI instruments	**(3,240,452)**	82,262
Total regulatory capital	**22,331,787**	23,207,173
Risk-weighted assets		
On-balance sheet	**220,480,436**	175,923,960
Basel capital adequacy ratio Tier 1	**11.42%**	13.14%
Basel capital adequacy ratio Tier 2	**9.97%**	13.19%

4 Critical accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(expressed in United States dollars)

4 Critical accounting estimates and judgements (cont'd)

Impairment of assets carried at fair value
The Group determines that Fair value through other comprehensive income and Fair value through profit and loss investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

The Group individually assesses Fair value through other comprehensive income debt investment securities for objective evidence of impairment. If an impaired instrument has been renegotiated, interest continues to be accrued on the reduced carrying amount of the asset and is recorded as part of "interest income". If the fair value of the instrument increases in a subsequent year, the impairment loss is reversed through the consolidated statement of income.

Investments at amortised cost
The Group follows the guidance of IFRS 9 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as armortised cost (2019-held-to-maturity). This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity.
The investments would therefore be measured at fair value not amortised cost.

Fair value of financial instruments
Fair values for financial instruments without recorded current market transactions or observable market data, are determined using models that derive inputs from actual prices and other readily available market variables.

5 Cash and cash equivalents

	2020 $	2019 $
Cash in hand	**8,500**	1,289
Due from other banks	**52,585,957**	22,689,783
Term deposits	**31,953,694**	36,913,703
	84,548,151	59,604,775

The weighted average effective interest rate on interest bearing accounts across all currencies at March 31, 2020 was 2.25% (March 31, 2019 – 0.78%).

(expressed in United States dollars)

6 Loans and advances to customers

	2020 $	2019 $
Term loans	**-**	409,973

The weighted average effective interest rate on loans and advances to customers at **March 31, 2020 was NIL (2019** was 2.14%).

It is Boslil's policy that all loans granted are fully cash secured. At the discretion of the Board of Directors, and subject to regulatory approval, other types of security may be considered. As at **March 31, 2020**, the loans issued by Boslil were NIL (2019 cash secured for $**409,973**).

7 Allowance for impairment losses on investments

	2020				2019
	12-month ECL	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit impaired**	**Total**	**Total**
Debt investment securities at FVOCI					
Balance at April 1, 2019	**192,273**	**15,442**	-	**207,715**	532,727
Net measurement of loss allowance for the year	**158,838**	**130,170**	-	**289,008**	325,012
Balance at March 31, 2020	**351,111**	**145,612**	-	**496,723**	857,739
Debt investment securities at amortised					
Balance at April 1, 2019	**8,979**	**-**	-	**8,979**	32,007
Net measurement of loss allowance for the year	**3,241**	**76,210**	-	**79,451**	(23,028)
Balance at March 31, 2020	**12,220**	**76,210**	-	**88,430**	8,979

(expressed in United States dollars)

8 Investment securities

	Amortised Cost $	FVOCI $	FVTPL $	Total $
At April 1, 2018	11,065,469	144,482,249	16,603,321	172,151,039
Exchange differences on monetary assets	(220,688)	(2,106,623)	-	(2,327,311)
Additions	8,445,972	100,379,616	15,935,694	124,761,282
Disposals (sale and redemption)	(9,184,920)	(82,024,038)	(20,851,974)	(112,060,932)
Unrealised gains from changes in fair value	-	1,889,858	109,924	1,999,782
Provisions for the year	(8,979)	-	-	(8,979)
At March 31, 2019	10,096,854	162,621,062	11,796,965	184,514,881

	Amortised Cost $	FVOCI $	FVTPL $	Total $
At April 1, 2019	**10,096,854**	**162,621,062**	**11,796,965**	**184,514,881**
Exchange differences on monetary assets	**(50,439)**	**(563,257)**	**-**	**(613,696)**
Additions	**34,398,878**	**136,468,779**	**52,145,601**	**223,013,258**
Disposals (sale and redemption)	**(24,652,980)**	**(134,159,658)**	**(57,014,537)**	**(215,827,175)**
Unrealised losses from changes in fair value	**-**	**(3,611,721)**	**(173,315)**	**(3,785,036)**
Provisions for the year	**(79,451)**	**-**	**-**	**(79,451)**
At March 31, 2020	**19,712,862**	**160,755,205**	**6,754,714**	**187,222,781**

