10 YEARS

2010 - 2020

PROVEN

Thank You,
to ALL Investors, Teams
and Stakeholders
for supporting the
accomplishments over
a PROVEN Decade

CORE VALUES

INTEGRITY • TEAMWORK
PERFORMANCE • RESPECT

VISION STATEMENT

PROVEN is the Caribbean's Premier "Income and Growth Strategy" Investment Holding Company.

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Directors' Report

Looking back at another successful year for Proven Investments Limited ("the Company") where we continued our growth trajectory, achieving strong profitability.

The directors are pleased to present their Annual Report with the Consolidated Audited Financial Statements for the year ended March 31, 2020. In this year's Report we are highlighting many, though certainly not all, of the Company's accomplishments and activities for the financial year. We hope this Report gives you insight into the work that we do and the progress we have made as an organization.

Financial Highlights:

	Mar 2020 US$ '000	Mar 2019* US$ '000	Mar 2018* US$ '000	Mar 2017* US$ '000
Operating revenue net of interest expense	56,841	32,879	32,483	23,816
Profit after income tax and extraordinary item	32,242	9,941	9,507	11,722
Profit attributable to equity holders of the parent after income tax and extraordinary item	29,979	6,847	5,682	8,850
Shareholders' equity	99,010	90,725	83,928	71,536
		*Restated	*Restated	*Restated

Details of these results along with a comparison of the previous years performance are set out in the Management Discussion and Analysis and the Audited Financial Statements which are included as a part of the report.

Auditors:
In accordance with Sections 106 and 108 of the Company's Articles of Association, a resolution proposing the appointment of the auditors and for the directors to fix the auditor's remuneration will be put to the Annual General Meeting.

Directors:

The directors who served the Company since the last Annual General Meeting are:

Mr. Hugh Hart (Chairman)
Mr. Rhory McNamara (Company Secretary)
Mr. John Collins
Mr. Jeffrey Gellineau
Mr. Yvor Nassief
Mr. Avinash Persaud
Mr. Garfield Sinclair

The board is confident that the current composition provides an effective balance of diverse perspective, skills and experience which will ensure the continued effectiveness of the board's performance in its role. Each director has served impeccably and has outlined their commitment to continue to serve for the next financial year.

We would like to thank all our stakeholders for their continued support, especially our shareholders, clients, partners, and the communities where we operate. PROVEN's excellent results in 2020 have been reached because of the dedication and commitment of our management and team members across all subsidiaries. With our continued investment in PROVEN's future and the ongoing support of our employees, along with all other stakeholders, we are confident we can continue to create value for all our stakeholders in the upcoming financial year.

By order of the Board
Dated this August 4, 2020

Rhory McNamara
Company secretary

Corporate Structure

PROVEN Management Limited (PML)
[management company of PIL]

PROVEN Investments Limited (PIL)
domiciled in St. Lucia

PROVEN Wealth Limited (PWL)
100% Owned. Domiciled in Jamaica

Internation Financial Planning Limited Jamaica*
100% Owned. Domiciled in Jamaica

* Change of Name from PROVEN Fund Managers Limited

Real Properties Limited
100% Owned. Domiciled in St. Lucia

PROVEN REIT Limited (PREIT)
100% Owned. Domiciled in Jamaica

International Financial Planning Limited (IFP)
100% Owned. Domiciled in Cayman, Bermuda and BVI

BOSLIL Bank Limited (BOSLIL)
75% Owned. Domiciled in St. Lucia

PROVEN Holdings Limited
100% Owned. Domiciled in St. Lucia

PIL's ASSOCIATE COMPANIES

Access Financial Services Limited
24.72% Owned.
Domiciled in Jamaica

Dream Entertainment Limited
20% Equity Stake.
Domiciled in Jamaica

JMMB Group Limited
20.01% Stake/ Associate Holding. Domiciled in Jamaica

Company Profile

PROVEN - We Are EXTENSIVE

Operating under three distinct business strategies, namely:

1. **Private Equity – Financial Services and Real Sector**
2. **Real Estate**
3. **Treasury/PIL Proprietary**

PROVEN is deliberate its pursuit to identify and secure private equity opportunities that are consistent with its comprehensive and diversified business strategy and goals. This has given rise to its EXTENSIVE private equity holdings and subsidiary businesses, which continue to significantly contribute to its bottom line and to also provide diversity in its operations. PIL's expanded holdings are in:

1 **PRIVATE EQUITY**
Financial Services

JMMB Group Limited (JMMB) –is an associate company of PIL. JMMB is a Household Name and one of the leading financial groups in the Caribbean serving individual, business, corporate and institutional clients with financial services including: Investments; Banking; Remittances; Insurance Brokering.

With Operations in 24 countries across the Caribbean and Latin America; JMMB's expanding presence in the on-shore banking and insurance sub-industry withing the region is consistent with PIL's ongoing business strategy of diversification and expansion in the region to drive profit growth in the future.

Ryan Devaux
Chief Executive Officer
Boslil Bank Limited

Boslil Bank Limited - With a keen understanding of international payments, Boslil Bank Limited have built a Bank that caters to clients' international banking needs and is positioned in the top 3 banks in St. Lucia. Boslil is regulated by the Financial Services Regulatory Commission of Saint Lucia and conducts its business in accordance with internationally recognized principles of banking with correspondent banking relationships and financial/investment relationships with some of the safest and most reputable banks in the world. Therefore, the integrity of Boslil is well respected and maintained.

Operating in St. Lucia with representative offices in Panama and Uruguay; Boslil has an experienced and knowledgeable team armed with the right skillsets to serve clients with banking services needs in: Business Banking; Corporations ; Trust & Foundation as well as Personal Banking.

Our key products and services include Demand and Term Deposits; Multi-currency accounts (14 operational currencies); Transactional banking services for international banking, including active trading and holding companies; Forex Exchange Services; Standing Order Payments; Credit Cards; Back-to-Back Loans; Business Term Loans; Online Banking; Personalized Service; Multilingual – English, Spanish and Portuguese; Formation of International Business Companies.

Focus and Commitment – As we continue to maintain our presence as Your International Bank of Choice and to always deliver International Banking through Personalized Service & Global Reach; we remain committed to give you the superior and relevant client experience ensuring what we do best; which will result in your receiving: Dedicated Client Service and Support; Robust Banking Platform; Experienced and dedicated Team and Continued Improvement by exploring new ways to improve our customer service and become more efficient and effective for you.

Mark Gumpright
Chief Executive Officer
IFP Group

International Financial Planning (Cayman) Limited (IFP) - was founded in 2000 and is a licensed securities dealer and independent financial planning company with offices in Bermuda, BVI and the Cayman Islands. With a team of highly qualified advisors that deliver tax efficient bespoke financial products tailored to the needs of its clients; IFP provides impartial, independent investment advice on a range of products and strategies best suited for individuals, corporates and trusts. With a scalable business model built on PROVEN infrastructure to drive future earnings; IFP has the opportunity to leverage Asset Management competence of the Group/product development for greater synergies and efficiency for the value of all stakeholders.

Focus and commitment (IFP) – will continue to retain and deliver on its brand promise of offering the best advice for its clients as well as being one of the leading offshore financial operations with an excellent corporate reputation. The strategic focus is set on meaningful improvement and expansion for the benefit and value of stakeholders and will include efficiencies through technology; product innovation and expansion; increased service options and advisors; and improvement in internal processes, client engagement and experience. These are deliberately earmarked as strategic enablers as we contend to realize and secure advantages from shifts and opportunities in the environment. We are aggressive about being successful for our stakeholders and making this year an impressively improved one.

Johann Heaven
President & CEO
PROVEN Wealth Limited

PROVEN Wealth Limited (PWL) – With a disciplined and experienced management team, PWL is an integrated wealth, asset and fund management company that offers its clients a wide range of financial solutions, including wealth management; corporate finance; cambio and foreign exchange; financial advisory services; stock brokerage; pension fund management; pension fund administration and unit trust management.

As a licensed securities dealer with the Financial Services Commission (FSC), a licensed Cambio with the Bank of Jamaica (BOJ), as well as holding a Jamaica Stock Exchange (JSE) broker dealer license; PWL has successfully managed billions of dollars of investments on behalf of its individual and corporate clients, whilst delivering consistent returns and expert advice for over two decades.

Following the merger with its sister company, PROVEN Funds Managers Limited, a leading Asset and Pension & Funds Management and Administration entity; PWL is optimally poised to realize efficiencies and synergies to maintain its premium position in the financial services industry by more resourcefully and seamlessly providing innovative wealth and funds management solutions designed and tailored for its clients. On a quest for greater efficiency, PWL has also leveraged technology & FinTech capability to improve efficiency – realizing an Efficiency Ratio below 54%.

Focus and commitment –to pursue an unrelenting and continued effort to leverage innovation and the experience of its Team, through the use of cutting edge technology and innovative financial solutions, to deliver to its clients a wealth management experience that is unmatched by competition. PWL continues to innovate, strongly compete and deliver superior service and returns to its clients. The primary focus of successfully delivering on client driven strategies coming from its latest innovations for clients service and support convenience namely - ❶ PROVEN Wealth App a self-service and informational tool; ❷ PROVEN Global Trading Platform which allows clients to execute international online trades instantly & effortlessly; ❸ IPOPRO.com – an integrated online platform for the seamless subscription of publicly offered securities to the market. ❸ expanded Unit Trust offering to include two new Non-Diversified Portfolios – PROVEN High Yield Fund and PROVEN Real Estate Fund are key to value-added benefits. and ❸ to come in this financial year, the transition to a brand new operating platform that will significantly widen the company's offerings and service delivery options for its clients.

Ultimately as a differentiator, PWL aims to continue to offer personalized service and to develop our people to ensure that our experts continue to employ their skills, experience, and technical know-how to design and deliver on innovative and tailor-made solutions to support the strategy of each client and the business.

Marcus James
Chief Executive Officer
Access Financial Services Ltd.

Access Financial Services Limited (AFS) - with footprint across the island having operations in 24 locations island-wide, is listed on the Junior Market of the Jamaica Stock Exchange (JSE). AFS offers an extensive range of personal and business loan products to the Microfinance Sector; a sector which contributes significantly to economic growth. The Company's micro business clients operate in the Service, Manufacturing, Trading and Agriculture sectors. PROVEN is the largest shareholder in AFS, holding 49.72% of the shareholding of the Company. This secures PROVEN's position in the microfinance industry given that AFS is one of the largest microcredit ventures on the island. Whilst continuing to identify and deliver enterprising products and services to suit the demands of its clients, AFS has acquired as part of its growth strategy, Embassy Loans Limited – a title loan company offering micro finance loans in South Florida.

Focus and commitment: Access Financial Services will advance its ongoing focus on digital transformation and operational efficiency to enhance customer experience and increase shareholder value. The execution of this strategy will enable the company to be more resilient in delivering products and services through non-branch channels and solidify our competitive advantage of fast loan turnaround time.

We will continue to foster greater employee engagement and invest in their training and development to equip them with the necessary skills to assist our microentrepreneurs to grow their businesses.

1 **PRIVATE EQUITY**
Real Sector

Scott Dunn
Managing Director
DREAM Entertainment Ltd.

Dream Entertainment Ltd. is the owner and producer of major music festivals, carnivals and other events. These owned properties include Dream Weekend Jamaica (the Caribbean's largest music festival), Xodus Carnival (Jamaica's biggest mas band), Dream Weekend Cruise and Bleu Weekend. Incorporated in 2009, the company continues to develop new owned events and has maintained a loyal clientele of private and public sector clients that they produce events and perform other marketing related services for.

Focus and Commitment - Dream Entertainment through the guidance of PROVEN will continue to improve its structure, governance and efficiencies. Over the next year, Dream will create events and modify existing events to fit into the changing landscape. The company will also capitalize on global opportunities, such as Dream Weekend New York and partnerships with regional carnivals and festivals in Europe and Africa. These events will improve global recognition of the company's brands and provide new revenue streams.

2 REAL ESTATE

Aisha Campbell
Chief Executive Officer
PROVEN REIT

PROVEN Real Estate Investment Trust (PROVEN REIT) - is the real estate investment and development arm of PIL focusing on both residential and commercial real estate locally and internationally. With an eye for lucrative real estate investment opportunities, PREIT is known for its successful execution of several iconic residential developments across Jamaica. These prime real estate assets are geographically diverse through residential and commercial development projects that will drive higher returns. Led by a team of highly trained and experienced real estate and project management experts, PREIT has also been able to expand and diversify its commercial real estate portfolio through forging meaningful partnerships that align with the overall goal of value creation for the company's stakeholders.

Focus and commitment –The real estate sector, like many other sectors, has felt the impact of the COVID-19 pandemic in various ways depending on the region and asset class. Business indicators and models, however, emphasize that great opportunities often present themselves in times like these. PROVEN REIT is uniquely positioned to take advantage of these opportunities and remains focused on growing the company's real estate portfolio by strategically investing in real estate prospects that will align with the way that people will live, work and use real estate in the future.

PREIT currently has a strong pipeline of residential, commercial and mixed-use projects across Jamaica and the wider Caribbean. The company stands firm in these turbulent times with solid commercial tenants and residential real estate products that continue to be well received in the market. PREIT will remain focused on optimizing the company's real estate portfolio and executing key initiatives that will unlock long-term value for our shareholders

Our Corporate History

2009

- **PROVEN** Investment Limited (PIL) incorporated in St. Lucia as an International Business Company (IBC) on November 25, 2009.

2010

- PIL commenced operations and launched one of the largest USD equity offerings in the history of Jamaica's capital market.
- Private Placement of Ordinary Shares fully subscribed, raising US$20 million in February 2010.
- Rights Issue launched, raising an additional USD$9.6 million in equity in August 2010.
- Acquired 100% of the outstanding ordinary shares in Guardian Asset Management Limited (GAM) from Trinidadian insurance company Guardian Holdings Limited in August 2010.
- GAM subsequently renamed **PROVEN** Wealth Limited, operating as a licensed Securities Dealer, regulated by the Financial Services Commission.

2011

- PIL Ordinary Shares listed on the USD exchange of the Jamaica Stock Exchange (JSE), the first USD listing for the JSE in July 2011.
- Preference Share offer launched, raising J$1 billion and subsequently listed on the Jamaica Stock Exchange in December 2011.

2012

- Established **PROVEN** REIT Limited (PREIT), as the vehicle for both residential and commercial real estate related investments in February 2012.
- Acquired 100% of the outstanding shares in Asset Management Company Limited (AMCL), a consumer and business financing company, in February 2012.

2013

- Launched its Structured Note Programme, raising medium term debt in the market through a series of Notes, with varying innovative structures, that continue today.
- Acquired a 10.2% equity stake in Knutsford Express Services Limited (Knutsford Express), a private transport operator listed on the Junior Market of the JSE, in December 2013.

PROVEN
EST. 2009

20 US$ MILLION
Ordinary shares fully subscribed

9.6 US$ MILLION
Additional equity

USD
1st USD listing for JSE

REIT
Made vehicle for real estate investments

Aquired Knutsford Express Services Limited

2014

- Rights Issue launched, raising an additional USD$10.3 million in equity in May 2014.
- Acquired 100% of the outstanding ordinary shares in First Global Financial Services Limited (FGFS) from GraceKennedy Limited in May 2014.
- FGFS subsequently renamed **PROVEN** Fund Managers Limited, the asset and fund management division of the Group.
- Increased its stake in Knutsford Express to 20% in December 2014.
- Acquired a 49.72% equity stake in Access Financial Services Limited (AFS), a micro financing company listed on the Junior Market of the JSE in December 2014.

10.3 US$ MILLION
Additional equity raised

49.72%
Equity stake in Access Financial Services Limited

2015

- Sold the entire loan portfolio of AMCL to Access Financial Services Limited and merged the operations in March 2015.
- Rights Issue launched, raising an additional USD$29.2 million in equity in May 2015.
- PIL Ordinary Shares cross listed on the JMD exchange of the Jamaica Stock Exchange.
- Sold the 20% stake in Knutsford Express in December 2015, realizing a gain of 100% on this investment.

29.2 US$ MILLION
Additional equity raised

100%
Gain in Knutsford Express stake

2016

- Preference Share offer launched, raising J$2 billion which was subsequently listed on the Jamaica Stock Exchange in December 2016.

J$2billion
Raised with Preference Share offer

2017

- Acquired a 75% equity stake in BOSLIL Bank Limited (BOSLIL) from East Caribbean Financial Holding in March 2017. BOSLIL is an offshore bank registered in St. Lucia.
- Rights Issue launched, raising an additional USD$16.5 million in equity in July 2017.

16.5 US$ MILLION
Additional equity raised

2018

- Acquired 100% of the outstanding Ordinary Shares in International Financial Planning (Cayman) Limited (IFP) in August 2018. IFP is a licensed securities dealer, with offices in the Cayman Islands and throughout the Caribbean.
- Purchased a 20.01% equity stake in JMMB Group Limited, a regional banking and investment company, listed on the JSE and other Caribbean exchanges, in December 2018.

20.01%
Equity stake in JMMB Group Ltd.

2019

- Acquired a 20% equity stake in DREAM Entertainment Limited, a Jamaican entertainment company, in February 2019.
- Merged operations of **PROVEN** Fund Managers Limited with **PROVEN** Wealth Limited in April 2019.
- Sold 50% of its stake in Access Financial Services Limited via an offer of shares to the market in September 2019, reducing its stake from 49.72% to 24.72% and realizing a significant gain on this investment.

Merged PROVEN Fund managers with PROVEN Wealth LImited

Notice of the Annual General Meeting

NOTICE is hereby given that an Annual General Meeting of Proven Investments Limited will be held at Cnr. Flamoyant Drive & Almond Road, Rodney Bay, Gros Islet, St. Lucia, on September 17, 2020 at 11:00 a.m. to consider and, if thought fit, pass the following resolutions:

1. **To receive the Audited Group Accounts for the year ended 31 March 2020 and the Reports of the Directors and Auditors circulated herewith**

   Resolution No. 1
   "THAT the Audited Group Accounts for the year ended 31 March 2020 and the Reports of the Directors and Auditors circulated with the Notice convening the meeting be and are hereby adopted."

2. **To ratify interim dividends and declare them final**

   Resolution No. 2
   "THAT the interim dividends paid on 28 June 2019, 27 August 2019, 6 December 2019 and 6 March 2020, be and they are hereby declared as final and no further dividend be paid in respect of the year under review."

3. **To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors**

   Resolution No. 3
   "THAT KPMG, with offices in St. Lucia, having agreed to continue in office as Auditors for the Company, be hereby appointed to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

4. **To fix the remuneration of the Directors**

   Resolution No. 4
   "THAT the amount shown in the Accounts of the Company for the year ended 31 March 2020 as remuneration of the Directors for their services as Directors be and is hereby approved."

Dated the 4th day of August 2020
By Order of the Board

Rhory McNamara
Company secretary

NB:
Members are reminded of the provisions of Regulations 37-38 of the Articles of Association of the Company, which provide as follows:

37. A member may be represented at a meeting of members by a proxy who may speak and vote on behalf of the member.

38. The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote. A corporation may execute a form of proxy under the hand of a duly authorised officer of such corporation.

The instrument appointing a Proxy must be in writing and a Proxy Form is attached for your convenience.

Chairman's Report

As we report on our Financial Year 2019/2020, you can understand when I say, **"What a year PROVEN has had!"**

I will start in our final quarter which ended on March 31, 2020. During this period, humans and businesses globally contended with the impact of the COVID-19 pandemic that brought unprecedented humanitarian and economic challenges. The pandemic was an immediate trigger for many companies around the world, giving rise to swift actions to safeguard employees and migrate to a new way of working. These actions helped to mitigate ails while promoting and maintaining productivity. This response was also implemented across the PROVEN portfolio of companies.

Like most organisations, PROVEN's enterprise business continuity and risk management frameworks were put to the test. Notably, the actions taken ensured our continued strategic focus remained firm. I am proud to report that, notwithstanding the pandemic, PROVEN's portfolio companies have:

- Responded well and adapted to the new normal with a re-energised focus on customer satisfaction while ensuring safety to all stakeholders.
- Sufficient access to adequate liquidity to operate efficiently and capitalise on opportunities.
- Remained adequately capitalised, recording capital levels above the minimum level for all regulated entities.
- Remained focused and well-positioned to grow organically and through acquisitions.

The year 2020 marks an important milestone for PROVEN as we celebrate a decade of successes sustained by the tremendous opportunities undertaken across the region. As a result, we want to thank our investors, teams, customers across our portfolio companies, and all stakeholders for their confidence and support over the years. We continue to remain committed to creating value for our shareholders, and we are happy to report the following for the financial year ended in March 2020:

5.73%

Trailing twelve (12) month US$ Tax-Free Dividend Yield

US$29.98M

Profit Attributable to shareholders, which represents a three-fold increase over the corresponding period last year.

61.26%

growth in Core Profit over the corresponding period last year.

A robust pipeline of regional opportunities for the upcoming year.

Delivering on our strategy, we are assuredly focused on maintaining stability; alongside being competitive and relevant in our environment. To this end, we will continue with our commitment to streamline opportunities for greater efficiency and growth in top line revenue, driven through:

1. **Governance** – a solid governance and enterprise risk management framework which supports a disciplined approach to investment decision-making.
2. **Acquisitions** – through the acquisition of new businesses and initiatives aligned with our business model and strategy.
3. **Growth and Value** – increase organic growth for portfolio companies while providing strategic support to further extract value.
4. **Synergies** – to support our businesses by further leveraging technologies, knowledge and networks across all portfolio companies.

Covid-19 has proven catastrophic for global economies, and unquestionably this is the most disruptive time across the globe. Businesses that can quickly adapt to combat the impacts of this crisis are the ones best able to realise positive performance and valuable outcomes. Like all leaders worldwide, we are mindful of the road to recovery, which requires investors' continued confidence and support. Our investors' commitments must be underpinned by our ability to execute on our priority activities to maximize the outcome of our businesses and teams.

On behalf of the Board of Directors, we remain confident knowing that we can count on the strategic priorities and experienced talents across our portfolio of companies. I would also like to thank you as shareholders for your trust and support, which were invaluable in 2020. We now look forward to more opportunities for PROVEN and you.

Continue to be safe as we responsibly do our part in overcoming and emerging at the end of this pandemic physically, emotionally, mentally and financially healthier. Now more than ever, we must stand together.

Dr. The Hon. Hugh Hart,
O.J., LLD (Hon), MA (Oxon.)
CHAIRMAN

OWN YOUR MASTERPIECE TODAY

6 LUXURY VILLAS

Two (2) Three Storey Villas
4 Bedrooms, 4½ Bathrooms
5581 SQ.FT ea.

Four (4) Two Storey Villas
4 Bedrooms, 4½ Bathrooms
4465 SQ.FT ea.

9 APARTMENTS

Six (6) Apartments
3 Bedrooms, 3 Bathrooms
1950 SQ,FT ea.

Three (3) Apartments
Bedrooms, 2 Bathrooms
1355 SQ.FT ea.

AMENITIES

Individual Plunge Pool (villas only)
Pool/ Gazebo (apartments)
Standby Power
Standby Water Supply

LAND AREA LOCATION

1.8 acres
21 Millsborough Avenue, Kgn. 6

@proven_reit
For more information please call
876-633-6964 (O)
provenreit.com

A Development by:

MATALON Homes MH | PROVEN REAL ESTATE INVESTMENT TRUST

PERFORMANCE SNAPSHOT

CATEGORY WINNER
The AMCHAM Jamaica Award of Excellence for Corporate Social Responsibility which recognizes corporate social responsibility by companies operating in Jamaica.

CELEBRATING TEN
YEARS
with eight (8) acquisitions and a very robust Private Equity pipeline

Business Activities for FY 2020

57.68%

Efficiency Ratio

31.6%

Attractive Return on Equity to our shareholders

61.26%

Organic Growth in 2020 core earnings.
compared to corresponding period last year

Strong real estate pipeline which includes (3) rental income properties and six (6) developmental sales projects.

US$24.93M value extraction through the exit of 50.0% of the equity position held in Access Financial Services Limited

RECORD YEAR

US**$29.98**M
in profit

US**$9.0**M
dividend distributions

Technology and FINTECH advancement across our Portfolio Companies as evident by :

- Website upgrades, securitization, data enhancements and features (BOSLIL, IFP, PWL and PREIT (underway):
- PROVEN Global Trading (International trading platform),
- IPOPRO (IPO selling platform) and
- PROVEN Wealth App.

Directors' Profiles

DR. THE HON. HUGH HART, O.J., LLD (Hon), MA (Oxon.)
CHAIRMAN
Founding Partner, Hart Muirhead Fatta

Admitted to the Bar at Grays Inn, England in 1953 and as a Solicitor in Jamaica in April 1956, Dr. Hart is a former senior partner and consultant with Clinton Hart & Co. He practises commercial law at Hart Muirhead Fatta, specialising in taxation, real estate development, mining and corporate restructuring. He served as a member of the Jamaican Senate from 1980–1993, as Minister of Mining & Energy from 1983–1989 and as Minister of Tourism from 1984–1989. Due to his outstanding contributions to the legal profession and the bauxite and mining sectors, Dr. Hart was awarded the Order of Jamaica in 2011. In 2015, he was conferred by the University of the West Indies with the Honorary Degree of Doctor of Laws (LL. D), for his stellar contribution to Caribbean development.

Length of Directorship: 10 years

RHORY MCNAMARA
DIRECTOR & COMPANY SECRETARY
Managing Director, McNamara Corporate Services Inc.

A UK-trained and qualified barrister who attended Bristol University and obtained an honours degree in law, followed by the successful completion of the bar exams at the Inns of Court School of Law in London, Mr. McNamara practised as an attorney at the family law firm of McNamara & Co. in Saint Lucia from 2000–2015 whereupon he set up and continues to practise as an attorney at RDM Chambers. His practice areas include corporate law and corporate/private conveyancing. He also is the managing director of McNamara Corporate Services Inc. a full service and licensed corporate / secretarial service provider in Saint Lucia. He presently represents on the board of several prominent private & public companies both in St. Lucia and abroad and has been the president of the St. Lucia Association for Persons with Developmental Disabilities since 2003.

Length of Directorship: 10 years

YVOR NASSIEF
DIRECTOR
Managing Director and Owner, Archipelago Trading Ltd. - Dominica

Mr. Nassief is a Dominican businessman with interests in Dominica, St Lucia and St Vincent. Notably for his business interests and appointments, he is - Executive Director/shareholder of DCP Successors Ltd, a soap manufacturing entity; Director/shareholder of Fort Young Hotel Ltd.; Managing Director and shareholder of Archipelago Trading Ltd., Dominica, involved in money services, insurance, duty-free retail, real estate, shipping, food distribution and food retail.; Director/shareholder of Food Center St Lucia Ltd and Food Center St Vincent Ltd. Between 2005 and 2007, he served in the Dominican Senate as Minister of Tourism.

Length of Directorship: 10 years

AVINASH PERSAUD
DIRECTOR
Chairman, Elara Capital PLC and Intelligence Capital Limited

An Emeritus Professor of Gresham College in London and a non-executive director for several companies with services in banking, insurance, education and the media, Mr. Persaud has expansive experience across companies such as J. P. Morgan, UBS, State Street and GAM London. He is ranked by experts as one of the top three public intellectuals in the world on the financial crisis and is a recipient of the Jacques de Larosiere Award in Global Finance from the Institute of International Finance.

Length of Directorship:
3 years, 8 months

JOHN A. COLLINS
DIRECTOR
Fellow, Chartered Institute of Bankers

Mr. Collins has accomplished a distinguished career in Trust Banking, spanning over 40 years. He served in senior positions in Trust companies in England, Kenya and Jamaica, before moving to Cayman in 1966 to open and manage the Bank of Nova Scotia Trust Company (Cayman) Limited. In 1973, he moved to Ansbacher (Cayman) Limited where he retired as the Executive Director in 1995 but continued as a non-Executive Director until October 2000. Since then, he has acted as consultant and director to a private group of Trusts and Companies and is proud to be an appointed Member of the Most Excellent Order of the British Empire in Her Majesty the Queen's New Year's Honour Listing 1986. He is a Notary Public in and for the Cayman Islands.

Length of Directorship: 8 years

GARFIELD SINCLAIR
DIRECTOR
CEO BTC Bahamas & Vice President Northern Caribbean (Anguilla, Antigua, Bahamas, British Virgin Islands, Cayman, Montserrat, St Kitts & Nevis, Turks & Caicos Islands,)

Mr. Sinclair is the former President of the Caribbean for Cable and Wireless Communications where he had ownership of 14 Caribbean P&L's, ensuring business performance and exceeding the expectations of the stakeholders in the form of the Customers, Employees, Executive & Non-Exec Board, Shareholders & Bond Holders. He was also President & Chief Operating Officer of Dehring, Bunting & Golding Limited (DB&G) where he held responsibility for the overall performance of the operations, treasury and asset trading, brokerage, marketing and information technology units. Mr. Sinclair is a Certified Public Accountant (non practicing) with a bachelor's degree in Business Administration from San Diego State University and executive certifications from the Massachusetts Institute of Technology (Sloan School of Management) and the University of Pennsylvania (Wharton).

Length of Directorship: 10 years

Directors' Profiles
continued

JEFFREY GELLINEAU
DIRECTOR
Member, Institute of Chartered Accountants of Barbados

Mr. Gellineau has over 27 years of extensive audit experience at KPMG, Barbados as an engagement partner in managing and providing audit and other advisory services to regional and international clients. He also served as the project coordinator for a World Bank-funded project, "Strengthening Institutional Capacity for Project Implementation", during the period January 2009 to November 2010, which addressed Capacity Building for Financial Management and Procurement for Capital Projects in the OECS Countries.

Length of Directorship: 7 years

Corporate Information

BOARD OF DIRECTORS

NON-EXECUTIVE

Mr. Hugh Hart Chairman

Mr. Rhory McNamara
Company Secretary

Mr. Yvor Nassief

Mr. John Collins

Mr. Jeffrey Gellineau

Mr. Avinash Persaud

EXECUTIVE

Mr. Garfield Sinclair

REGISTERED OFFICE
PROVEN Investments Ltd.
20 Micoud Street
Castries, St. Lucia, W.I.

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Kingston 5
Jamaica

REGISTRAR AGENT
Jamaica Central Securities
Depository Limited
40 Harbour Street
Kingston
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BANKERS
Sagicor Bank Jamaica Limited
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First Global Bank Jamaica Ltd.
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PROVEN Investments Ltd.
c/o Proven Management Ltd.
Suite #5
53 Lady Musgrave Road
Kingston 10
Jamaica, W.I.

Leadership Team

Peter Bunting
Co-Founder & Chairman,
PROVEN Management Limited

Peter Bunting plays a strategic advisory role in the company's development, and champions its values of Integrity, Respect, and Results. He built his reputation in the financial sector as a co-founder of one of Jamaica's most innovative and successful financial institutions - Dehring Bunting & Golding Limited (DB&G).

Peter contributes significantly to nation building as Member of Parliament for Central Manchester, and Leader of Opposition Business in the House of Representatives. He previously served as Minister of National Security, General Secretary for the People's National Party, Chairman of the National Water Commission, Chairman of JAMPRO, and CEO of the National Investment Bank of Jamaica.

Christopher Williams
Co-Founder & CEO
PROVEN Management Limited

Christopher Williams provides executive leadership for the over US$1B portfolio companies' holdings and is responsible for overseeing the operations of PML and providing strategic direction and leadership towards the achievement of the organization's overall goals and objectives, as set by the Board of Directors. Mr. Williams has a M.B.A. in Strategic Marketing and Finance from York University. He currently chairs and serves as director for numerous boards with his chair appointments being: Chairman – ACCESS Financial Services Limited; Caribbean Alternative Investment Association (CARAIA); Branson Center of the Caribbean; PROVEN REIT Limited; Jamaica College Foundation; and Jamaica Association for the Deaf.

Garfield Sinclair
Co-Founder & Director
PROVEN Management Limited

Garfield Sinclair is the CEO BTC Bahamas & Vice President Northern Caribbean (Anguilla, Antigua, Bahamas, British Virgin Islands, Cayman, Montserrat, St Kitts & Nevis, Turks & Caicos Islands. He is the former President of the Caribbean for Cable and Wireless Communications where he had ownership of 14 Caribbean P&L's, ensuring business performance and exceeding the expectations of the stakeholders in the form of the Customers, Employees, Executive & Non-Exec Board, Shareholders & Bond Holders. Mr. Sinclair is a Certified Public Accountant (non practicing) with a bachelor's degree in Business Administration from San Diego State University and executive certifications from the Massachusetts Institute of Technology (Sloan School of Management) and the University of Pennsylvania (Wharton).

Mark Golding
Co-Founder & Director
PROVEN Management Limited

Mark J. Golding is a leading Jamaican commercial attorney-at-law and a Partner in the law firm Hart Muirhead Fatta, where he specialises in capital markets, corporate finance and mergers and acquisitions. He was a founding shareholder and director of DB&G in 1993, and a founding shareholder and director of PROVEN Management Limited in 2010. He is the Chairman of the Mona Rehabilitation Foundation, a charity for persons with physical disabilities, and was a founding Director of Caribbean Information & Credit Rating Services Limited (CariCRIS), the first regional ratings agency for the Caribbean.

Christopher Bicknell
Director
PROVEN Management Limited

Christopher Bicknell is widely regarded as one of Jamaica's most successful entrepreneurs and is currently the Chairman and Group C.E.O. of Tankweld Metals Ltd. Mr. Bicknell is a Certified Public Accountant (CPA).

Johann Heaven
Director
PROVEN Management Limited

Johann Heaven is currently the President and Chief Executive Officer of PROVEN Wealth Limited, the Group's wealth management company, managing in excess of US$1.2 billion in funds under management on behalf of high net worth, corporate and institutional clients and pension funds. Mr. Heaven has over 20 years of experience in finance and banking, specializing in financial analysis, mergers and acquisitions, financial advisory, treasury and asset management, strategic planning and corporate finance. Mr. Heaven is a Chartered Financial Analyst (CFA) charter holder, and holds the Financial Risk Manager (FRM) certification, and has a Master's Degree in Finance from the University of London.

Leadership Team

Charmaine Boyd-Walker
Senior Vice President Finance,
Risk & Compliance
PROVEN Management Limited

Mrs. Boyd-Walker is responsible for directing Finance, Risk & Compliance to efficiently and effectively produce timely financial reports as guided by the accepted accounting standards across the group. She holds a Master's Degree in Finance from Manchester Business School and a Certification in International Risk Management (CIRM).

Sherri Murray
Vice President, Operations/Human Resources & Company Secretary
PROVEN Management Limited

Sherri Murray is responsible for providing operational and board support along with strategic human resource management for the PROVEN Group of companies. Mrs. Murray has a B.Sc. (First Class Hons) from the University of the West Indies and an MBA in Finance & International Business from McGill University, Montreal, Canada. She is the Company Secretary for PROVEN Management Ltd, PROVEN Wealth Ltd, PROVEN REIT Ltd, and Access Financial Services Ltd.

Nerisha Farquharson
Vice President, Private Equity
PROVEN Management Limited

Nerisha Farquharson is responsible for the management of the Private Equity Portfolio Assets; this entails the formulation and execution of strategies to support the effective due diligence, post-acquisition integration, value creation and exit of Portfolio Companies.

Nerisha holds a BBA in Finance (honors) from the University of Technology, Jamaica along with an MBA in International Business with distinction, from at the University of the West Indies, Mona. She is a CFA Charter Holder and is currently a Director of International Financial Planning Limited, The CFA Society Jamaica and a member of the Market Technician Association (CMT).

Christopher P. Yeung
Assistant Vice President,
Treasury & Trading
PROVEN Management Limited

Christopher Yeung is responsible for formulating, executing and managing strategies relating to Treasury and Trading for the Group. Mr. Yeung holds a BSc in Financial Economics from Centre College, USA and an MBA (Distinction) in Banking and Finance from the University of West Indies, Jamaica. He currently serves as a Director for Dream Entertainment Limited.

Belinda N. Williams
Head of Marketing &
Communications
PROVEN Management Limited

Belinda is responsible for Investor Relations as well as overseeing and guiding the strategic planning, development, and execution of PROVEN's marketing, communications and advertising initiatives across the portfolio of companies. She is a director on the Boards of the Jamaica Bobsleigh & Skeleton Federation Limited; the National Chorale of Jamaica (NCOJ) and a Commission on the Jamaica Cultural Development Commission (JCDC). She is a graduate of the Florida International University Chapman School of Business Studies MBA Programme and also holds a BSc Administration (Hons).


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Our Top 10 Shareholders

PRIMARY ACCOUNT HOLDER	VOLUME	PERCENTAGE
Barita Investment Ltd-Long A/C (Trading)	31,265,399	5.0000%
Peter Bunting	30,087,130	4.8116%
Mr. Marco Miret	16,309,146	2.6082%
Ozymandias Limited	15,085,706	2.4125%
Pelican Investment Company	14,172,821	2.2665%
Mr. John Owen Harold Greaves	13,590,322	2.1734%
Alydar Limited	12,926,511	2.0672%
Tajebe Limited	10,238,097	1.6373%
Mr. Winston Hepburn	10,046,344	1.6066%
Overseas Enterprise Holdings Limited	10,000,000	1.5992%

Directors' Shareholdings

PRIMARY ACCOUNT HOLDER	JOINT HOLDERS	VOLUME	PERCENTAGE
Yvor Nassief	Nancy Nassief	0.00	0.0000%
John J. Collins	Catherine Collins	300,000.00	0.0480%
Rhory McNamara		0.00	0.0000%
Hugh Cecil Hart *		0.00	0.0000%
Garfield Sinclair **		0.00	0.0000%
Jeffrey Gellineau		0.00	0.0000%
* Interest in Pelican Investments		14,172,821.00	2.2355%
** Interest in Platoon Limited		6,234,384.00	0.997%

Management Discussion & Analysis

PROVEN INVESTMENTS LIMITED REPORTS AUDITED FINANCIAL RESULTS

The Board of Directors of PROVEN Investments Limited ("PIL") is pleased to report its Audited Financial Statements for the financial year ended March 31, 2020.

FINANCIAL HIGHLIGHTS			
Net Profit attributable to shareholders	**US$29.98m**	Return on Average Equity	**31.60%**
Earnings per Share	**US$0.048**	Consolidated Total Assets	**US$612.98m**
Quarterly Proposed Dividend	**US$0.0028 per share**	Efficiency Ratio	**57.68%**

FINANCIAL PERFORMANCE

PIL registered a strong performance for the financial year ended March 31, 2020. Over the period, emphasis was placed on executing growth strategies across all business lines, however the realised results were offset by adverse market conditions stemming from COVID-19 in the final quarter. Net Profit attributable to Owners of the Company (NPAO) for the year amounted to US$29.98 million, while NPAO adjusted for the extraordinary gain and associated charges amounted to US$11.04 million, which represents a 61.26% increase in core earnings from the US$6.85 million earned in the previous year. PIL experienced robust organic growth resulting from the disciplined execution of its Private Equity strategy which focused on optimizing and extracting value created by its Portfolio Assets through ongoing expansion, management and rebalancing of its holdings to deliver above average returns to its Shareholders.