(expressed in United States dollars)

8 Investment securities (continued)

	2020 $	2019 $
Fair value through other comprehensive income		
Debt investment securities – listed	**160,755,205**	162,621,062
	160,755,205	162,621,062
Fair value through profit or loss		
Equity securities – listed	**1,834,157**	2,346,702
Debt investment securities at fair value – listed	**4,920,557**	9,450,263
	6,754,714	11,796,965

(expressed in United States dollars)

8 Investment securities (cont'd)

Included in debt investment securities is an amount of **$4,920,557** (March 31, 2019 $9,035,499) which represents investments in mutual funds of which the underlying securities are debt investment securities. The weighted average effective interest rate on debt investment securities at **March 31, 2020** was **3.41%** (March 31, 2019 - 2.5%).

	2020 **$**	**2019** **$**
Securities at amortised cost		
Debt investment securities at amortised cost – listed -	**8,435,967**	6,115,164
Debt investment securities at amortised cost – unlisted -	**11,365,325**	3,990,669
Provisions	**(88,430)**	(8,979)
	19,712,862	10,096,854

The weighted average effective interest rate on securities at amortised cost stated at amortised cost at **March 31, 2020** was **2.72%** (March 31, 2019 – 3.39%).

(expressed in United States dollars)

9 Property and equipment

	Notes	Leasehold Improvements $	Office Furniture and Equipment $	Computer Equipment $	Motor Vehicle $	Work in progress	Total $
Year ended March 31, 2019							
Opening net book value		17,653	137,508	64,841	24,061	-	244,063
Additions		-	23	24,126	-	422,368	446,517
Disposals in the year - Cost		(8,668)	-	-	-	-	(8,668)
Disposals in the year – Accumulated Depreciation		4,153	-	-	-	-	4,153
Depreciation charge	22	(13,138)	(24,144)	(65,124)	(13,163)	-	(115,569)
Closing net book value		-	113,387	23,843	10,898	422,368	570,496
At March 31, 2019							
Cost		24,562	284,103	482,132	65,816	422,368	1,278,981
Accumulated depreciation		(24,562)	(170,716)	(458,289)	(54,918)	-	(708,485)
Net book value		-	113,387	23,843	10,898	422,368	570,496
Year ended March 31, 2020							
Opening net book value		-	113,387	23,843	10,898	422,368	570,496
Additions		529,856	180,061	385,576	30,680	52,959	1,179,132
Disposals in the year - Cost		(24,562)	(18,545)	(157,281)	-	-	(200,388)
Disposals in the year – Accumulated Depreciation		24,562	13,962	157,281	-	-	195,805
Transfers in the year		422,368	-	-	-	(422,368)	-
Depreciation charge	22	(68,402)	(34,292)	(90,525)	(8,011)	-	(201,230)
Closing net book value		883,822	254,573	318,894	33,567	52,959	1,543,815
At March 31, 2020							
Cost		952,224	445,619	710,427	96,496	52,959	2,257,725
Accumulated depreciation		(68,402)	(191,046)	(391,533)	(62,929)	-	(713,910)
Net book value		883,822	254,573	318,894	33,567	52,959	1,543,815

(expressed in United States dollars)

10 Intangible assets

	Notes	$
Year ended March 31, 2019		
Opening net book value		164,017
Additions		-
Amortisation charge	22	(164,017)
Closing net book amount		-
At March 31, 2019		
Cost		843,482
Accumulated amortisation		(843,482)
Net book amount		-
Year ended March 31, 2020		
Opening net book value		**-**
Additions		**174,140**
Amortisation charge	**22**	**(42,986)**
Closing net book amount		**131,154**
At March 31, 2020		
Cost		**1,017,622**
Accumulated amortisation		**(886,468)**
Net book amount		**131,154**

(expressed in United States dollars)

11 Right of use asset

Boslil leases a facility to house its operations. The lease runs for a period of ten years, with an option to renew the lease at expiration. The Bank is not currently able to conclude that the option to renew will be exercised. Lease payments are negotiated with every new lease contract to reflect market rentals. The lease was entered into in December 2019 and was previously classified as an operating lease.
Right of use asset relates to a leased property.