PERFORMANCE DRIVERS

PIL operates under three distinct business strategies, namely, (1) Private Equity (Financial Services and Real Sector), (2) Real Estate and (3) Treasury/PIL Proprietary.

1. PRIVATE EQUITY

PROVEN Wealth Limited (PWL)

PWL reported Profit Attributable to Equity Holders of US$2.51 million for the year ended March 31, 2020, which represented 8.36% of the PIL's NPAO. Revenue generated by PWL totalled US$10.63 million with Net Interest Income and Other Income accounting for 25.59% and 74.41% respectively. Pension Management Income and Interest Income were the top performing line items during the year. Total Administrative and General Expenses amounted to US$6.79 million, accounting for 23.76% of total Group Operating Expenses. Total Assets remained relatively flat year-over-year coming in at US$113.67 million as at March 31, 2020.

PWL continues to focus on its strategy to grow its off-balance sheet wealth and advisory management business by offering innovative investment solutions to clients. The company's diversification of its revenue streams and reduced reliance on the repo business resulted in non-interest income accounting for 74.41% of its revenue. PWL is also focused on

improving its operating efficiency aided by the adoption of improved technological solutions throughout the business. PWL and PROVEN Fund Managers Limited (PFML) were merged on April 1, 2019. The first full year of operations as a merged entity produced synergic gains which enabled greater value extraction from this portfolio company.

Access Financial Services Limited (AFSL)

As a result of reduced holdings from 49.72% to 24.72% in September 2019, AFSL is now recognised as an associate company resulting in the recognition of a share of its profits, instead of a consolidation of its results into PIL's Consolidated performance. AFSL's contribution for the financial year ended March 2020 amounted to US$0.850 million.

BOSLIL Bank Limited (BOSLIL)

PIL currently owns 75% of the equity of BOSLIL. BOSLIL experienced another successful year, as Net Profit totalled US$4.64 million, resulting in US$3.43 million in Profit Attributable to Equity Holders being realized. This contributed 11.43% to the Group's NPAO. Revenue generated by BOSLIL totalled US$10.25 million with Net Interest Income and Other Income accounting for 62.69% & 37.31% respectively. BOSLIL contributed 57.42% to total Net Interest Income reported by PIL. Efficiency Ratio increased from 47.03% as March 2019 to 54.56% as at March 2020 due mainly to non-recurrent expenses associated with business process improvements and IFRS9 related charges. Total Administrative and General Expenses amounted to US$5.59 million, accounting for 14.74% of total Group Operating Expenses. Total Assets of the Bank experienced a 12.08% increase from US$245.35 million as at March 2019 to US$274.98 million as at March 2020. BOSLIL's performance was mainly driven by growth in its core business, reflecting optimal asset-liability management and cost synergies which resulted in the Bank posting an increase of 7.93% in Net Profits compared with the previous year.

International Financial Planning Limited (IFP)

PIL acquired 100% interest in IFP in August 2018. IFP is a licensed securities dealer with offices in Cayman, Bermuda and the British Virgin Islands that caters to a variety of investors ranging from medium to high net worth individuals. The company reported Revenues and Net Profit of US$5.66 million and US$0.60 million respectively. This resulted in a NPAO contribution to the Group of 2% for the year ended March 31, 2020. PIL is currently in the process of re-engineering this business and anticipates revenue enhancement and cost synergy measures to bear fruit in the medium to long term. IFP operations are entirely focused on fee based off balance sheet activities, and as a result 100% of its revenue is derived from fees and commission which contributed 48.92% to the overall Fees and Commission reported by the Group for the year ended March 31, 2020.

JMMB Group Limited (JMMB)

PIL acquired 20.01% of the participating voting shares in JMMB in December 2018 and thereafter opted to maintain its 20.01% equity stake through its participation in the additional public offering (APO) which closed in November 2019. JMMB is an associate company and contributed US$10.35 million in the form of Share of Profits for the year ended March 31, 2020.. JMMB's expanding presence in the on-shore banking and insurance sub-industry within the region is consistent with PIL's ongoing strategy to diversify the portfolio of investments across the twenty four (24) countries of the Caribbean and Latin America.

Dream Entertainment Limited (DREAM)

In February 2019, PIL acquired a 20% equity stake in DREAM. The greater part of 2019 was spent on restructuring the Dream organisational structure to improve operating efficiency while realising some level of integration into the PIL structure. For the year ended March 31, 2020 PIL reported a marginal share of loss amounting to US$0.017M. During the financial year ending March 31,2020 the focus will shift to managing cashflow as it navigates the COVID 19 Pandemic while realising the benefits of the restructuring initiatives undertaken in the prior year. The Management of Dream remains optimistic and looks forward to the reopening of the Entertainment Sector. PIL continues to view this portfolio investment from its strategic lens as it aligns with PIL's strategic thrust to identify, invest in and grow, viable real sector private

companies. The objective is to create shareholders' value through a clear exit strategy. DREAM has over the years provided enviable entertainment products that cater to a growing audience that is primarily beyond the Jamaican shores.

2. REAL ESTATE

Real Properties Limited (RPL)

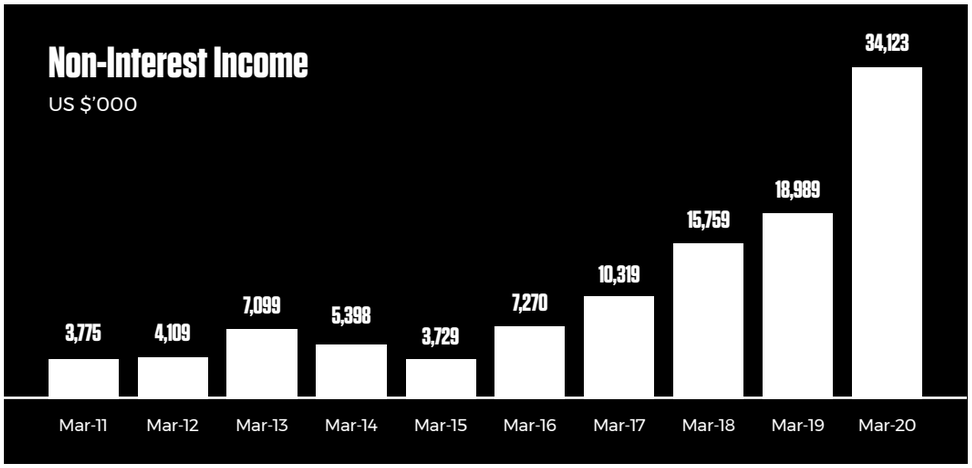
RPL reported Profit Attributable to Equity Holders of US$2.36 million. This performance contributed 7.87% to Group NPAO and represents a year over year increase of 39.41%. The increase was mainly driven by robust property sales which contributed $1.12M in income (the sales proceeds are represented in the Other Income line item while the cost of development is reflected in Property Expense line item).Total assets stood at US$35.01 million as at March 31, 2020, which represents a 14.07% increase compared to US$30.69 million reported as at March 31, 2019. This subsidiary continues to diversify its portfolio of real estate holdings which as at March 31, 2020, included three (3) rental income properties and six (6) developmental sales projects; all at various stages of the development cycle. RPL continues to closely monitor the local and international real estate markets for new opportunities while making the requisite adjustment to successfully navigate the uncertainties associated with recent developments around COVID 19.

Residential Development	Location	Description	Status/Projected Completion Date
The César	21 Millsborough Avenue, Kingston 6	6 Villas & 9 Apartments	August 2021
VIA at Braemar	19-21 Braemar Avenue, Kingston 5	99 Apartments (51 Studios, 30 One Bedrooms, 18 Two Bedrooms)	September 2021
Mystic Ridge	Milford Road, St. Ann	156 Apartments (144 Studios, 12 Two Bedrooms)	September 2022
AVISTA at Bloomfield	Bloomfield, Mandeville	78 Apartments (40 Studios, 20 One Bedroom, 18 Two Bedrooms)	March 2022
Grove Park (52% stake)	Grove Park Avenue, Kingston 8	76 Apartment (48 One Bedroom, 28 Two Bedrooms)	May 2022
Omega Drive (40% stake)	Omega Drive- Grand Cayman	13 Townhouses (9 Two Bedroom, 4 Three Bedroom)	December 2021
RENT/LEASE	**Location**	**Description**	**Status/Projected Completion Date**
Real NPW	Newport West, Kingston 13	29,680 SF of commercial space	100% Occupancy
Real Portmore Pine 1	Portmore Pines Plaza, Greater Portmore	26,908 SF of commercial space	100% Occupancy
Real Portmore Pines 2 (51% stake)	Portmore Pines Plaza, Greater Portmore	51,689 SF of commercial space	100% Occupancy
Gladstone Commercial (60% stake)	Gladstone Drive, Kingston 5	41,872 SF of commercial space	Projected completion December 2021
Bloomfield Commercial	Bloomfield, Mandeville	~100,000 SF of commercial space	Projected Completion 2023

3. TREASURY / PIL PROPRIETARY

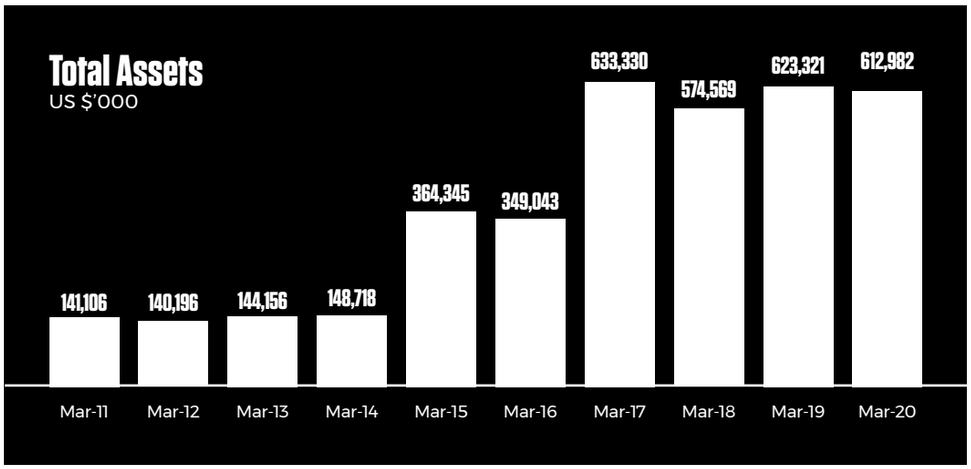
The Treasury segment of the PIL's operations generated Profit Attributable to Equity Holders of US$20.08 million (net of all intercompany income and charges) for the year ended March 31, 2020. This represented 67.00% of the total NPAO of $29.98 million reported for the year.

The performance of this segment was mainly attributable to the extraordinary gain of $24.93 million realized on PIL's sale of 25.0% of its holdings in AFSL in September 2019. Reflected in this segment is the JMMB portfolio Investment net of interest charges. Net Interest income (NII) registered a loss of US$3.09 million largely reflecting debt servicing obligations associated with wholesale funding of the JMMB share acquisition. The loss on the Net Interest Income line was partially offset by Other Income of US$1.45 million, which was driven by Dividend Income and Foreign Exchange Translation Gains. Total Administrative and General Expenses amounted to US$4.69 million, accounting for 16.43% of total Group Operating Expenses while Preference Dividend charges totalled US$8.61 million.



STATEMENT OF FINANCIAL POSITION

Total assets amounted to US$612.99 million as at March 31, 2020, which declined marginally from the US$623.32 million reported as at March 31, 2019. The year over year shift in the composition of total assets mainly emanated from a 13.47% reduction in the Investment Securities portfolio over the period along with shifts in Investment in Associates to account for the revised recognition of AFSL. The reduction in the Investment Securities holding was deliberate to optimise the risk return dynamics taking into consideration the flat yield curve and credit spread risk. These portfolio rebalancing initiatives also enabled an improvement in the overall liquidity positioning particularly in the final quarter, which was aimed at bolstering the Company's ability to successfully navigate the uncertainties associated with the COVID-19 pandemic while also providing sufficient cash resources to take advantage of opportunities that may arise due to depressed asset prices. As a result of these initiatives cash and cash equivalent increased 36.93% year over year. Liabilities also remained flat at US$507.56 million as at March 31, 2020 from US$510.18 million as at March 31, 2019. Noteworthy is that Customer Deposits or Due to Customers experienced a 13.29% growth year-over-year, demonstrating solid execution of growth strategy.



SHAREHOLDERS' EQUITY

Shareholders' Equity Attributable to Owners of the Company increased by 9.13% to US$99.01 million as at March 2020 from US$90.73 million as at March 2019. The change is attributed to a significant increase in retained earning arising from core growth and net impact of activities associated with Portfolio Assets namely JMMB and AFSL. The dislocation of asset prices throughout March due to COVID-19, negatively impacted the Investment revaluation reserve resulting in a loss of US$14.87 million compared to a gain of US$2.69 million for the same period last year. However, this was offset by Retained Earnings which registered more than a two-fold increase compared to the period ended March 2019.

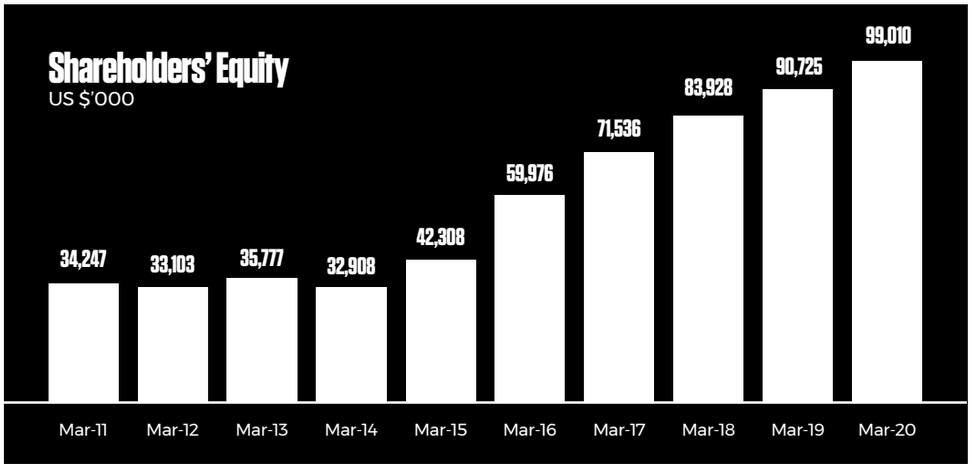
DIVIDEND PAYMENT

The Board of Directors approved a quarterly dividend of US$0.0028 per share to all Ordinary Shareholders on record as of July 6, 2020, to be paid on July 20, 2020. This represents an annualized tax-free dividend yield of 5.73% based on the average share price of US$0.28 for the year ended March 31, 2020.

PIL takes this opportunity to thank all our stakeholders for their support and trust. Our continued success is a result of the dedication of our Directors, Management and Staff and we thank them for their loyalty and commitment.

OPERATING ENVIRONMENT

During the greater part of the year, growing concerns about a slowdown in global economic growth and the ongoing US-China trade war dominated economic headlines. However, it was an unexpected viral



outbreak (Coronavirus or COVID-19) that brought the markets to their knees in the final quarter of the year. The global trend of monetary policy easing was sustained over the period as central banks continued to provide more stimulus to keep the economic expansion intact for the first nine-months of the year and then was intensified to keep the economy afloat amid the COVID-19 pandemic. According to The International Monetary Fund (IMF), the global economy is projected to decline sharply by 4.9% followed by a rebound of 5.4% in 2021, assuming successful containment efforts of COVID-19.

While the US economic growth may have slowed in 2019 compared to 2018, it showed resilience and was able to outpace global economic growth by a considerable margin. This was buoyed by a strong labor market, near-record unemployment and solid wage growth. Geopolitical factors were heightened during the first nine-months of the financial year as the trade war between the United States and China loomed throughout and ended with articles of impeachment filed against the President Trump. Despite this, investors remained relatively bullish resulting in soaring bond prices with significantly low credit spreads and several major equity indexes were pushed to record highs.

As the COVID-19 impact heightened in the last quarter of the financial year, equities suffered steep declines across the spectrum of the developed market. Also, government bond yields declined markedly over that period as investors flew to perceived safety. As reported by Bloomberg Terminal, the S&P500 and Dow Jones Industrial Average (DJIA) declined by 9.86% and 16.53% respectively over the 12-month period. The benchmark US Treasury 10-year yield declined by 183bps to 0.67% over the 12-month period ended March 2020. The spread between two-year and ten-year Treasury yields fell below zero during the period, an event that has preceded each of the last seven recessions. This spread got pushed into negative territory in mid-August 2019 due to intensified risk aversion associated with US-China trade uncertainty.

Following nine consecutive rate hikes starting in December 2015, the US Federal Reserve (the "Fed") reduced interest rates three times commencing in July 2019, representing a total decline of 2.25% to bring the Federal Funds rate within a range of 0.00% – 0.25% for the 12 Month period ended March 2020. The Federal Reserve (Fed) cut interest rates twice in March for the first time since the global financial crisis and announced unlimited quantitative easing. There have been many stimulus programs implemented, aimed at assisting SMEs and financial institutions, and should continue as needed.

Corporate bonds declined significantly over the 12-month period ended March 31, 2020, and underperformed government bonds with moves exacerbated by a sharp tightening in liquidity. Spreads on investment grade corporate bonds issues fluctuated between 127bps and 488bps over this period, ending the period at 396bps.

Emerging market (EM) instruments also tumbled amid developments which together with a strong US dollar which proved to be an additional headwind. The MSCI Emerging Markets Index decreased by 23.87% over the 12-month period. As per the Credit Suisse Emerging Market Index (an index that tracks the credit spread on EM corporates), spreads ranged from 228bps to 672bps over the period ended March 31, 2020 at 566bps. Recovery is expected to lag across the EM as weaker healthcare systems, inadequate policies or stimulus, depressed oil prices and dependence on developed markets should present greater headwinds for most economies.

Several of Europe's economies weathered growth slowdowns over the period ended March 31, 2020. Brexit fears fuelled a 0.2% contraction in the United Kingdom's economy over the period June - September

2019, its first decline since 2012. Theresa May resigned as leader of the Conservative Party and her role was filled by Boris Johnson in July 2019 who pulled off a landslide victory in the general election held in December 2019. Brexit was completed on January 31, 2020 and negotiations on the future of the EU-UK relationship now carries a deadline of December 31, 2020.

The dollar maintained a relatively strong position throughout much of 2019. The United States Dollar Index, or DYX, which measures the U.S. dollar against the currencies of several other countries, ranged from a low of $94.90 to a high of $102.82, both the high and low were hit in March 2020 and ultimately closed the month at $99.05. Oil prices plunged as the spread of coronavirus weakened the outlook for demand, which coupled with a breakdown of an agreement between oil producers to constrain supply weighed heavily on prices. WTI Crude Oil and Brent crude oil posted negative returns of 66.75% and 67.05% respectively over the 12-month period. Meanwhile, gold prices rose over 22.48% to $1577/oz (an ounce) at the end of March 2020 after hitting a high of $1680/oz as investors continued to park cash into safe havens.

Looking forward, a 2021 rebound critically depends on the success of current containment efforts in relation to COVID-19 and restored investor and consumer confidence. The likely scenario involves a successful reopening of the U.S Economy in the 2nd quarter of 2020 and that global economic recovery should take place in the latter half of 2020. However, the risk to this outlook is that the pandemic could prove to be more persistent than assumed as the path of the virus remains uncertain.