	Notes	**$**
Year ended March 31, 2019		
Opening net book value		-
Additions		**1,220,544**
depreciation charge	22	**(126,263)**
Closing net book value		**1,094,281**
At March 31, 2020		
Cost		**1,220,544**
Accumulated depreciation		**(126,263)**
Net book value		**1,094,281**

(expressed in United States dollars)

12 Other assets

	2020 $	2019 $
Interest receivable on cash and cash equivalents	**68,421**	56,794
Prepaid expenses	**319,019**	166,380
Fees Expense	**-**	
Accounts receivable	**50,903**	28,620
Other	**2,025**	1,875
	440,368	253,669

13 Deposits from other banks

	2020 $	2019 $
Term deposits	**-**	119,168
Non-interest bearing	**419,628**	403,072
	419,628	522,240

The weighted average interest rate at **March 31, 2020** was **nil** (March 31, 2019 – 0.58%).

(expressed in United States dollars)

14 Due to customers

	2020 $	2019 $
Time deposits	**16,497,781**	22,348,451
Demand deposits:		
Interest bearing accounts	**1,882,987**	1,958,838
Non-interest bearing accounts	**232,055,331**	196,743,691
	250,436,099	221,050,980

The weighted average effective interest rate on customers' time deposits at **31 March 2020** was **0.95%** (March 31, 2019 – 0.81%). The weighted average effective interest rate for interest bearing accounts for the year was **0.25%** (March 31, 2019 – 1.10%). Included in the category non-interest bearing accounts is an amount of **$12,683** (2019 – $20,002) which represents funds placed on deposit for which returns will be paid in the future based on the performance of certain investments within Boslil's fair value through profit and loss portfolio. The effective interest is dependent on the return achieved by the Bank in respect of such investments.

15 Lease Liability

At April 1, 2019	**$**
Additions	**1,220,544**
Repayment	**(90,477)**
At March 31, 2020	**1,130,067**

The lease liability is payable as follows:

Less than one year	**97,260**
Between one and five years	**467,617**
More than five years	**565,190**
	1,130,067

(expressed in United States dollars)

16 Other liabilities

	2020 $	2019 $
Other payables	**383,689**	307,637
Interest payable	**33,400**	29,348
Accounts payable	**235,859**	234,696
	652,948	571,681

17 Share capital and share premium

	Number of shares	**2020 $**	**Number of shares**	**2019 $**
Authorised:				
Unlimited ordinary shares up to $100,000,000				
Issued and fully paid				
At beginning and end of year	**55,213**	**6,277,255**	55,213	6,277,255
Issued and fully paid	**20,000**	**2,000,000**	-	-
Total issued share capital end of year	**75,213**	**8,277,255**	55,213	6,277,255

Movement in ordinary shares

	Number of shares	**Par value $**	**Share Premium** $	**Total $**
Issued and fully paid				
Opening balance at April 1, 2019	**55,213**	**5,521,300**	755,955	6,277,255
Issued	**20,000**	**2,000,000**	-	2,000,000
Total issued share capital at March 31, 2020	**75,213**	**7,521,300**	755,955	8,277,255

(expressed in United States dollars)

18 Net interest income

	2020 $	2019 $
Interest income		
Cash and cash equivalents	**1,270,731**	918,311
Fair value through other comprehensive income	**4,564,096**	4,333,400
Armortised cost investments	**719,723**	277,984
Fair value through profit and loss	**139,291**	75,041
Loans and advances to customers	**20,384**	237,645
	6,714,225	5,842,381
Interest expense		
Due to customers	**(204,482)**	(312,554)
Deposits from other banks	**(170)**	(713)
	(204,652)	(313,267)
Net interest income	**6,509,573**	5,529,114

19 Fees and commission income, net

	2020 $	2019 $
Investment management fees	**9,280**	18,451
Other fees and commissions	**2,169,916**	1,892,262
	2,179,196	1,910,713

Investment management fees are earned from investments made by Boslil and the return from these investments is shared with the customers. Other fees and commissions income represents fees earned from execution of customer related transactions.

(expressed in United States dollars)

20 Net foreign exchange trading income

	2020 $	2019 $
Unrealised foreign exchange loss, net	**(15,050)**	(12,301)
Realised foreign exchange gains	**680,418**	650,720
	665,368	638,419

21 Other income/(expenses)

	2020 $	2019 $
Dividend income	**59,383**	310,058
Realized gains/(losses) on sale of investments	**1,067,900**	(548,338)
Unrealized (loss)/gain on FVTPL investments	**(173,315)**	109,924
Other income	**25,137**	122,239
	979,105	(6,117)

22 Operating expenses

	2020 $	2019 $
Employee benefit expense	**2,389,961**	2,111,224
Other operating expense	**521,921**	288,866
Fees and other expenses	**394,005**	204,458
Computer expenses	**351,241**	327,227
Legal and professional fees	**212,148**	156,910
Depreciation property and equipment	**201,230**	115,569
Travel and entertainment	**150,173**	146,703
Government fees	**145,613**	109,716
Depreciation right of use asset	**126,263**	-
Telecommunication expenses	**118,221**	79,187
Advertising and promotion	**91,674**	74,627
Interest expense leases	**85,522**	-
Directors fees	**80,294**	82,302
Office supplies	**63,940**	38,857
SWIFT related charges	**48,666**	50,800
Rent	**45,942**	115,916
Utilities	**44,967**	30,250
Amortisation	**42,986**	164,017
Loss on disposal of property and equipment	**2,689**	4,515
	5,117,456	4,101,144

(expressed in United States dollars)

23 Employee benefit expense

	2020 $	2019 $
Wages and salaries	**1,545,580**	1,316,805
Other staff costs	**844,381**	794,419
	2,389,961	2,111,224

The number of employees at **March 31, 2020** was 52 (March 31, 2019 – 47).

24 Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.

The Group is controlled by Proven Investments Limited, which owns 75% of the ordinary shares.
The other 25% shareholding is owned by Ryan Devaux, who is the Chief Executive Officer of the Group.
The following represents related party transactions and balances.

	Notes	2020 $	2019 $
Due to Proven Wealth Limited		**2,461**	-
Due to Proven Investments Limited		**7,560**	1,720
Due to Proven Investments Limited		**4,413**	-
JMMB Bank (Jamaica) Limited		**21,325,872**	-

During the year transactions were executed with related parties as follows:

	2020	2019
• Real Properties Limited, a Company which is related to Boslil by common control and ownership		
Fee and commission income	**7,560**	10,190
• Proven Investments Limited		
Interest income on loan	**12,384**	-
• Proven Wealth Limited, a company which is related to Boslil by common control and ownership		
Advertising expense chargeback	**2,461**	-
• JMMB Bank (Jamaica) Ltd, a company which is an associated company of PIL		
Interest income	**543,694**	-

Transactions with related parties were carried out on commercial terms.

(expressed in United States dollars)

24 Related party transactions and balances (cont'd)

Transactions with related parties were carried out on commercial terms and conditions.

Key management compensation

Key management includes the Group's complete management team. The compensation paid or payable to key management for employee services is shown below:

	2020 $	2019 $
Salaries and other short-term benefits	**1,235,540**	1,053,754
Pension costs	**26,860**	21,936
Directors Fees	**80,294**	82,302
	1,342,694	1,157,992

25 Taxation

Pursuant to the International Business Companies Act section 109 (1a), the Bank is exempt from taxes.