Regional

The COVID-19 pandemic is set to push the Latin America and Caribbean region into its deepest recession in modern history. According to the IMF, growth stagnated in Latin America and the Caribbean to 0.1% in 2019 and is expected to contract by 5.2% in 2020. Prior to COVID-19, growth was constrained by high levels of indebtedness, low investment, weak business climates and low productivity among other factors. Thus, these factors are expected to exacerbate effects of the pandemic coupled with limited fiscal space to roll out extensive stimulus programs to speed up the rate of recovery.

Monetary policy as a tool is limited in the region due to the trend in expansion which was already in place prior to the pandemic and which resulted in persistently low policy rates. Thus, looking forward a more robust fiscal stimulus plan across the region is the key to ensuring a smoother and swifter recovery from this pandemic. Key downside risks facing the region include the inability to provide an uninterrupted supply of health services and essentials coupled with lack of social protection systems to provide support to the vulnerable.

Jamaica

Economic reform was successfully completed last year and GDP growth for FY18/19 was 2% and is estimated at 0.9% for FY19/20. Debt to GDP also improved from 145% to end FY 18/19 at 96%. Fiscal surpluses and continued retirement of debt was expected to continue in 2020. However, a sharp decline in revenues and stimulus spending will create significant strain on the economy and as a result, S&P is projecting negative GDP growth of 13% for FY20/21. The impact of COVID-19 is expected to be prolonged due to limited stimulus in place to provide support and high dependence on tourism, for which the outlook remains bleak over the next 1-2 years.

BOJ reduced the benchmark interest rates by a total of 125bps from 1.75% at March 2019 to 0.50% as at March 2020. This is expected to be maintained to boost economic activity. Inflation closed January 2020 at 5.2% and is expected to be impacted by supply and demand factors. The inflation outlook is still uncertain and will be determined by the severity of COVID-19. BOJ's weighted average selling rate for USD closed at 135.39 as at March 31, 2020, due to lack of tourism flows and slowdown in USD remittances. This will continue to place upward pressure on the rate; however, lower oil prices and demand are potential offsetting factors.

Coronavirus Impact

Markets saw extreme declines and volatility in March, the final month of the financial year. US stock market trading was temporarily suspended on a number of occasions due to the size of daily moves and for several days companies were unable to issue bonds in March 2020. Government bond yields and prices were volatile, first reaching extreme lows on heightened fear, but then rising as investors panicked and sold liquid assets extensively to raise cash. As the crisis unfolded, governments and central banks around the world announced unprecedented support programs for businesses, households, and the financial system, helping to stabilize markets later in the month.

PIL'S COVID – 19 Response

We are happy to report that PIL has been very proactive in providing leadership and governance structures to support our Portfolio Companies as well institute frameworks to ensure the protection and safety of our stakeholders as the Pandemic evolves. All portfolio companies were able to activate their Business Continuity Plans and execute on a transition in its operations to enable continuation of business activities throughout while safeguarding the health of our stakeholders.

The major highlights of PIL COVID-19 response included:

A. Safety and Business Continuity – the safety of our customers, employees and stakeholders are very important to PIL. In response to COVID-19, PIL and its portfolio companies employed various safety measures and tweaked human resource policies to ensure that our stakeholders were protected at all times. We will continue to adapt our policies as the Pandemic evolves to ensure that our stakeholders are safeguarded.

B. Enhanced Monitoring and Reporting - The Group Investment Management Committee enhanced its oversight of both the financial and operational elements of each Portfolio Company through biweekly meetings to discuss strategies and plans to mitigate risks to the business, the meetings focused on high level review of each Portfolio Company.

1. Enhance liquidity monitoring and management, through activation of Liquidity Plans to ensure that all portfolio companies maintained sufficient liquidity above the minimum regulatory requirements to ensure added liquidity for our clients as well as positioning for portfolio opportunities.
2. Monitor credit risk exposure of the investment portfolio and where possible proactively rebalance to reduce credit risk exposure to align with our top down assessment of the short to medium term impact of COVID-19.
3. The implementation of measures to assist clients during this crisis, such as payment holidays.
4. The Real Estate segment made minor adjustments to its development project plans to manage project risk exposure while its rental properties remains largely unaffected. Overall, the prospects for this segment remains compelling.

C. Steady Focus on Strategic Initiatives – despite the disruption PIL remained focused on its main Strategic Pillars of Business as Usual Transformation and Future Proofing. We can report that PIL:

1. Successfully developed COVID-19 scenario forecasts under varying paths of the Pandemic. This was instrumental in enabling a nimble yet disciplined approach to the budget revisions to support the ongoing focus on maximising the risk adjusted return to shareholders.
2. Continue to actively seek and evaluate its pipeline of acquisition opportunities and remain focused.
3. Leverage the new paradigm created by the Pandemic to further support the adoption of FINTECH solutions to guide its business as usual transformation

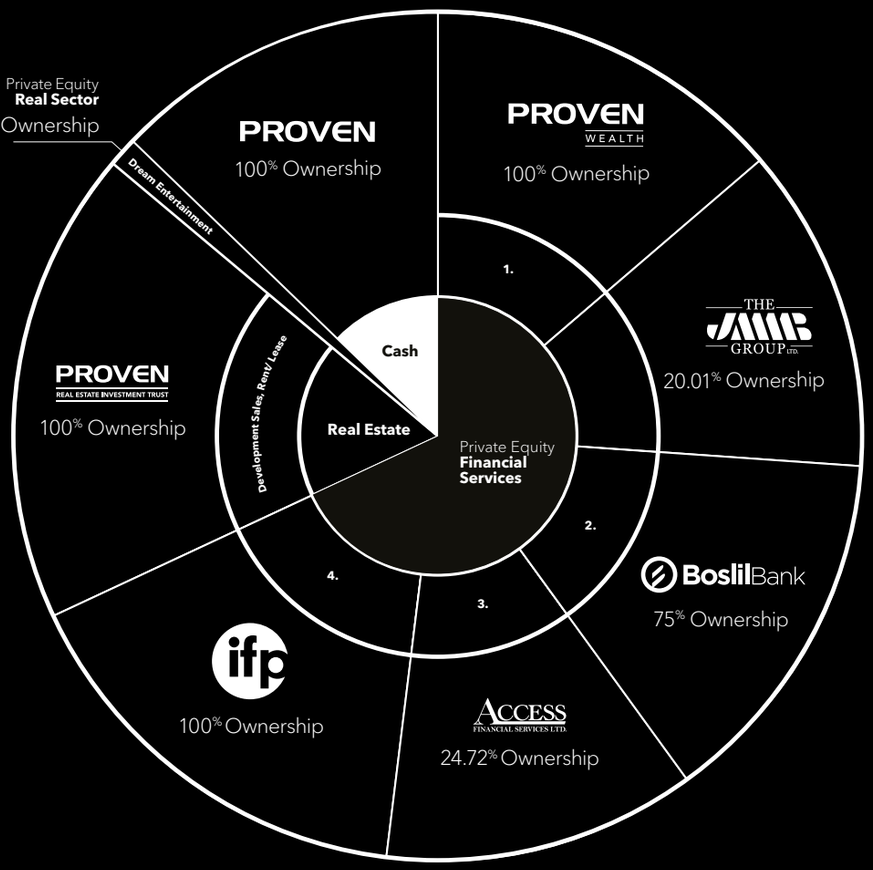
While proactive steps have been taken across the Portfolio Companies to minimize business disruptions and manage downside risk. The situation is very tentative, and it would not be prudent to provide any sort of macro-economic or business forecast at this point. PIL however, anticipates that this environment is likely to depress asset prices and increase scarcity of capital, as such, PIL is positioning to execute on investments that are consistent with its investment philosophy.

	2011	2012	2013
Income Statement Summary (US$ '000)			
Operating Revenue Net Of Interest Expense	11,705	7,199	9,884
Other Income	213	7	61
Total Operating Net Of Interest Expense & Other Income	11,918	7,206	9,945
Total Operating Expenses	4,623	3,241	4,336
Operating Profit	7,833	3,965	5,609
Preference Share Dividend	1,668	538	1,064
Share Of Profits Of Associates	-	-	-
Net Profit (Attributable To Owners Of The Company)	6,602	3,263	4,153
Financial Position Summary (US$ '000)			
Total Assets	141,106	140,196	144,156
Investment Securities	100,033	101,033	114,435
Repurchase Agreement	66,454	35,344	31,370
Notes Payable	33,571	54,172	63,600
Customer Deposits	-	-	-
Total Liabilities	106,859	106,976	108,260
Shareholders Equity (Equity Attributable To Owners Of The Company)	34,247	33,103	35,777
Profitability Ratios (US$ '000)			
Return On Average Equity	19.28%	9.69%	12.06%
Return On Average Assets	4.68%	2.32%	2.92%
Efficiency Ratio	52.79%	52.44%	54.30%
Stock Unit Information (US$ '000)			
Dividends Paid ($'000)	1,298	2,745	2,628
Dividend Paid Per Share	0.004	0.009	0.009
Dividend Yield %		8.46%	9.90%
Average Share Price For Financial Year		0.11	0.09
Earnings Per Share- Cents	2.24	1.11	1.41
Number Of Shares Issued	294,951,884	294,951,884	294,951,884

2014	2015	2016	2017	2018	2019	2020
8,251	10,837	19,448	23,816	32,483	32,879	31,911*
366	542	1,548	1,006	3,667	4,841	13,390
8,617	11,379	20,996	24,822	36,150	37,720	45,301*
3,633	8,284	16,839	18,249	23,561	26,133	37,922*
4,984	3,095	4,157	6,573	12,589	11,587	7,379
969	1,456	331	2,184	976	1,289	8,605
-	-	-	-	-	1,308	10,438
3,788	5,365	2,344	8,850	5,682	6,847	29,979
148,718	364,345	349,043	633,330	574,569	623,321	612,982
114,918	208,379	232,158	362,259	369,085	336,740	291,396
44,075	183,811	159,830	142,999	93,709	88,625	77,609
56,298	103,122	96,529	96,687	110,961	185,550	154,503
-	-	-	270,055	240,829	221,051	250,432
115,699	310,581	276,075	543,473	469,563	510,178	507,562
32,908	42,308	59,976	71,536	83,928	90,725	99,010
11.03%	14.27%	4.58%	13.46%	7.31%	7.84%	31.60%
2.59%	2.09%	0.66%	1.80%	0.94%	1.14%	4.85%
53.41%	62.22%	78.43%	62.20%	67.79%	70.26%	57.68%
2,651	3,650	3,980	4,360	6,383	6,820	9,681
0.009	0.010	0.007	0.008	0.010	0.011	0.015
6.91%	5.50%	3.44%	3.76%	4.25%	5.19%	5.73%
0.13	0.18	0.21	0.21	0.24	0.21	0.27
1.28	1.46	0.42	1.60	0.91	1.09	4.79
294,951,884	368,689,855	551,595,777	551,595,777	625,307,963	625,307,963	625,307,963

*excluding gains on sale of Access Financial Services shares.

Strategy Outlook



PROVEN Investments Limited
Business and Corporate Structure

PRIVATE EQUITY **FINANCIAL SERVICES**

1. Onshore Wealth Management (PWL/PFML)
2. Offshore Banking (BOSLIL)
3. Microfinancing (Access)
4. Offshore Wealth Management (IFP)
- Onshore Banking (JMMB)
  Fully funded by debt/returns infinite

REAL ESTATE

5. PROVEN REIT
   Development Sales, Rental/ Lease

PRIVATE EQUITY **REAL SECTOR**

6. Dream Entertainment

TREASURY

- PROVEN Investments Limited

Update on Strategic Direction

The Management of PROVEN is happy to report to Shareholders that despite the challenges and uncertainty that now envelopes the business environment with the onset of the COVID-19 Global Pandemic, we are optimistic about the future of the Group as it enters the new financial year. Over the last financial year, the Board of Directors and Executive Management Team made significant strides in the execution of the 2020 Strategic Plan that was outlined in last year's Annual Report.

We have made significant strides in the execution and realization of major strategic initiatives and is proud to report that the fusion business model which focuses on the three distinct business segments continues to be rolled out successfully. Efforts to achieve widescale acceptance of the refreshed business ethos has taken root across all Portfolio Companies and has filtered down to all levels of the Team. The redefined business model positions PROVEN as one of the leading Private Equity Companies in the region with Portfolio assets spanning three unique segments. As a reinforcement to our stakeholders, the redefined business model and the renewed vision statement are presented below:

Business Model
PROVEN's fusion business model focuses on three distinct business segments:

1. **Private Equity**
   a. Financial Services - quasi-permanent positions across the financial services industry with a focus on extracting and maximizing value.

   b. Private Equity Real Sector - opportunities for investments in companies across multiple industries to maximize returns to PIL through capital appreciation with clearly defined exit strategies.

2. **Real Estate** - Investment positions in property with an increased weighting of capital allocation in the rent/lease recurring revenue model.

3. **Treasury** – Responsible for funding strategy, carry trade and positioning as well as capital management.

Vision: PROVEN is the Caribbean's Premier "Income and Growth Strategy" Investment Holding Company.

The journey to Vision 2022 and critical wins in Year One (FYE March 2020).

1. Business as usual transformation
We are proud to report that significant progress was made in optimizing the operations and management of the existing Portfolio Assets. The incorporation of a Management Integration framework was rolled out within the last year resulting in a targeted focus on providing enhanced guidance and IMC oversight of the operations of each Portfolio Asset. This was instrumental in driving the value creation and extraction process. The focus continues to be primarily on value creation through organic growth and operating efficiencies. Noteworthy however is that the approach for each Portfolio Company differs considering that each is at varying stages of the Private Equity investment cycle. All of the majority owned Portfolio companies embarked on major systems enhancements and the adoption of FINTECH solutions which have already started to reap the benefits of execution excellence to drive return on investment and improvement in service delivery. Portfolio Companies IFP and PWL experienced tangible benefits of these FINTECH investments especially in the context of social distancing due to COVID-19 and therefore both were able to seamlessly leverage the benefits of these investments and enabled the transition to contactless service delivery without significantly disrupting the quality of service delivered or top line revenues.

2. Future Proofing the Group
While during the period under review no private equity acquisitions materialized, Management can report that the deal pipeline mechanism was well oiled and turning and PIL's Deal Execution DNA remained active. Several opportunities were examined and there are still strong prospects in the pipeline, however the uncertainty presented by COVID-19 demands patience and enhanced rigor and prudence in the capital deployment process. Despite the decision to not move ahead with the APO which was open in March 2020 and later suspended, PIL is solidly positioned both from a liquidity and capital position to pursue new acquisitions. The Capital Base was primarily bolstered from the strategic decision to exit 50% of the investment in Access Financial Services Limited. The decision to decrease our equity stake in one of the Portfolio Companies is a normal part of our private equity strategy and highlights the potential of PIL to realize significant value that is not captured on the Balance sheet.

As outlined in the Annual Report last year these two foundations are enabled by four pillars: namely our investors, business model, governance structure and people/culture. This combined will propel PIL towards its 2022 strategic objectives:

1. To be an efficient allocator of capital
2. To generate the highest return
3. Deliver sustainable business growth with a targeted capital base of US$150m by 2022

LOOKING AHEAD

We are very proud of our accomplishments over the last decade and we are excited for the future. PILs formula for success will not change, its primary area of competence in financial services will continue to account for the largest share of capital allocated however the company intends to remain focused on sector and geographic diversification of its investments.

Our investment philosophy remains firmly rooted in a conservative but nimble approach, consistent with our priority of capital preservation. The firm continues to focus on Targets who display a. solid track record in their industry and or positioned in industries of the future b. Gaps in asset valuation or inefficiencies c. PIL possesses a competitive advantage of knowledge and experience that it leverages to foster strategic partnerships with solid entrepreneurs.

The Company looks ahead with great expectancy to deliver on its vision which is to be the Premier Caribbean and Latin American Private equity Firm. In summary, we are excited about the overall outlook and anticipate that the investments made in future proofing will be realized by our stakeholders over the immediate to medium term. Despite the uncertainty presented by the current unfolding of the COVID-19 Pandemic, PIL has positioned its portfolio investments to mitigate against downside risk while delivering on key aspects of its strategic plan. Proven is extensive!

Getting a Loan just got Easier!

ACCESS
FINANCIAL SERVICES LTD.

myACCESS

WITH THE MY ACCESS MOBILE APP

GET IT ON Google Play

Corporate Social Responsibility

At **PROVEN** we make every effort to not just exist in the communities where we conduct our business, but to also deliver on initiatives that will improve and develop them. Through our corporate social responsibility (CSR) objectives, we focus on enhancing the economic standing and well-being of our stakeholders and citizens across these communities. We believe and continue to confirm through the results of our CSR initiatives to date, that doing well in business while serving others results in a sustainable socio-economic structure for all.

Providing community service opportunities for our team members to engage in altruism also yields immeasurable personal and professional returns that consistently contribute to **PROVEN**'s overall success. It is therefore vital that as a business enterprise, we proactively address corporate CSR and continue to fulfil our social commitments through strategically aligned charitable activities.

PROVEN's CSR activities during the financial year ending March 31, 2020, remained focused in three core areas:

- Community Development;
- Education; and
- Entrepreneurship.

These areas were chosen by the company as they are deemed to be at the forefront of nation-building.

As a result of our determined and targeted efforts in these selected areas, for the year under review, PROVEN achieved two CSR milestones:

1. **Winner, AMCHAM 2019 Business & Civic Leadership Awards for Corporate Social Responsibility**

   The American Chamber of Commerce of Jamaica (AMCHAM) presents this award to celebrate businesses that are driving and achieving economic and social progress in Jamaica through ethical leadership, stewardship and community-building activities. Businesses are assessed and selected by an independent panel of judges.

   This timely award coincided with PROVEN's 10th Anniversary celebration. In addition to celebrating AMCHAM's recognition, we also honoured the company's ten-year achievement of diligently investing USD$550,951.33 (over half million US Dollars) in community projects.

PROVEN Wealth donated additional resources to the Jamaica National Library Service, which will aid organization to carry out its mandate and support educational institutions across Jamaica.

L-R: Luwanna Williams, AVP Corporate Finance of **PROVEN** Wealth Limited and Maureen Thompson, Director General of the National Library Service.

PROVEN Wealth donated well-needed supplies to Sir John Golding Rehabilitation Centre which caters to over 50 special needs residents during COVID-19

L-R: Johann Heaven, President and CEO of **PROVEN** Wealth Limited and Jacqueline Ellis, CEO of Sir John Golding Rehabilitation Centre.

2. **An overall Y/Y 18% increase in funding for CSR activities**

   A contribution of approximately US$150,000.00 for the financial year ending March 31, 2020, was injected into our CSR initiatives. The PROVEN team strives to ensure not only the continuation, but also the elevation of its targeted CSR initiatives.

Following are highlights from our CSR portfolio for the period under review:

Community Development

US$73,461

A selection of personal well-being and sports-focused projects received funds to assist with the promotion of healthier lifestyles and the development of our student athletes. Funding recipients included Tennis Jamaica, Ballaz International (football player development), the Jamaica Paralympic Association and Team Jamaica Bickle, Inc., which provides support services for our athletes competing at the annual Penn Relays. Numerous community health fairs across Jamaica also received support, as well as badminton and golf activities. Our support helped to promote proper nutrition, physical activity and provide adequate resources for student athletes while travelling for sport events.

Education

US$47,004

As the foundation of any developing nation, providing support for education programmes through grants and scholarships is good business for all of us. PROVEN's contributions helped to fund direct costs such as hall fees, as well as the educational and administrative needs of organisations such as the University of the West Indies Grants and Funding; Jamaica Association for the Deaf and the Kiwanis Club, through its various charities.