26 Reserves

It is the policy of the Group to maintain a general reserve for reinvestment in operations. Transfers to the reserve are based on a maximum of 20**%** (2019 - 20%) of the consolidated Group's profit for the year.

General Reserve

	2020 $	2019 $
At beginning of year	**6,840,453**	5,977,548
Transfer to reserves	**969,466**	862,905
At end of year	**7,809,919**	6,840,453

27 Subsequent event

In December 2019, a novel strain of coronavirus ("COVID-19") has been reported in China and other countries. The extent of the impact of the COVID-19 outbreak on the financial performance of the Bank's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Bank's results may be adversely affected. Subsequent to the year end, there has been a return to normalcy in the financial markets, as compared to the significant negative volatility experienced at the yearend itself, which has positively impacted the investment portfolio of the Bank.

(expressed in United States dollars)

28 BOSLIL Corporate Services Limited ("BCSL")

BCSL as a regulated entity is required to be audited, however since the Company is being audited as part of the Boslil consolidated statements, a request was made to the Financial Services Regulatory Authority ("FSRA") to forego preparation of separate audited statements on condition that a specific disclosure would be included in Boslil's Consolidated Financial Statements.

BCSL Statement of Income for the year ended March 31, 2020.

	BCSL 2020 $	**BCSL 2019 $**
Fee and commission income, net	**62,882**	82,559
Net foreign exchange income	**113**	1,168
Total income	**62,995**	83,727
Operating expenses	**(111,639)**	(110,453)
Loss for the year	**(48,644)**	(26,726)

(expressed in United States dollars)

28 BOSLIL Corporate Services Limited ("BCSL") (cont'd)

BCSL Statement of Financial Position as at March 31, 2020.

	BCSL 2020 $	BCSL 2019 $
Assets		
Cash and cash equivalents	**546,608**	600,103
Equipment	**801**	1,319
Due from related party	**2,257**	17,208
Other assets	**8,202**	7,887
Total assets	**557,868**	626,517
Liabilities		
Other liabilities	**32,082**	24,355
Due to related party	**939,785**	967,517
Total liabilities	**971,867**	991,872
Shareholder's deficiency		
Share capital	**100**	100
Accumulated deficit	**(414,099)**	(365,455)
Total shareholder's deficiency	**(413,999)**	(365,355)
Total liabilities and shareholder's deficiency	**557,868**	626,517

(expressed in United States dollars)

29 Mutual Funds – BOSLIL Bond Fund Limited

The private mutual funds are not required to be audited. The amounts material to Group were audited and are presented as a note in these consolidated financial statements.

BOSLIL Bond Fund Limited
Statement of Operations for the year ended March 31, 2020.

	2020 **$**	**2019** **$**
Interest income	**215,871**	216,745
Realized gains/	**3,465**	2,496
	219,336	219,241
Custody fees	**(14,118)**	(16,143)
Management fees on investments	**(47,609)**	(45,845)
Net Investment Income	**157,609**	157,253
ECL	**(12,960)**	16,585
Operating expenses	**(5,797)**	(5,798)
Increase in Net Assets from Operations	**138,852**	168,040

(expressed in United States dollars)

29 Mutual Funds – BOSLIL Bond Fund Limited (cont'd)

BOSLIL Bond Fund Limited

Statement of Net Assets as at March 31, 2020

	2020 $	2019 $
Assets		
Cash and cash equivalents	**93,629**	219,656
Investment securities – Available-for sale	**6,105,269**	6,000,426
Other assets	**614**	609
Total assets	**6,199,512**	6,220,691
Liabilities		
Due to related party	**12,731**	47,865
Other liabilities	**5,000**	5,000
Total liabilities	**17,731**	52,865
Net assets	**6,181,781**	6,167,826
Net assets consists of:		
Share capital	**1**	1
Mutual fund shares	**5,000,000**	5,000,000
Unrealized (losses)/gains on investments	**(91,158)**	33,739
Retained earnings	**1,272,938**	1,134,086
Net Assets	**6,181,781**	6,167,826