Entrepreneurship

US$29,351

PROVEN remains a proud sponsor and one of the leading patrons of the Branson Centre Summit. Our continued support helps to provide a necessary forum for young entrepreneurs, as well as members of the business and investment communities. Our company also maintained its support as a partner and facilitator for the knowledge-sharing and diverse business leaders' connections achieved through this visionary Summit. The business groups of the Private Sector Organisation of Jamaica (PSOJ) and the facilitation of the Women Winning Now (WWN) Summit, which provided tools for achieving personal and professional development, also benefitted from our support.

As we close out ten years of growth rooted in strategic business development, PROVEN recognises that its corporate social responsibility efforts cannot be excluded from its vision for the next ten years to come and beyond. Our targeted charitable ventures in the areas of Community Development, Education and Entrepreneurship, will continue for as long as they remain beneficial to the communities we serve, as well as to our team members who contribute to their success.

We are grateful to be able to persistently elevate our CSR portfolio to better serve our nation in the collective pursuit of establishing thriving business and community environments that benefit us all. In all we do, PROVEN maintains the highest standards of Performance, Integrity, Respect, and most importantly, Teamwork. We stand together and are Expansive!

Chris Williams Co-Founder and CEO PML, engages a group at the Branson Summit

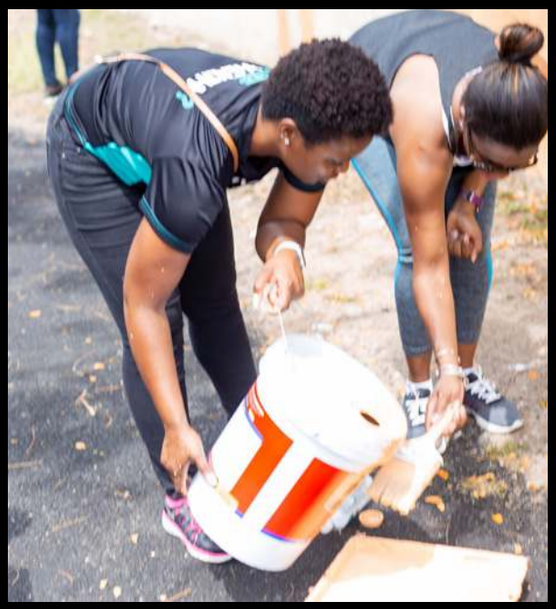
Entrepreneurs at Branson Summit

We pledged $250,000 in support of the UWJ's Jamaica National Children's Home Restoration Fund. Our staff members increased our effort by making personal donations of stationary, food and other personal care items.

L-R: Front Row Ms. Althea Bennett, Campaign and Communications Manager at the United Way of Jamaica, Miguel Walker, AVP Wealth Management and Jhenelle Lawrence, Client Experience Manager at **PROVEN** Wealth.

Front Row (L-R) Ms. Althea Bennett-Campaign and Communications Manager at the United Way of Jamaica, Jhenelle Lawrence- Client Experience Manager at **PROVEN** Wealth, Dr. Marcia Forbes and Mrs. Winsome Wilkins, Chief Executive Officer of the United Way of Jamaica, Camille Simpson-Client Support Officer, **PROVEN** Wealth.

Back Row (L-R) Mrs. Nadeen Waugh, Director at the Jamaica National Children's Home and Miguel Walker, AVP Wealth Management of **PROVEN** Wealth



PROVEN Wealth was fully aligned with the National Labour day theme of working together in Dignity, Community & Solidarity. Labour Day 2019 Labour Day 2019 had the support of all **PROVEN** Wealth Branches from Montego Bay, Mandeville and Kingston; as the teams combined their efforts across the Island to aid homes and institutions within their surrounding business communities.

Left Photo L-R: Trecia Gay Clarke, Head of Pensions Administration assisting Patricia Campbell VP of Operations and IT at **PROVEN** Wealth with paint for main entrance.

Right Photo L-R: Members of the **PROVEN** Wealth pause for a photo ops during labour day project.

PROVEN partnership with Rotary and CHASE Funds: Sir John Golding Rehabilitation Centre Gets Portable Ultrasound Machine.

Corporate Governance

The Board of Directors of PROVEN Investments Limited strive to govern the company in a manner that is prudent and transparent and have adopted a governance structure that aligns to best practice. The Board is committed to the improvement of investor confidence, through the promotion of good governance in the performance of its duties that will assist the Company and its subsidiaries deliver long- term value to its shareholders.

BOARD OF DIRECTORS

The Board of Directors has overall responsibility and accountability for the company's affairs by overseeing the strategic and operational direction of the Company .As stewards of the Company, the Board is ultimately responsible for ensuring that the Company and its subsidiaries applies the Corporate Governance policy .The Board provides the necessary oversite to the subsidiaries Board and their Committees to ensure that good corporate values are entrenched within the organization as a whole, enhancing stakeholder value.

The responsibilities of the Board are separate and distinct from those of Management and includes:

- Selecting individuals for Board membership and evaluating the performance of the Board, Board committees and individual directors
- Reviewing and monitoring implementation of strategic plans
- Reviewing and approving the annual operating plans and budgets
- Monitoring corporate performance and evaluating results compared to the strategic plans and other long-range goals
- Reviewing the financial controls and reporting systems
- Reviewing and approving the financial statements and financial reporting
- Reviewing the ethical standards and legal compliance programs and procedures
- Providing guidance and support to the management team.

BOARD COMPOSITION

The board is currently comprised of seven directors and is chaired by Dr. the Hon. Hugh Hart O.J., LLD. Our Directors possess diverse skill sets, experience and backgrounds which includes local and international experience in banking, business, strategic management, accounting, law and academia and are recognized as strong leaders in their respective fields. This enables them to provide strategic guidance and visionary leadership to the company and remain balanced and independent in the decision-making process. The board consist of seven (7) directors, of which five (5) are independent directors.

A director is deemed independent where he /she:

- Has not been an employee of the Company or Group within the last five years;
- Has not, or has not had within the last three years, material business relationship with the Company, either directly, or as a partner, shareholder, Director or senior employee of a body that has such a relationship with the Company;
- Has not received or is receiving additional remuneration from the Company apart from Director's fee;
- Does not participate in the Company's share option plan or a performance-related pay scheme, or is not a member of the Company's pension scheme;
- Does not have close family ties with any of the Company's advisors, directors or senior employees;
- Does not hold cross-directorship or does not have significant links with other directors through involvement in other companies or bodies;

- Does not represent a significant shareholder; or
- Has not served on the board for more than nine years from the date of their first election..

A director is considered an executive director where the director is a member of the management team of the Company or its subsidiaries and affiliates. The Board consists of one (1) executive director.

Hugh Hart
Non-executive
Not Independent

Avinash Persaud
Non-executive
Independent

John Collins
Non-executive
Independent

Jeffrey Gellineau
Non-executive
Independent

Rhory McNamara
Non-executive
Independent

Garfield Sinclair
Executive
Not Independent

Yvor Nassif
Non-executive
Independent

BOARD MEETINGS

In order to perform its responsibilities as custodian of the business, the Board meets regularly at least four times a year at quarterly intervals and holds additional meetings as and when the Board thinks appropriate. Board members are required to attend board and assigned board committee meetings regularly and to prepare for and participate actively in those meetings. The contribution of their professional opinion and experience garners well for an environment that fosters open and effective debate. For the financial year ended March 2020, the board convened four (4) times, which were all regularly scheduled meetings. The attendance record of each of the directors for the Board meetings and the board committee meetings is listed as follows.

PIL BOARD MEETINGS 2019/2020				
	May 2019	Jul 2019	Nov 2019	Feb 2020
Hugh Hart	✖	✔	✔	✔
Avinash Persaud	✔	✖	✖	✖
John Collins	✔	✔	✔	✔
Jeffrey Gellineau	✔	✔	✔	✔
Rhory McNamara	✔	✔	✔	✔
Garfield Sinclair	✖	✖	✔	✔
Yvor Nassif	✖	✔	✔	✔

PIL AUDIT COMMITTEE MEETINGS 2019/2020				
	May 2019	Jul 2019	Nov 2019	Feb 2020
Jeffrey Gellineau	✔	✔	✔	✔
Garfield Sinclair	✖	✔	✔	✔
Yvor Nassif	✖	✔	✔	✔
Rhory McNamara	✔	✔	✔	✔

BOARD TRAINING

Directors are required to improve and maintain their knowledge and skills necessary to discharge their duties and responsibilities fully and effectively. During the financial year, some directors would have attended an IFRS training seminar.

BOARD EVALUATION

The Board Charter sets out the requirement for a formal review of the performance of the Board at least annually. A review of the Board's performance was conducted in November 11, 2019.

The Board assessed the effectiveness of its performance through an annual questionnaire-based evaluation. The key issues covered include the size, composition, and independence of the board; director orientation and development; understanding of the business, including risks, oversight of the financial reporting process including internal controls and oversight of audit activities. It was determined from the evaluation performed that the Board and its Committee continued to operate effectively, and that each director contributed well to the discussions and strategy considerations.

BOARD COMMITTEE

The Board delegates its powers and authorities from time to time to committees in order to ensure that operational efficiency and specific issues are being handled with relevant expertise.

The directors have delegated specific functions to a sub-committee, the Audit and Compliance Committee, to assist the Board in ensuring that there is independent oversight of internal control and risk management. The Audit and Compliance Committee is governed by a charter that outlines its role and responsibilities. The Chairman of the Audit and Compliance Committee reports to the Board on matters discussed at Committee meetings.

AUDIT AND COMPLIANCE COMMITTEE

The committee comprises two independent non-executive directors and one executive director; whose role includes ensuring compliance with statutory and any relevant requirements for any public financial statement made by the company.

The Audit committee continues to play a key oversight role on behalf of the Board. The committee's functions include oversight of the internal audit and external audit process, risk management and assessing the company's level of compliance with legal and regulatory requirements. Details of the committee's responsibilities are outlined in the Audit and Compliance Committee Report on pages 50 to 53 of the Annual report.

SHAREHOLDER AND STAKEHOLDER ENGAGEMENT

The company is committed to maintaining and improving dialogue with shareholders. The Board continues to use the Annual General Meeting (AGM) as its principal opportunity to inform shareholders on the company's affairs. Participation and open discussion at the AGM are encouraged. Members of the Management company are required by the Board to attend the AGM to answer questions. Our shareholders and investors were updated on the Company's performance and plans at the Annual General Meeting (AGM) held on September 12, 2019.

SHAREHOLDER COMMUNICATION

The Board recognizes the importance of communication with the Company's shareholders and aim to engage with shareholders transparently and regularly in order to facilitate a mutual understanding of our respective objectives. The annual general meeting of the Company provides an opportunity for face-to-face communication between the Board and the shareholders of the Company and promotes effective and open communication with all shareholders. Minutes of the annual general meeting, including the questions asked by stakeholders, are available to shareholders on request or at the subsequent AGM. Shareholders may also submit a request for a copy of the minutes via email to info@weareproven.com and a copy will be emailed to them.

The Company makes extensive use of the Company's website to deliver up-to-date information to ensure that all shareholders have equal and timely access to important company information. The Company's website at www.weareproven.com includes the latest information regarding the activities and publications of the Group in order to provide comprehensive information on . The Company's annual report is available on our corporate website as well as quarterly Investor updates on our financial performance and business highlights which are provided in our Shareholders magazine.

DIRECTORS' COMPENSATION

Our Corporate Governance Code, recognize that levels of remuneration of a company's executives and board members should be sufficient to attract, retain and motivate persons of the quality required to support the success of the business. Employees who serve on Boards do not receive additional compensation for service performed in this capacity. The emoluments paid to directors for the financial year of US$ 209,000 is shown in note 29 of the financial statements on page 113 of this annual report.

ETHICS

Underpinned by our core values of Integrity, Respect, Teamwork and Performance, PROVEN reinforces our commitment to ethical business conduct through our Code of Business ethics that is the hallmark of how we operate and do business. The policy ensures that:

OUR MANAGEMENT TEAM

- Leads by Example by protecting the company's reputation for integrity and professionalism and by inspiring confidence and trust in our clients, shareholders, employees, and the wider community.
- Practices Prudent Management based on sound economic sense in order to safeguard stakeholders' investments and to secure satisfactory returns.
- Is Accountable to all stakeholders.
- Values their Employees - they are treated fairly, with dignity and judged solely on their ability to meet the job requirements. They ensure that the company is where the best people want to work.

OUR EMPLOYEES

- Have a fundamental respect for each other irrespective of rank, social standing, or any other distinction.
- Have a duty to conduct and support their line manager in conducting business responsibly and in compliance with laws, regulations, codes, policies and procedures.
- Take their responsibilities seriously, are competent and honor their obligations to colleagues, clients and other business contacts.

OUR CLIENTS

- Are treated equally. We do not practice favoritism regardless of net worth, societal status, personal or political associations. All clients deserve the same attention and best service we can provide.
- Benefit from their Association with us. We recognize that the client is our reason for being and thus we maintain high standards of customer service and respond to and anticipate the customer's needs.

OUR SHAREHOLDERS

- Maximize their worth by providing competitive returns on their investment.
- Enhance the reputation of the company thereby creating value and strengthening the company's position in the market.
- Safeguard their assets using disciplined and informed management.

Our Code of Business Conduct can be viewed in its entirety on our website **weareproven.com**

WE VALUE YOUR OPINION

Your support and opinion are invaluable to us. We encourage you to share your suggestions and concerns with us. You can do so by emailing us at **info@weareproven.com**.

The Board's Corporate Governance policy can be viewed in its entirety on the company's website at **weareproven.com**

Audit & Compliance

2019 COMMITTEE REPORT

The Board has the ultimate authority for effective corporate governance, including the role of oversight of the management of the Company. The Audit and Compliance Committee continues to play a key role on behalf of the Board. The Audit Committee assists the Board in the oversight of the systems of internal controls, the Company's financial reporting processes and audit functions, as well as compliance with legal and regulatory requirements. The Committee reviews adherence to accounting policies and oversees the work of the internal and external auditors.

The Committee consists of four (4) members and is chaired by Mr. Jeffrey Gellinuea, a non-executive director who is a financial expert i.e. a qualified accountant or has significant recent and relevant financial expertise. The other members are financially literate in accordance with the Terms of Reference for the Committee.

The Committee met four (4) times during the year and executed its role and responsibilities as outlined in the charter that has been adopted. The attendance of the members to the meetings of the Audit and Compliance Committee is indicated on page 47 of the Annual Report.

During the year, the Committee, amongst its other duties:

- Assessed the independence, performance, and scope of the annual audit plan of the external auditors and recommended their approval to the Board;
- Approved the scope of the annual audit plan, completed by Internal Auditors and the related budget and staffing;
- Reviewed internal audit reports covering financial investments and liabilities, information technology (IT) and corporate governance audits, in respect of which recommendations for improvements were made to management and the Board were accepted and are already either implemented or are in the process of being implemented;
- Reviewed the Financial, Compliance, Risk and Governance performance of the Company throughout the year.

The full mandate of the Audit and Compliance Committee as outlined in its Board-approved charter is reflected below:

PURPOSE

The purpose of the Audit and Compliance Committee of the Board of Directors (the "Committee") is to assist the Board of Directors of PROVEN Investments Limited (hereinafter referred to as either "PROVEN " or "the Company") in fulfilling its oversight responsibilities for:

1. The integrity of the Company's financial statements.
2. The Company's policies, programmes and procedures to ensure compliance with the relevant legal and regulatory requirements, the Company's Code of Ethics and Conduct, policies, other relevant standards and best practice.
3. The Company's efforts to implement legal obligations arising from material agreements and undertakings.
4. The qualifications and independence of the Company's external auditors.
5. The performance of PROVEN 's internal audit function and its external auditors.

MEMBERSHIP

1. The Committee will consist of at least three and no more than nine members of the Board of Directors. The majority will not be officers or employees of the Company or any of its affiliates.
2. The Committee shall be chaired by a member who is a non-executive director.

3. No members shall participate in any issue in which that member has a direct personal, financial or business interest.
4. The members of the Committee and the Chair of the Committee, shall be appointed annually by the Board on the recommendation of the Nomination Committee of the Board. Members shall serve at the pleasure of the Board and for such term or terms as the Board may determine.
5. Each Committee member will be financially literate. At least one member shall be designated as the "financial expert", i.e. a qualified accountant or shall have significant recent and relevant financial experience.

RESPONSIBILITIES

The Audit and Compliance Committee shall have the duty and responsibility to:

1. Financial Statements

a. Review significant accounting and reporting issues and understand their impact on the financial statements. These issues include:
   - Complex or unusual transactions and highly judgmental areas.
   - Major issues regarding accounting principles and financial
   - statement presentations, including any significant changes in the
   - Company's selection or application of accounting principles.
   - The effect of regulatory and accounting initiatives, as well as off-balance
   - sheet structures, on the financial statements of the Company.

b. Review analyses prepared by management and/or the external auditor, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative international Accounting Standard methods on the financial statements.

c. Review with management and the external auditors the results of the audit including any difficulties encountered. This review will include any restrictions on the scope of the external auditor's activities, or on access to requested information, and any significant disagreements with management.

d. Review the annual financial statements and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.

e. Understand how management develops interim financial information and the nature and extent of internal and external auditor involvement.

2. Internal Control

a. Consider the effectiveness of the Company's internal control system.

b. Understand the scope of the internal and external auditors' reviews of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

3. Internal Audit

a. Review the procedures established for the receipt, retention, and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters; and the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters.

b. Review the effectiveness of PROVEN's internal audit function, including compliance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.

c. Meet separately with internal auditors, to discuss any matters that the Committee or Group internal audit believes should be discussed privately.

4. External Audit

a. Review the external auditors' proposed audit scope and approach including coordination of audit effort with internal audit.

b. Review the performance of the external auditors, and exercise final approval on their appointment or discharge. In performing this review, the Committee will:

- At least annually, obtain and review a report by the external auditor describing the firm's internal quality-control procedures; any material issues raised by the most recent internal quality control review, or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the external auditor and the Company.
- Take into account the opinions of management and the internal audit.
- Review and evaluate the lead partner of the external auditor.
- Present its conclusions with respect to the external auditor to the Board.

c. Consider the rotation of the lead audit partner every five years and other audit partners every seven years and consider whether there should be regular rotation of the audit firm itself.

d. On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or external auditors believe should be discussed privately.

5. Compliance

a. Review the Company's policies, programmes and procedures for ensuring compliance with relevant legal and regulatory requirements, the Company's Code of Ethics and Conduct, other relevant standards, best practice and legal obligations, including those imposed by material agreements and undertakings.

b. Review annually PROVEN 's Compliance Plan and assess the implementation of the plan during the period under review.

c. Review the findings of any examinations by regulatory agencies and any auditor observations.

d. Review the process for communicating the code of conduct to the Group's personnel and for monitoring compliance therewith.

e. Review PROVEN 's compliance risk assessment plan.

f. Investigate, or cause to be investigated, any significant instances of non-compliance or potential compliance violations that are reported to the Committee.

g. Review any legal matters that could have a significant impact on the Company's financial statements, compliance with applicable laws and regulations, as well as inquiries received from regulators and government agencies.

h. Meet separately with the Head of the Finance/ Compliance Department to discuss compliance matters and to receive regular updates on compliance matters in relation to the Company's business and to discuss any matters that the Committee believes should be discussed privately.

6. Reporting Responsibilities

a. Report to the Board of Directors about the Committee's activities and issues that arise, with respect to the quality or integrity of the Company's financial statements; the Company's compliance with legal or regulatory requirements; its, policies, relevant standards and best practice; the performance and independence of the Company's external auditors and the performance of the PROVEN 's internal audit function.

b. Provide an open avenue of communication between internal auditors, the external auditors, and the Board of Directors and between PROVEN 's and the Company's compliance functions and the Board of Directors.

c. Review any other reports that relate to committee responsibilities.

d. Report to the Board of Directors any matter for which action or improvement is needed and make recommendations as to the steps to be taken.

7. Other Responsibilities

a. Discuss with management the Company's major policies with respect to risk assessment and risk management.

b. Perform other activities related to this charter as requested by the Board of Directors.

c. Institute and oversee special investigations as needed.

d. Review and assess the adequacy of the committee charter annually, requesting Board approval for proposed changes and ensure appropriate disclosure as may be required by law or regulation.

e. Confirm (annually) that all responsibilities outlined in this charter have been carried out.

Financials

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204 Johnsons Centre
No. 2 Bella Rosa Road
Gros-Islet
Saint Lucia
Telephone: (758)-453-2298
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INDEPENDENT AUDITORS' REPORT

To the Members of
PROVEN INVESTMENTS LIMITED

Opinion

We have audited the separate financial statements of Proven Investments Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group") set out on pages 64 to 149, which comprise the Group's and Company's statements of financial position as at March 31, 2020, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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

To the Members of
PROVEN INVESTMENTS LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. *Measurement of Expected Credit Losses*

Key Audit Matter	*How the matter was addressed in our audit*
The determination of expected credit losses ('ECL') on financial assets is highly subjective and requires management to make significant judgement and estimates. The key areas requiring greater management judgement include the identification of significant increases in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default, management overlay and the application of forward-looking information. These estimates involve increased judgment as a result of the economic impacts of Covid-19 on the Group's financial assets. Management considered the following: - qualitative factors that create COVID-19 related changes to SICR. - increased uncertainty about potential future economic scenarios and their impact on credit losses.	We performed the following procedures: • Obtained an understanding of the models used by management for the calculation of expected credit losses on financial assets. • Tested the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Involved our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the criteria used to determine significant increases in credit risk and independently assessed the assumptions for probabilities of default, losses given default and exposures at default. • Involved our financial risk modelling specialists to evaluate the appropriateness of the Group's methodology for incorporating forward-looking information and management overlays, and the economic scenarios used along with the probability weightings applied to them.

Key Audit Matters (continued)

1. *Measurement of Expected Credit Losses (continued)*

Key Audit Matter	*How the matter was addressed in our audit*
Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations, which increases the risk of a material misstatement. Therefore, the impairment of financial assets has a high degree of estimation uncertainty. *See notes 4(j) and 36(b) of the financial statements.*	• Assessed the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

2. *Impairment of intangible assets, and investment in subsidiaries and asociates*

Key Audit Matter	*How the matter was addressed in our audit*
The carrying value of the Group's intangible assets including goodwill, may not be recoverable due to changes in the business and economic environment in which the relevant subsidiaries operate. Additionally, the effects of Covid-19 on overall economic activity and the deteriorating trading conditions adversely affected the prices of equity investments and increased the risk of impairment of the associated intangible assets and investment in subsidiaries and associates.	Our audit response included: • Evaluating whether there were indicators of impairment of the investments, considering market prices, the economic environment and business performance of each subsidiary and associate. • Testing the reasonableness of the Group's forecasts and discounted cash flow calculations, including use of our own enterprise valuation specialists to evaluate the assumptions and methodologies used by management and to test the mathematical accuracy of the calculations.

Key Audit Matters (continued)

2. *Impairment of intangible assets, and investment in subsidiaries and associates (continued)*

Key Audit Matter	*How the matter was addressed in our audit*
These factors create increased uncertainty in forecasting, and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability. *See notes 12 and 13 of the financial statements.*	• Comparing the Group's assumptions to externally derived data as well as our own assessments of key inputs, such as projected economic growth, competition, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions. • Comparing the sum of the discounted cash flows to the investees' market capitalisation, where applicable and our understanding of the market conditions, to assess the reasonableness of those cash flows. • Assessing the adequacy of the Group's disclosures about the key assumptions and the sensitivity of the impairment assessments to changes in key assumptions.

Key Audit Matters (continued)

3. Valuation of investment securities

Key Audit Matter	*How the matter was addressed in our audit*
The valuation of the Group's investment securities requires significant estimation, which is impacted by uncertainty of market factors. The volatility of prices on various markets has increased as a result of the spread of COVID-19. This affects the fair value measurement either directly, if fair value is determined based on market prices, or indirectly if a valuation technique is based on inputs that are derived from volatile markets. *See notes 6 and 37 of the financial statements.*	In performing our audit in respect of this matter, we did the following: • Involved our own valuation specialists in challenging the valuation methodologies and assumptions used by management to determine the fair value of investment securities and derivatives. This included independent computations and comparison of the fair value of structured notes. • Reviewed management's assessment and considered whether impairment is appropriately considered and reflected in the measurement of investments. • Assessed the adequacy of the Group's disclosures about fair value measurements and the sensitivity of the fair values to changes in key assumptions.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Other Information (continued)

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix of this auditors' report.This description, which is located at pages 8-9, forms part of our auditors' report.

The engagement partner on the audit resulting in this independent auditors' report is Lisa Brathwaite.

KPMG

Chartered Accountants
Castries
Saint Lucia

July 20, 2020

Appendix to the Independent Auditors' report

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

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

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

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

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

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

Appendix to the Independent Auditors' report (continued)

- 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.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Statements of Financial Position

As of March 31, 2020

(Presented in United States dollars, except as otherwise stated)

	Notes	Group 2020 $'000	Group 2019 $'000 (Restated, Note 38)	Group 2018 $'000 (Restated, Note 38)	Company 2020 $'000	Company 2019 $'000
ASSETS						
Cash and cash equivalents	4(c)(ii)	94,629	69,108	89,363	1,883	2,036
Resale agreements	5	5,742	10,056	24,373	-	600
Investment securities	6	291,396	336,740	369,085	30,924	62,570
Loans receivable	7	28,855	51,334	41,557	21,052	18,577
Other assets	8	12,993	9,307	10,350	787	1,163
Property development in progress	9	11,869	10,597	-	-	-
Owed by subsidiaries	16	-	-	-	2,524	1,940
Income tax recoverable		-	66	51	-	66
Guarantees and letters of credit		12,583	2,366	-	-	-
Property, plant and equipment	10	3,057	1,355	1,039	-	-
Investment property	11	12,270	14,229	17,348	-	-
Intangible assets	12	19,376	35,423	20,014	-	-
Investment in subsidiaries	13	-	-	-	99,229	86,774
Investment in associates	14	118,988	80,972	-	23,060	570
Deferred tax asset	21	1,224	1,768	1,389	-	-
Total assets		612,982	623,321	574,569	179,459	174,296
LIABILITIES AND STOCKHOLDERS' EQUITY						
Liabilities						
Repurchase agreements	15	77,609	88,625	93,709	-	-
Owed to related parties	16	932	423	98	920	423
Notes payable	17	154,503	185,550	110,961	78,207	86,891
Current income tax payable		1,210	688	1,143	188	-
Other liabilities	18	6,427	8,082	4,220	1,289	1,110
Due to banks		420	522	2,187	-	-
Due to customers	19	250,432	221,051	240,829	-	-
Deferred income		1,813	2,854	-	-	-
Guarantees and letters of credit		12,963	2,382	-	-	-
Lease liabilities	20	1,252	-	-	-	-
Preference shares	22	1	1	16,416	1	1
Total liabilities		507,562	510,178	469,563	80,605	88,425
Stockholders' equity						
Share capital	23	86,716	86,716	86,716	86,716	86,716
Fair value reserve	24	(14,865)	2,689	(8,194)	(2,116)	(836)
Foreign exchange translation reserve	25	(2,622)	(7,063)	(6,875)	-	-
Retained earnings		29,781	8,383	12,281	14,254	(9)
Equity attributable to owners of the Company		99,010	90,725	83,928	98,854	85,871
Non-controlling interest	26	6,410	22,418	21,078	-	-
Total stockholders' equity		105,420	113,143	105,006	98,854	85,871
Total liabilities and stockholders' equity		612,982	623,321	574,569	179,459	174,296

The financial statements on pages 64 to 149 were approved for issue by the Board of Directors on July 20, 2020 and signed on its behalf by:

Rhory McNamara Director

Jeffrey Gellineau Director

The accompanying notes form an integral part of the financial statements

Statements of Profit or Loss and Other Comprehensive Income

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

	Notes	Group 2020 $'000	Group 2019 $'000 (*Restated, Note 38*)	Company 2020 $'000	Company 2019 $'000
Net interest income and other revenue					
Interest income, calculated using the effective interest method	27	20,285	26,206	3,030	5,348
Interest expense	27	(9,107)	(7,475)	(2,536)	(3,660)
		11,178	18,731	494	1,688
Dividends		34	342	5,787	8,734
Fees and commissions		11,572	8,202	-	-
Net fair value adjustments and realised gains/(losses)	28	3,783	1,139	176	(1,324)
Net foreign exchange gains		1,910	1,633	584	522
Gain on disposal of subsidiary	13(b)	24,930	-	28,091	-
Pension management income		3,434	2,832	-	-
Operating revenue, net of interest expense		56,841	32,879	35,132	9,620
Other income		13,390	4,841	726	2,011
Total		70,231	37,720	35,858	11,631
Operating expenses					
Staff costs	29	12,876	11,640	99	94
Depreciation and amortisation	10,12	1,996	1,848	-	-
Impairment loss/(reversal) on loans and other assets		1,462	1,089	-	(144)
Impairment loss/(reversal) on investments		362	(476)	3	(128)
Property expenses		9,359	116	-	-
Other operating expenses	30	11,867	11,916	4,053	4,272
Total		37,922	26,133	4,155	4,094
Operating profit		32,309	11,587	31,703	7,537
Preference share dividend	32(f)	(8,605)	(1,289)	(8,605)	(1,289)
Share of profit of associates	14	10,438	1,308	-	-
Profit before income tax		34,142	11,606	23,098	6,248
Income tax charge	31	(1,900)	(1,665)	(254)	-
Profit for the year		32,242	9,941	22,844	6,248
Profit attributable to:					
Owners of the company		29,979	6,847	22,844	6,248
Non-controlling interest	26	2,263	3,094	-	-
Profit for the year		32,242	9,941	22,844	6,248
Earnings per stock unit	33	4.79¢	1.09¢		

The accompanying notes form an integral part of the financial statements

Statements of Profit or Loss and Other Comprehensive Income (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000 (*Restated, Note 38*)	$'000	$'000
Profit for the year	32,242	9,941	22,844	6,248
Other comprehensive income				
Items that are or may be reclassified to profit or loss:				
Realised gains on securities at FVOCI	1,013	1,596	1,458	2,700
Unrealised losses on securities at FVOCI	(7,914)	(204)	(2,738)	(1,411)
Deferred tax on fair value adjustment on securities at FVOCI and ECL	773	878	-	-
Exchange differences on translation of foreign operations	4,441	(188)	-	-
Share of other comprehensive (loss)/ income in associates (note 14)	(12,236)	5,049	-	-
Total other comprehensive (loss)/ income	(13,923)	7,131	(1,280)	1,289
Total comprehensive income for the year	18,319	17,072	21,564	7,537
Total comprehensive income attributable to:				
Owners of the Company	16,866	13,978	21,564	7,537
Non-controlling interests	1,453	3,094	-	-
Total comprehensive income for the year	18,319	17,072	21,564	7,537

The accompanying notes form an integral part of the financial statements

Statement of Changes in Equity

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

	Share capital $'000 (Note 23)	Fair value reserve $'000 (Note 24)	Foreign exchange translation reserve $'000 (Note 25)	Retained earnings $'000	Attributable to equity holders of the Company $'000	Non-controlling interest $'000 (Note 26)	Total $'000
Balances at March 31, 2018, as previously reported	**86,716**	**(8,194)**	**(6,875)**	**13,448**	**85,095**	**22,257**	**107,352**
Prior year adjustment (Note 38)	-	-	-	(1,167)	(1,167)	(1,179)	(2,346)
Restated balances at March 31, 2018	86,716	(8,194)	(6,875)	12,281	83,928	21,078	105,006
Adjustment on impact of initial application of IFRS 9, net of tax	-	3,564	-	(5,679)	(2,115)	-	(2,115)
Restated balances at April 1, 2018	86,716	(4,630)	(6,875)	6,602	81,813	21,078	102,891
Total comprehensive income for 2019							
Profit for the year, as previously reported	-	-	-	6,968	6,968	3,217	10,185
Prior year adjustment (Note 38)	-	-	-	(121)	(121)	(123)	(244)
As restated	-	-	-	6,847	6,847	3,094	9,941
Other comprehensive income for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	(188)	-	(188)	-	(188)
Realised gain on securities at FVOCI	-	1,596	-	-	1,596	-	1,596
Unrealised loss on debt securities at FVOCI	-	(204)	-	-	(204)	-	(204)
Deferred tax credit on fair value adjustments	-	878	-	-	878	-	878
Share of associates' other comprehensive income	-	5,049	-	-	5,049	-	5,049
Other comprehensive income for year, net of tax	-	7,319	(188)	-	7,131	-	7,131
Total comprehensive income for the year	-	7,319	(188)	6,847	13,978	3,094	17,072
Transactions with owners recorded directly in equity							
Dividends to equity holders (Note 34)	-	-	-	(5,066)	(5,066)	(1,754)	(6,820)
Balances at March 31, 2019, as restated	**86,716**	**2,689**	**(7,063)**	**8,383**	**90,725**	**22,418**	**113,143**
Total comprehensive income for 2020							
Profit for the year	-	-	-	29,979	29,979	2,263	32,242
Other comprehensive loss for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	4,441	-	4,441	-	4,441
Realised gain on securities at FVOCI	-	1,013	-	-	1,013	-	1,013
Unrealised loss on debt securities at FVOCI	-	(7,104)	-	-	(7,104)	(810)	(7,914)
Deferred tax credit on fair value adjustments	-	773	-	-	773	-	773
Share of associates' other comprehensive loss	-	(12,236)	-	-	(12,236)	-	(12,236)
Other comprehensive loss for year, net of tax	-	(17,554)	4,441	-	(13,113)	(810)	(13,923)
Total comprehensive income	-	(17,554)	4,441	29,979	16,866	1,453	18,319
Transactions with owners recorded directly in equity							
Disposal of subsidiary with NCI	-	-	-	-	-	(16,361)	(16,361)
Dividends to equity holders (Note 34)	-	-	-	(8,581)	(8,581)	(1,100)	(9,681)
Balances at March 31, 2020	**86,716**	**(14,865)**	**(2,622)**	**29,781**	**99,010**	**6,410**	**105,420**

The accompanying notes form an integral part of the financial statements

Company Statement of Changes in Equity

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

	Share capital $'000 (Note 23)	Fair value reserve $'000 (Note 24)	Retained earnings/ (accumulated deficit) $'000	Total $'000
Balances at March 31, 2018	**86,716**	**(4,638)**	**1,322**	**83,400**
Adjustment on initial application of IFRS 9, net of tax	-	2,513	(2,513)	-
Adjusted balances at April 1, 2018	86,716	(2,125)	(1,191)	83,400
Total comprehensive income for 2019				
Profit for the year	-	-	6,248	6,248
Other comprehensive income for the year				
Unrealised losses on debt securities at FVOCI	-	(1,411)	-	(1,411)
Realised gain on securities at FVOCI	-	2,700	-	2,700
Other comprehensive income	-	1,289	-	1,289
Total comprehensive income for the year	-	1,289	6,248	7,537
Transactions with owners recorded directly in equity				
Dividends to equity holders (Note 34)	-	-	(5,066)	(5,066)
Balances at March 31, 2019	**86,716**	**(836)**	**(9)**	**85,871**
Total comprehensive income for 2020				
Profit for the year	-	-	22,844	22,844
Other comprehensive loss for the year				
Unrealised losses on debt securities at FVOCI	-	(2,738)	-	(2,738)
Realised gain on securities at FVOCI	-	1,458	-	1,458
Other comprehensive loss	-	(1,280)	-	(1,280)
Total comprehensive income for the year	-	(1,280)	22,844	21,564
Transactions with owners recorded directly in equity				
Dividends to equity holders (Note 34)	-	-	(8,581)	(8,581)
Balances at March 31, 2020	**86,716**	**(2,116)**	**14,254**	**98,854**

The accompanying notes form an integral part of the financial statements

Statements of Cash Flows

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

	Notes	Group		Company	
		2020	2019	2020	2019
		$'000	$'000 (*Restated, Note 38)*	$'000	$'000
Cash flows provided/(used) by operating activities					
Profit for the year		32,242	9,941	22,844	6,248
Adjustments for:					
Depreciation	10	667	386	-	-
Amortisation	12	1,329	1,462	-	-
Interest income	27	(20,285)	(26,206)	(3,030)	(5,348)
Interest expense	27	9,107	7,475	2,536	3,660
Dividend income		(34)	(342)	(5,787)	(8,734)
Impairment loss/(reversal) on loans and other assets		1,462	1,089	-	(144)
Impairment loss/(reversal) on investments		362	(476)	3	(128)
Share of profit of associates	14	(10,438)	(1,308)	-	-
Fair value adjustment on investment property	28	(952)	(1,978)	-	-
Gain on disposal of subsidiary	13(b)	(24,930)	-	(28,091)	-
Unrealised foreign exchange gain		(1,910)	(1,633)	(584)	(522)
Amortisation of transaction cost on issue of preference shares		-	323	-	323
Income tax charge	31	1,900	1,665	254	-
		(11,480)	(9,602)	(11,855)	(4,645)
Change in operating assets and liabilities					
Investment securities		39,960	36,980	30,461	56,478
Loans receivable		(6,371)	(6,070)	(2,475)	6,453
Other assets		(4,400)	4,054	(12)	2,122
Owed by subsidiaries		-	-	(584)	(1,893)
Other liabilities		(2,944)	1,193	306	(150)
Due to customers		29,381	(19,778)	-	-
Due to other banks		(102)	(1,665)	-	-
Repurchase agreements		(11,016)	(5,084)	600	(4,384)
Resale agreements		4,314	14,317	-	4,900
Owed to subsidiaries		-	-	(689)	(1,269)
Owed to related party		509	325	-	325
Deferred income		(1,041)	2,854	-	-
Development in progress		2,942	(1,507)	-	-
		39,752	16,017	15,752	57,937
Interest received		20,675	24,079	3,418	4,389
Dividend received		34	342	5,787	8,734
Interest paid		(8,868)	(8,815)	(2,663)	(3,394)
Income tax paid		(1,143)	(2,206)	-	-
Net cash provided by operating activities		50,450	29,417	22,294	67,666
Cash flows provided/(used) by investing activities					
Acquisition of subsidiaries, net of cash acquired		-	(19,829)	-	(29,786)
Acquisition of associate, net of dividends		(17,324)	(74,615)	-	(570)
Acquisition of additional shares in subsidiaires		-	-	(23,212)	-
Proceeds from disposal of property, plant and equipment		13	-	-	-
Proceeds from disposal of subsidiary		16,245	-	16,245	-
Purchase of investment property		(1,161)	(3,993)	-	-
Purchase of property, plant and equipment		(1,254)	(702)	-	-
Purchase of intangible asset	12	(1,630)	(377)	-	-
Repayment of preference shares		-	(16,737)	1,186	(16,737)
Net cash used by investing activities		(5,111)	(116,253)	(5,781)	(47,093)
Net cash flows provided/(used) by operating and investing activities (carried forward to page 70)		45,339	(86,836)	16,513	20,573

The accompanying notes form an integral part of the financial statements

Statements of Cash Flows (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

	Notes	Group		Company	
		2020	2019	2020	2019
		$'000	$'000 (*Restated, Note 38)*	$'000	$'000
Net cash flows provided /(used) by operating and investing activities (brought forward from page 69)		45,339	(86,836)	16,513	20,573
Cash flows provided/(used) by financing activities					
Translation adjustment in respect of foreign subsidiaries		3,497	(188)	-	-
Notes payable		(13,318)	73,589	(8,085)	(13,732)
Payment of lease liabilities	20	(316)	-	-	-
Dividends paid	34	(9,681)	(6,820)	(8,581)	(5,066)
Net cash (used)/provided by financing activities		(19,818)	66,581	(16,666)	(18,798)
Net increase/(decrease) in cash and cash equivalents		25,521	(20,255)	(153)	1,775
Cash and cash equivalents at beginning of year		69,108	89,363	2,036	261
Cash and cash equivalents at end of year		94,629	69,108	1,883	2,036

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

1. Identification

Proven Investments Limited ("the Company") is incorporated and domiciled in Saint Lucia under the International Business Companies Act, with registered office at 20 Micoud Street, Castries, Saint Lucia. The Company's shares are listed on the Jamaica Stock Exchange.