(expressed in United States dollars)

30 Mutual Funds – BOSLIL Bond Fund Limited (cont'd)

BOSLIL Bond Fund Limited

Statement of Net Assets as at March 31, 2020 (cont'd)

	Share Capital and mutual fund shares $	Unrealised (loss)/gain on Available for sale investments $	Fair Value Through OCI securities $	Retained earnings $	Total $
At April 1, 2018	5,000,001	1,986	-	995,184	5,997,171
Changes on initial application of IFRS 9	-	(1,986)	1,986	(29,138)	(29,138)
Restated balance at April 1, 2018	5,000,001	-	1,986	966,046	5,968,033
Total comprehensive income for the period	-	-	31,753	168,040	199,793
Balance at March 31, 2019	5,000,001	-	33,739	1,134,086	6,167,826
Balance at April 1, 2019	**5,000,001**	**-**	**33,739**	**1,134,086**	**6,167,826**
Total comprehensive income for the year	**-**	**-**	**(124,897)**	**138,852**	**13,955**
Balance at March 31, 2020	**5,000,001**	**-**	**(91,158)**	**1,272,938**	**6,181,781**

(expressed in United States dollars)

30 Mutual Funds – BOSLIL Equity Fund Limited

The private mutual funds are not required to be audited. The amounts material to Group were audited and are presented as a note in these consolidated financial statements.

BOSLIL Equity Fund Limited
Statement of Operations for the year ended March 31, 2020.

	2020 $	2019 $
Unrealized losses FVTPL	**(123,596)**	(30,477)
Dividend income	**14,169**	22,918
Realized losses/(gains)	**(155,681)**	1,663
Interest income	**12,704**	7,947
Other income	**1,655**	1,899
	(250,749)	3,950
Commission paid on trading activity	**-**	(295)
Custody fees	**(3,756)**	(4,493)
Management fees on investments	**(41,050)**	(41,597)
Net Investment Loss	**(295,555)**	(42,435)
Operating expenses	**(5,798)**	(5,799)
Decrease in Net Assets from Operations	**(301,353)**	(48,234)

(expressed in United States dollars)

30 Mutual Funds – BOSLIL Equity Fund Limited (cont'd)

Statement of Net Assets as at March 31, 2020:

	2020 $	2019 $
Assets		
Cash and cash equivalents	**223,331**	1,095,590
Investment securities FVPL	**1,821,474**	1,286,591
Other assets	**1,047**	609
Total assets	**2,045,852**	2,382,790
Liabilities		
Due to related party	**10,685**	46,703
Other liabilities	**5,433**	5,000
Total liabilities	**16,118**	51,703
Net assets	**2,029,734**	2,331,087
Net assets consists of:		
Share capital	**1**	1
Mutual fund shares	**2,000,000**	2,000,000
Retained earnings	**29,733**	331,086
Net assets	**2,029,734**	2,331,087

(expressed in United States dollars)

30 Mutual Funds – BOSLIL Equity Fund Limited (cont'd)

	Share Capital and mutual fund shares $	Unrealised (loss)/gain on Available for sale investments $	Retained earnings $	Total $
At April 1, 2018	**2,000,001**	**(194,282)**	573,602	2,379,321
Changes on initial application of IFRS 9	**-**	**194,282**	**(194,282)**	**-**
Restated balance at April 1, 2018	2,000,001	-	379,320	2,379,321
Total comprehensive income for the period	-	-	(48,234)	(48,234)
Balance at March 31, 2019	2,000,001	-	331,086	2,331,087
Balance at April 1, 2019	**2,000,001**	**-**	**331,086**	**2,331,087**
Total comprehensive income for the year	**-**	**-**	**(301,353)**	**(301,353)**
Balance at March 31, 2020	**2,000,001**	**-**	**29,733**	**2,029,734**