The primary activities of the Company are the holding of tradable securities for investment purposes and holding equity in investments.

The Company has the following subsidiaries and associated companies:

Subsidiaries	Country of incorporation	Nature of Business	Percentage ownership 2020	2019
Boslil Bank Limited	Saint Lucia	Private Banking	75	75
Boslil International Holdings Limited	Saint Lucia	Holding company	100	100
Boslil Bond Fund Limited	Saint Lucia	Structured finance services investment management	100	100
Boslil Equity Fund Limited	Saint Lucia	Private mutual fund	100	100
Boslil Secretarial Services	Saint Lucia	Private secretarial services	100	100
Boslil Corporate Services Limited	Saint Lucia	Registered agent services	100	100
Boslil Finance Limited	Saint Lucia	Structured finance services investment management	100	100
Boslil Sudamenco S.A.	Uruguay	Market research translation and business development services	100	100
Access Financial Services Limited and its wholly-owned subsidiary [note 13(b)]	Jamaica	Retail lending	-	49.72
Embassy Loans Inc.	U.S.A.	Retail lending	100	100
Proven Wealth Limited	Jamaica	Fund management, investment advisory services, pension fund management and money market and equity trading	100	100
International Financial Planning Jamaica Limited *(formerly Proven Fund Managers Limited)*	Jamaica	Fund management	100	100
International Financial Planning (Cayman Limited)	Cayman Islands	Investment advisory services	100	100
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100
Real Properties Limited and its wholly-owned subsidiaries:	Saint Lucia	Real estate investment	100	100
Proven Kingsway Limited	Saint Lucia	Real estate investment	100	100
Real Millsborough Limited	Saint Lucia	Real estate investment	100	100
Real Bloomfield Limited	Saint Lucia	Real estate investment	100	100
Real PP Limited	Saint Lucia	Real estate investment	100	100
Real 53 NPW Limited	Saint Lucia	Real estate investment	100	100
Proven Reit Limited	Jamaica	Management services	100	100
Proven Holding Limited	Jamaica	Investment advisory services	100	100
Associate companies				
JMMB Group Limited	Jamaica	Investment management and banking services	20	20
Dream Entertainment Limited	Jamaica	Entertainment	20	20
Access Financial Services Limited [note 13(b)]	Jamaica	Retail lending	24.72	-

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

2. Basis of preparation

(a) Statement of compliance:

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

This is the first set of the Group's annual financial statements in which IFRS 16, *Leases* has been applied. Changes to significant accounting policies are described in note 3.

At the date of approval of these financial statements, certain new and amended standards and interpretations were in issue but were not effective at the reporting date and had not been early-adopted by the Group.

The Group has assessed them and determined that the following may be relevant to its operations:

(i) Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The Group is assessing the impact that the amendments will have on its 2021 financial statements.

(ii) Amendments to IFRS 3 *Business Combinations,* applicable to businesses acquired in annual reporting periods beginning on or after January 1, 2020, provides more guidance on the definition of a business. The amendments include:

(a) An election to use a concentration test by way of an assessment that results in an asset acquisition, if substantially all of the fair value of the gross asset is concentrated in single identifiable asset or a group of similar identifiable assets.

(b) Otherwise, the assessment focuses on the existence of a substantive process. A business consists of inputs and processes applied to those inputs to create outputs.

The Group is assessing the impact that the amendments will have on its 2021 financial statements.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

2. Basis of preparation (continued)

(a) Statement of compliance (continued):

(iii) Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements:

> *"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."*

The Group does not expect the amendment to have a significant impact on its 2021 financial statements.

(iv) Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures,* effective for annual accounting periods beginning on or after January 1, 2020, address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The amendments apply to all hedging relationships directly affected by uncertainties related to IBOR reform. The entity is required to:

- Assume that the interest rate benchmark on which hedged cash flows are based is not altered as a result of IBOR reform when assessing whether the future cash flows are highly probable.
- Assess whether the economic relationship between the hedged item and the hedging instrument exists based on the assumptions that the interest rate benchmark is not altered as a result of IBOR reform.
- Not discontinue a hedging relationship during the period of uncertainty arising from IBOR reform solely because the actual results of the hedge are outside the range of 80-125 per cent.
- Apply the separately identifiable requirement only at the inception of the hedging relationship.
- Prospectively cease applying the exceptions at the earlier of:
  - (a) when the uncertainty regarding the timing and the amount of interest rate benchmark based cash flows is no longer present; and
  - (b) the discontinuation of the hedging relationship (or reclassification of all amounts from the cash flow hedge reserve).

Additional disclosures will be required for hedging relationships directly affected by IBOR reform.

The Group is assessing the impact that the amendments will have on its 2021 financial statements.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

2. Basis of preparation (continued)

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for the inclusion of financial assets and investment property at fair value through other comprehensive income or at fair value through profit or loss.

(c) Functional and presentation currency

The financial statements are presented in United States dollars (USD), which is the functional currency of the Company, rounded to the nearest thousand, unless otherwise indicated. The financial statements of those subsidiaries which have other functional currencies, are translated into USD in the manner set out in note 4(h).

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies:

The preparation of the financial statements in conformity with IFRS requires management to make estimates, based on assumptions and judgements. Management also makes judgements, other than those involving estimations, in the process of applying the 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 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 current and future periods.

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(i) Key sources of estimation uncertainty

(1) Impairment of financial assets:

A number of significant judgements are required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in notes 4(j) and 36(b).

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

2. Basis of preparation (continued)

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies (continued):

(i) Key sources of estimation uncertainty (continued)

(2) Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets. Accordingly, fair values of such assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which estimates the yield curve on the basis of indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach; the fair values determined in this way are classified as Level 2 fair values. Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction (see notes 6 and 37).

(3) Impairment of goodwill, other intangible assets and investment in associates

Impairment of goodwill, other intangibles and investment in associates is dependent upon management's internal assessment of future cash flows from the cash-generating units that gave rise to the goodwill and intangible assets or for the purposes of determining the value in use of the associate. Those internal assessments determine the amount recoverable from the cash generating units and is sensitive to the discount rates used, as well as the economic assumptions of growth (see note 12).

(ii) Critical judgements in applying the Group's accounting policies

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS.

Management is also required to make critical judgements in applying accounting policies. These include the following judgements:

- Whether the criteria are met for classifying financial assets. For example, the determination of whether a security may be classified as at "fair value through profit or loss (FVTPL)", "fair value through other comprehensive income (FVOCI)" or "amortised cost" (note 6) or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy (note 37) requires judgement as to whether a market is active [see note 4(b)].
- In determining whether the Group has control or significant influence over an investee and how to account for that investee, management considers the percentage of the investee's share capital that it holds and makes judgements about other relevant factors affecting control or significant influence over the relevant activities of the investee [see notes 4(a), 13 and 14].

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

3. Changes in accounting policiess

The Group initially applied IFRS 16 *Leases* from April 1, 2019. A number of other new standards are also effective for the Group from April 1, 2019 but they do not have a material effect on the Group's financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in the statement of financial position at April 1, 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 4(m).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously assessed as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after April 1, 2019.

(b) As a lessee

As a lessee, the Group leases office spaces. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. For leases of property, the Group separates non-lease components and accounts for these separately.

(i) *Leases classified as operating leases under IAS 17*

Previously, the Group classified property leases as operating leases under IAS 17. On transition, these lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at April 1, 2019 as set out in see note 3(c). The corresponding amount is recognised as a right-of-use asset.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

3. Changes in accounting policies (continued)

(b) As a lessee (continued)

(i) *Leases classified as operating leases under IAS 17* (continued)

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 right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

(c) Impact on transition

The impact on transition to IFRS 16 is summarised below.

	$'000
Right-of-use assets – property, plant and equipment	262
Lease liabilities	262

The Group discounted lease payments previously classified as operating leases using its incremental borrowing rate at April 1, 2019. The weighted- average rate applied is 10%.

	$'000
Operating lease commitments at March 31, 2019 as per IAS 17	133
Discounted using the incremental borrowing rate at April 1, 2019	124
Extension options reasonably certain to be exercised	138
Lease liabilities recognised at April 1, 2019	262

4. Significant accounting policies

(a) Basis of consolidation:

(i) Business combinations

Business combinations are accounted for using the acquisition method at the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies

(a) Basis of consolidation (continued):

(i) Business combinations (continued)

When the result is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the relevant activities of the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquirees' identifiable net assets at the date of acquisition, plus accumulated share of changes in equity of the relevant subsidiary. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

(iv) Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interest in associates is accounted for using the equity method.

They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(iv) Investments in associates (continued)

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to Nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations, or made payments on behalf of an associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of accumulated losses not recognised.

(v) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of a subsidiary and any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

(vi) Transactions eliminated on consolidation

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(b) Financial instruments – Classification, recognition and de-recognition, and measurement

(i) Classification of financial assets

In applying IFRS 9, the Group classifies its financial assets in the following measurement categories:

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

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

Debt instruments

Debt instruments 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.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(b) Financial instruments – Classification, recognition and de-recognition, and measurement

(i) Classification of financial assets (continued)

Debt instruments (continued)

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

Based on these factors, the Group classifies its debt instruments 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 36(b). 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 fair value adjustments and realised gains' in the period in which it arises. 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 'Net fair value adjustments and realised gains' caption in the statement of profit or loss.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(b) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

(i) Classification of financial assets (continued)

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 assets' 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 investments 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.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(b) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

(ii) Recognition and derecognition - non-derivative financial assets and financial liabilities

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The Group initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership but does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

(iii) Financial liabilities

The Group classifies non-derivative financial liabilities into the "other financial liabilities" category. These are measured at amortised cost.

(iv) Measurement of gains and losses on financial assets

For debt 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 income calculated using the effective interest method;
- ECL charges and reversals; and
- foreign exchange gains and losses.

When a debt 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.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(c) Financial instruments - Other

(i) Non-trading derivatives

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, interest rates, foreign exchange or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group makes use of derivatives to manage its own exposure to foreign exchange and interest rate risk.

The Group evaluates financial instruments which it acquires or issues to determine whether derivatives are embedded in any of the contracts (making it a "host contract"). The Group accounts for an embedded derivative separately from the host contract when (i) the host contract is not itself carried at fair value through profit or loss, (ii) the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and (iii) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are accounted for depending on their classification, and are presented in the statement of financial position together with the host contract. When an embedded derivative cannot be separated from the host contract, the entire contract is designated as at fair value through profit or loss.

When a derivative is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss as a component of net income from other financial instruments at fair value through profit or loss.

(ii) Cash and cash equivalents

Cash comprises cash in hand and call deposits. Cash equivalents are short-term, highly liquid financial assets that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes. These include certificates of deposit where the maturities do not exceed three months from the date of acquisition.

Cash and cash equivalents are measured at amortised cost.

(iii) Other assets

Other assets are measured at amortised cost less impairment losses.

(iv) Guarantees and letter of credit

The Group issues guarantees and other letters of undertaking on behalf of its clients, to third parties. The Group also obtains from each client a guarantee or deed of indemnity that amounts paid out by the Group on its behalf will be repaid to the Group.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(iv) Guarantees and letter of credit (continued)

The Group's potential liability under guarantees and letters of credit is reported as a liability in the statement of financial position. The Group has equal and offsetting claims against its customers in the event of a call on these commitments, which are reported as an asset.

(v) Other liabilities

Other liabilities are measured at amortised cost.

(vi) Resale and repurchase agreements

Resale agreements are accounted for as short-term collateralised lending, and are classified as at amortised cost. On initial recognition they are measured at fair value. Subsequent to initial recognition they are measured at amortised cost. The difference between the purchase cost and the resale consideration is recognised in profit or loss as interest income using the effective interest method.

Repurchase agreements are accounted for as short-term collateralised borrowing, and are classified as other liabilities. On initial recognition and subsequently, the securities given as collateral are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. The difference between the sale consideration and the repurchase cost is recognised in profit or loss over the life of each agreement as interest expense using the effective interest method.

(vii) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. In the case of preference share capital, it is classified as:

(1) equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary, in which case, dividends thereon are recognised as distributions within equity;

(2) liability if it is redeemable on a specific date or at the option of the holders, or if dividends are not discretionary, in which case, dividends thereon are recognised as interest in profit or loss.

Incremental costs directly attributable to the issue of equity instruments are deducted from the initial measurement of the equity instruments.

(viii) Loans and notes receivable and other receivables

Loans and notes receivable and other receivables are measured at amortised cost less impairment allowances, see note 4(j).

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(ix) Accounts payable

Accounts payable are measured at amortised cost.

(x) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(xi) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Group has a legal right to set off the recognised amounts and intends to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

(xii) Amortised cost

Amortised cost is calculated using the effective interest method. Premiums, discounts and initial transaction costs are included in the carrying amount of the related instruments and amortised based on the effective interest rates.

(d) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. These costs comprise the value of land contributed to the development, direct costs related to property development activities and indirect costs that are attributable to the development activities.

(e) Investment property

Investment property, comprising principally land and buildings, is held for rental yields and capital appreciation and is treated as long-term investments. It is measured initially at cost, including related transaction costs and subsequently measured at fair value.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, expected cash outflows in respect of the property. Fair value is determined every three years by an independent registered valuer, and in each of the two intervening years by the directors. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(e) Investment property (continued)

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

(f) Property, plant and equipment

(i) Cost

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an asset if it is probable that the future economic benefits embodied in the part will flow to the Group and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

(i) Depreciation

Property, plant and equipment are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Computers	25% - 33⅓%
Furniture, fixtures and equipment	10% - 20%
Leasehold improvements	10% - 20%
Motor vehicles	20% - 25%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(g) Intangible assets

(i) Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units (note 12) and tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the equity accounted investee as a whole.

(ii) Customer relationships and non-compete agreements that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(g) Intangible assets (continued)

(ii) (continued)

Trade names, licences and other intangible assets that have indefinite useful lives are carried at cost less accumulated impairment losses. The useful lives of such assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for those assets. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

(iii) Software

Acquired computer software licenses as well as third party and internal costs directly associated with the development of software are capitalised as intangible assets on the basis of the costs incurred to acquire and bring the specific software to use. These costs are amortised over their estimated useful lives (three to eight years). Internal costs associated with developing or maintaining computer software programs are recognised as expense as incurred.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Intangible assets with finite asset lives, are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives are as follows:

- Customer relationships 6 to 20 years
- Non-compete agreement 2-5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. These rates represent the weighted average rates at which the Group transacts business in foreign currency.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(h) Foreign currency translation (continued)

(i) Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss. Other changes in the carrying amount are recognised in other comprehensive income and presented in fair value reserve.Translation differences on non-monetary items, such as equities classified as FVOCI financial assets, are recognised in other comprehensive income and presented in the fair value reserve in stockholders' equity.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into USD at the spot exchange rate at the reporting date. The income and expenses of the foreign operations are translated into USD at the average exchange rates for the period. Foreign currency differences on the translation of foreign operations are recognised in other comprehensive income and included in foreign exchange translation reserve.

(i) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which it is recognised accordingly.

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

(ii) Deferred income tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(j) Impairment of financial assets

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

Framework

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the 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.
- A financial asset is credit impaired ('Stage 3') when one or more events that has 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 and note 36(b) 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 note 36(b) 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 financial assets 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.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(j) Impairment of financial assets (continued)

Credit-impaired financial assets (continued)

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.

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 for the determination of ECL.
- 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.

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.

Measurement of ECL

The Group measures loss allowances at an amount equal to lifetime ECL, except for debt investment securities with low credit risk at the reporting date and certain financial assets on which credit risk has not increased significantly, which are measured as 12-month ECL:

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(j) Impairment of financial assets (continued)

Measurement of ECL (continued)

The ECL is determined by projecting the PD, LGD and 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., the exposure has not prepaid or 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.

ECL is a probability-weighted estimate of credit losses, 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;
- 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 instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in profit or loss as a reclassification from OCI.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(k) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset, or group of operating assets, exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(l) Investment in subsidiaries

Investment in subsidiaries is measured in the separate financial statements of the Company at cost, less impairment losses, if any.

(m) Leases

Policy applicable from April 1, 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after April 1, 2019.

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contracts to each lease component on the basis of its relative stand-alone prices. Non-lease components have been separated for leases of properties.

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, 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. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of future lease payments at the commencement date, 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.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(m) Leases (continued)

Policy applicable from April 1, 2019 (continued)

(a) As a lessee (continued)

The Group determines its incremental borrowing rate by obtaining interest rates from its primary bankers and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest method.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and presents lease liabilities as such in the statement of financial position.

Short-term leases

The Group has elected not to recognise right-of-use assets and lease liabilities for lease that are considered short-term leases. The Group recognises the lease payments associated with these lease as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(m) Leases (continued)

Policy applicable before April 1, 2019

As a lessee

Assets held under leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(n) Revenue recognition

Revenue comprises interest income, fees and commissions, dividends, income and gains from holding and trading securities and property sales.

(i) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- Purchased or originated credit-impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- Financial assets that are not 'POCI' but have subsequently become credit impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss allowance).

(ii) Fee and commission income

Fee and commission income are recognised on the accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on 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 as the service is provided. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

(ii) Dividends

Dividend income is recognised when the right to receive income is established. For quoted securities, this is usually the ex-dividend date.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

4. Significant accounting policies (continued)

(n) Revenue recognition (continued)

(iv) Gains or losses on holding and trading securities

Gains or loss on securities trading are recognised when the Group becomes a party to a contract to dispose of the securities, or, in the case of financial assets measured at fair value, upon re-measurement of those assets.

(o) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to its carrying amount.

The effective interest rate is established on initial recognition of the financial liability and not revised subsequently. Interest expense includes coupons paid on fixed rate liabilities and accretion of discount or amortisation of premium on instruments issued at other than par.

(p) Employee benefits

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

(i) General benefits

Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave.

Post-employment benefits are accounted for as described in (ii) below. Other long-term benefits, including termination benefits, which arise when either (1) the employer decides to terminate an employee's employment before the normal retirement date or (2) an employee decides to accept voluntary redundancy in exchange for termination benefits, are accrued as they are earned and charged as an expense, unless not considered material, in which case they are charged when they fall due.

(ii) Share-based payment transaction

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is recognised as staff costs.

5. Resale agreements

The Group purchases government and corporate securities and agrees to resell them at specified dates and prices [see note 4(c)(vi)].

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

5. Resale agreements (continued)

Resale agreements result in credit exposure, as the counterparty to the transaction may be unable to fulfill its contractual obligations. At the reporting date, the fair value of the securities held as collateral for resale agreements was $6,399,000 (2019: $12,531,000) for the Group and $Nil (2019: $637,000) for the Company.

6. Investment securities

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Financial assets at fair value through profit or loss				
Quoted equities	1,857	3,839	-	-
Unit Trust	5,392	-	-	-
Global bonds	4,921	9,450	-	-
Corporate bonds	1,492	-	1,492	-
Foreign sovereign debt	-	576	-	-
Global equities	-	2,347	-	-
Private equity funds	343	-	343	-
Principal Protected Note warrant asset [see (a) below]	330	-	-	-
	14,335	16,212	1,835	-
Financial assets at fair value through other comprehensive income				
Global bonds	167,978	193,691	5,341	16,280
Government of Jamaica securities	40,285	49,694	-	-
Corporate bonds	32,567	53,715	20,016	43,886
Foreign sovereign debt	7,250	5,475	-	-
	248,080	302,575	25,357	60,166
Amortised cost				
Global bonds	19,801	10,105	-	-
Corporate bonds	5,579	4,516	-	-
Certificate of deposit	3,732	2,682	3,732	2,404
Commercial papers	-	680	-	-
	29,112	17,983	3,732	2,404
Less allowance for expected credit losses	(131)	(30)	-	-
	28,981	17,953	3,732	2,404
Total investment securities	291,396	336,740	30,924	62,570

(a) The Group purchased a call option from an independent third party to cover the interest charges due to maturity on the principal protected note [see note 17(ii)] issued by the Group.

(b) As at March 31, 2020, $245,209,000 (2019: $115,422,000) of investment securities is expected to be recovered after 12 months from the reporting date.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

7. Loans receivable

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Loans and advances to customers [see (a) below]	9,767	37,114	-	-
Margin loans [see (a) below]	1,087	1,601	-	-
Corporate notes	15,296	15,035	21,140	18,750
Other loans	2,914	1,172	-	-
	29,064	54,922	21,140	18,750
Less allowance for expected credit losses [see (c)]	(209)	(3,588)	(88)	(173)
	28,855	51,334	21,052	18,577

(a) Loans and advances to customers and margin loans represent advances made by the Group to facilitate the purchase of securities by its clients. The securities purchased are pledged as collateral for the outstanding advances. Certain of these securities have been re-pledged by the Group. At the reporting date, the fair value of the collateral pledged by the clients and re-pledged by the Group was $2,853,000 (2019: $20,906,000).

(b) Loans receivable, net of allowance for expected credit losses, are due from the reporting date as follows:

	Group				
	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000
			2020		
Loans and advances to customers	-	9,646	-	-	9,646
Margin loans	-	1,087	-	-	1,087
Corporate notes	2,040	2,400	10,768	-	15,208
Other loans	590	2,312	12	-	2,914
	2,630	15,445	10,780	-	28,855
			2019		
Loans and advances to customers	3,068	16,249	14,382	-	33,699
Margin loans	860	741	-	-	1,601
Corporate notes	1,150	-	12,139	1,573	14,862
Other loans	-	-	1,172	-	1,172
	5,078	16,990	27,693	1,573	51,334

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

7. Loans receivable (continued)

(b) Loans receivable, net of allowance for expected credit losses, are due from the reporting date as follows (continued):

	Company				
	Within 3 months $'000	3-12 months $'000	1-5 years $'000	Over 5 years $'000	Total $'000
	2020				
Corporate notes	2,872	7,370	10,810	-	21,052
	2019				
Corporate notes	1,234	3,571	12,199	1,573	18,577

(c) Expected credit losses

(i) The ageing of loans receivable and related impairment allowance are as follow:

	Group			
	2020		2019	
	Gross $'000	Allowance for impairment $'000	Gross $'000	Allowance for impairment $'000
Not past due and not impaired	14,246	121	32,711	-
Less than 90 days past due and impaired	-	-	3,720	1,280
More than 90 days past due and impaired	14,818	88	18,491	2,308
	29,064	209	54,922	3,588

	Company			
	2020		2019	
	Gross $'000	Allowance for impairment $'000	Gross $'000	Allowance for impairment $'000
Not past due and not impaired	478	-	1,234	-
More than 90 days past due and impaired	20,662	88	17,516	173
	21,140	88	18,750	173

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

7. Loans receivable (continued)

(c) Expected credit losses (continued)

(ii) The movement on the expected credit losses is as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Balance at the beginning of the year	3,588	5,803	173	317
IFRS 9 transition adjustment	-	2,081	-	-
Impairment allowances (reversed)/recognised	(33)	905	(85)	(144)
Loans written off	-	(5,201)	-	-
Movement on ECL as a result of disposal of subsidiary	(3,341)	-	-	-
Effect of exchange rate movements	(5)	-	-	-
Balance at the end of the year	209	3,588	88	173

8. Other assets

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Withholding tax recoverable	2,751	3,371	-	-
Interest receivable	1,738	2,128	570	959
Due from client	1,403	259	-	-
Prepayments	371	367	52	39
Pre-construction activity	2,816	2,163	-	-
Real estate sale receivable	2,981	16	-	-
Other	1,185	1,298	165	165
	13,245	9,602	787	1,163
Less allowance for expected credit losses	(252)	(295)	-	-
	12,993	9,307	787	1,163

The movement in expected credit losses is as follows:

	Group	
	2020	2019
	$'000	$'000
Balance at beginning of year	295	110
Expected credit losses (reversed)/recognised	(24)	184
Effect of exchange rate movements	(19)	1
Balance at end of year	252	295

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

9. Property development in progress

This comprises land and associated costs on a project to develop a residential and commercial complex, including an amount of $1,308,000 (2019: $1,308,000) in settlement of variable consideration on the purchase of the property.

Of this amount, $4,214,000 (2019: $9,090,000) was transferred from investment property during the year (note 11).

10. Property, plant and equipment

	Group							
	Right-of-use on leasehold properties	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Computer equipment	Work in progress	Art-work	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:								
March 31, 2018	-	623	1,270	216	1,260	-	5	3,374
Additions	-	106	118	-	56	422	-	702
Disposals	-	(9)	(9)	-	-	-	-	(18)
Translation adjustment	-	12	8	9	12	-	-	41
March 31, 2019	-	732	1,387	225	1,328	422	5	4,099
Recognition of right-of-use assets on initial application of IFRS 16	262	-	-	-	-	-	-	262
Additions	1,221	540	188	31	442	53	-	2,475
Transfers	-	422	-	-	-	(422)	-	-
Disposal of subsidiary	-	(512)	(325)	(24)	(443)	-	-	(1,304)
Disposals	-	(25)	(19)	-	(167)	-	-	(211)
Translation adjustment	-	(11)	(11)	-	(52)	-	-	(74)
March 31, 2020	1,483	1,146	1,220	232	1,108	53	5	5,247
Depreciation:								
March 31, 2018	-	368	787	88	1,092	-	-	2,335
Charge for the year	-	63	136	39	148	-	-	386
Translation adjustment	-	(19)	10	18	14	-	-	23
March 31, 2019	-	412	933	145	1,254	-	-	2,744
Charge for the year	273	106	59	9	220	-	-	667
Disposal of subsidiary	-	(315)	(209)	(51)	(395)	-	-	(970)
Eliminated on disposal	-	(25)	(14)	-	(159)	-	-	(198)
Translation adjustment	-	(4)	(4)	-	(45)	-	-	(53)
March 31, 2020	273	174	765	103	875	-	-	2,190
Net book values:								
March 31, 2020	1,210	972	455	129	233	53	5	3,057
March 31, 2019	-	320	454	80	74	422	5	1,355

11. Investment property

	Group	
	2020	2019
	$'000	$'000
At beginning of year	14,229	17,348
Investment property acquired	1,161	3,993
Fair value adjustment (note 28)	952	1,978
Transfer to property development in progress (note 9)	(4,214)	(9,090)
Foreign exchange translation adjustment	142	-
	12,270	14,229

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

11. Investment property (continued)

The Group's properties were last revalued in September 2018 and December 2018 by independent valuators, DC Tavares Finson Realty Company Limited. The valuations were done on the basis of open market value. The fair value of the investment property is categorised as Level 3 in the fair value hierarchy.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market approach This model takes into account: • The fact that the intention is to dispose of the property in an open market transaction. • The expected sale would take place on the basis of a willing seller and willing buyer. • A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market. • Values are expected to remain stable throughout the period of market exposure and disposal by sale (hypothetical). • The property will be freely exposed to the market; and • The potential rental value of the property in the current investment climate.	• Judgements about whether the property can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its use class. • The strength of demand for the property, given its condition, location and range of potential uses. • The potential rental value of the property in the current investment climate.	The estimated fair value would increase/(decrease) if: • The level of current and future economic activity in the location and the impact on the strength of the demand is greater/(less) than judged. • The potential rental income from the property is greater /(less) than judged.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

12. Intangible assets

	Group							
	Customer relationships	Non-compete agreements	Trade name	Goodwill	License	Computer software	Work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:								
March 31, 2018	8,362	1,669	2,547	10,392	452	976	-	24,398
Acquired through business combination	6,756	-	320	9,422	-	-	-	16,498
Additions	-	-	-	-	-	377	-	377
Translation adjustment	6	-	(7)	(8)	-	(5)	-	(14)
March 31, 2019	15,124	1,669	2,860	19,806	452	1,348	-	41,259
Additions	-	-	-	-	-	174	1,456	1,630
Disposal of subsidiary	(2,411)	-	(2,404)	(13,198)	-	(586)	-	(18,599)
Translation adjustment	-	-	-	-	(30)	(5)	-	(35)
March 31, 2020	12,713	1,669	456	6,608	422	931	1,456	24,255
Amortisation:								
March 31, 2018	2,608	1,101	-	-	-	675	-	4,384
Amortisation for the year	1,022	206	-	-	-	234	-	1,462
Translation adjustment	-	(15)	-	-	-	5	-	(10)
March 31, 2019	3,630	1,292	-	-	-	914	-	5,836
Amortisation for the year	1,067	206	-	-	-	56	-	1,329
Disposal of subsidiary	(1,903)	-	-	-	-	(359)	-	(2,262)
Translation adjustment	-	-	-	-	-	(24)	-	(24)
March 31, 2020	2,794	1,498	-	-	-	587	-	4,879
Net book values:								
March 31, 2020	9,919	171	456	6,608	422	344	1,456	19,376
March 31, 2019	11,494	377	2,860	19,806	452	434	-	35,423

In testing goodwill for impairment, recoverable amounts of cash-generating units are estimated based on value-in-use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amounts of cash-generating units are arrived at by estimating their future cash flows and discounting those cash flows using long-term discount rates applicable to the countries in which the businesses operate.

Future sustainable cash flows are estimated based on the most recent forecasts, after taking account of past experience. In all cases projected cash flows are taken over 5 years and the long-term growth rate is applied following the projection period, with a terminal value calculated based on the discount rate and growth rate applied. Each cash generating unit is regarded as saleable to a third party at any future date at a price sufficient to recover its carrying amount of goodwill. Key assumptions are set out below:

	2020	2019
Retail lending cash generating units (CGUs)		
Discount rate	16.85%	24.3%
Growth rate	2.5%	6.0%

The fair value of the International Financial Planning Limited (IFP) trade name was calculated using the relief from royalty method and compared to the carrying value of the trade name as at March 31, 2020.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

13. Investment in subsidiaries

	Company	
	2020	2019
	$'000	$'000
Ordinary shares at cost:		
Proven Wealth Limited	16,567	16,567
Real Properties Limited	17,426	16,214
Asset Management Company Limited	412	412
Boslil Bank Limited	11,935	10,435
International Financial Planning Jamaica Limited (*formerly Proven Fund Managers Limited*)	18,176	18,176
Proven Holdings Limited [see (a) below]	20,500	-
Access Financial Services Limited [see (b) below]	-	10,757
International Financial Planning (Cayman) Limited	14,213	14,213
	99,229	86,774

(a) Proven Holdings Limited

Effective October 1, 2019, the Company injected $20,500,000 cash for a 100% interest in Proven Holdings Limited.

(b) Disposal of shares in Access Financial Services Limited

Effective September 27, 2019, the Company disposed of shares in Access Financial Services Limited, resulting in a reduction of its shareholding from 49.72% to 24.72%. The transaction was recognised as a disposal of subsidiary and recognition of an investment in associate. The amounts recognised in profit for the Group of $24,930,000 and Company of $28,091,000 represent the gain on the disposal of shares and a fair value increase on the remaining shares recognised as investment in associate.

14. Investment in associates

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Carrying amount of interest in associate:				
JMMB Group Limited	95,917	80,402	-	-
Dream Entertainment Limited	570	570	570	570
Access Financial Services Limited [see note 13(b)]	22,501	-	22,490	-
	118,988	80,972	23,060	570

(i) Investment in Dream Entertainment Limited

Effective February 6, 2019, the Company acquired 2,500 shares or 20% of the participating voting shares in Dream Entertainment Limited. The purpose of the acquisition is to generate dividend income.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

14. Investment in associates (continued)

(ii) Investment in JMMB Group Limited

Effective December 27, 2018, Proven Holdings Limited acquired 326,277,325 shares or 20% shareholding in JMMB Group Limited (JMMBGL).

Proven Holdings Limited acquired an additional 65,033,200 shares in the additional public offering on October 15, 2019, maintaining its 20% proportionate shareholding in JMMBGL. The principal activities of JMMBGL are investment management and banking services. The purpose of the acquisition is to generate dividend income. JMMBGL is listed on Jamaica Stock Exchange.

The following table summarises the financial information of JMMBGL and Access Financial Services Limited (Access) , as included in the Group's financial statements as at March 31, 2020, reflecting adjustments for differences in accounting policies.

	Group and Company		
	2020		2019
	JMMBGL	Access	JMMBGL
	$'000	$'000	$'000
Percentage ownership interest	20%	24.72%	20%
Statement of financial position			
Intangible assets	16,464	10,797	14,058
Assets	2,971,181	41,094	2,545,820
Liabilities	(2,680,245)	(28,304)	(2,311,084)
Net assets attributable to equity holders (100%)	307,401	23,587	248,794
Non-controlling interests	(7,108)	-	(8,305)
Adjusted net assets	300,293	23,587	231,490
Group's share of net assets	60,059	5,831	46,298
Goodwill	35,964	16,276	35,964
Foreign exchange adjustment	(106)	394	(1,860)
Carrying amount of investment	95,917	22,501	80,402
Revenue	238,469	17,806	215,773
Profit from continuing operations	51,707	2,067	29,784
Other comprehensive income, net of tax	(60,750)	293	(4,258)
Total comprehensive income	(9,043)	2,360	25,526
Share of total comprehensive income since date of investment:			
Profit from continuing operations	10,347	91	1,308
Other comprehensive income	(12,156)	(80)	5,049
	(1,809)	11	6,357

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

15. Repurchase agreements

The Group sells Government and corporate securities and agrees to repurchase them on specified dates and at specified prices.

	Group	
	2020	2019
	$'000	$'000
Denominated in Jamaica Dollars	22,115	27,358
Denominated in United States Dollars	55,407	61,218
Denominated in Pound Sterling	66	3
Denominated in Canadian Dollars	10	46
Denominated in Euro Dollars	11	-
	77,609	88,625

16. Owed by/(to) related parties

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Owed by subsidiaries - current account	-	-	2,524	1,940
Owed to other related parties				
Current accounts	254	(129)	266	(129)
Dividend payable	(1,186)	(294)	(1,186)	(294)
	(932)	(423)	(920)	(423)

Current accounts represent accrued management fees and amounts payable to Proven Management Limited.

17. Notes payable

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Structured notes [see (i) below]	74,688	70,612	74,688	70,612
Principal protected notes [see (ii) below]	1,547	-	-	-
Margin loans payable [see (iii) below]	3,519	16,954	3,519	16,279
Long-term loan [see (iv) below]	69,424	74,400	-	-
Other	5,325	23,584	-	-
	154,503	185,550	78,207	86,891

(i) Structured notes represent short to medium-term debt obligations issued by the Group. The notes are secured by a basket of securities and typically have fixed quarterly coupon payments, with bullet payments of principal at maturity.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

17. Notes payable (continued)

(ii) The principal protected notes comprise coupon-rated bonds (the principal) issued and guaranteed by the Group. The returns on these notes are based on the movement in the prices of certain underlying indices (a call warrant purchased by the Group) for which the obligor is an independent third party.

Accordingly, the Group recognises a liability in relation to the principal on its statement of financial position and an asset in relation to the call warrant (see note 6). The note is for a period of 1 year and matures on September 30, 2020, with an interest rate of 1% per annum payable quarterly in arrears up to and including the maturity date. The notes will pay a possible bonus payment on the maturity date once certain pre-agreed conditions are met.

(iii) Margin loans payable represent short-term debt facilities provided by brokerage firms to the Group to:

- acquire securities on its own account. The facilities are collateralised by the securities held with the brokerage firms.
- Fund facilities offered to its clients. The clients have agreed with the Group that the securities purchased may be re-pledged or otherwise offered by the Group as collateral for the margin facility extended to the Group by the brokerage firm [note 7(a)].

(iv) The Group issued a Jamaica dollar Corporate Bond of J$10.5 billion through NCB Capital Markets Limited to assist with the acquisition of ordinary shares in JMMB Group Limited. The bond was issued in two facilities (A and B) with maturity of ten (10) years and six (6) years respectively. As at the reporting date, facility C was not yet been drawn down.

- Facility A represents J$6.4 billion, matures in 10 years, bears fixed interest of 5% per annum for years 1-3, fixed interest of 6.5% per annum for years 4-6, and fixed interest of 7.5% thereafter.
- Facility B represents J$2.9 billion, matures in 6 years, bears fixed interest of 6% per annum for years 1-3 and fixed interest of 7.5% thereafter.
- Facility C represents J$1.2 billion, which will be drawn down for a maximum period of 2 years and bears fixed interest of 6% per annum.

All coupon payments are required to be paid semi-annually.

18. Other liabilities

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Interest payable	1,478	1,340	408	281
Payable to clients	131	116	-	-
Statutory payments	79	22	-	-
Accrued charges	857	1,011	195	140
Other	3,882	5,593	686	689
	6,427	8,082	1,289	1,110

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

19. Due to customers

	Group	
	2020	2019
	$'000	$'000
Time deposits	16,498	22,348
Interest bearing accounts	1,883	1,962
Non-interest bearing accounts	232,051	196,741
	250,432	221,051

20. Lease liabilities

The Group leases office spaces, which typically run for a period of 5 years, with options to renew. Lease payments are renegotiated to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local market conditions.

The office space leases were negotiated as combined leases of land and buildings and previously were classified as operating leases under IAS 17. Information about leases for which the Group is a lessee is presented below.

Leases as lessee (IFRS 16)

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property and are presented as property, plant and equipment (see note 10).

	Group Leasehold properties $'000
Balance at April 1, 2019	262
Additions	1,221
	1,483
Depreciation charge for the year	(273)
Balance at March 31, 2020	1,210

(ii) Lease liabilities:

Undiscounted cashflows of lease liabilities

	Group 2020 $'000
Less than one year	195
One to five years	500
More than five years	565
	1,260
Less future interest	(8)
Carrying amount of lease liabilities	1,252

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

20. Lease liabilities (continued)

(ii) Lease liabilities (continued):

Undiscounted cashflows of lease liabilities (continued)

	Group 2020 $'000
Current	189
Non-current	1,063
	1,252

(iii) Amounts recognised in profit or loss

	Group 2020 $'000
Leases under IFRS 16	
Interest on lease liabilities	101
Operating leases under IAS 17	26

(iv) Amounts recognised in statement of cash flows

	Group 2020 $'000
Total cash outflow for leases	316

(v) Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $107,000.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

21. Deferred tax asset

	Group 2020				
	Balance at March 31, 2019 $'000	Disposal of subsidiary $'000	Recognised in profit or loss $'000 (note 31)	Recognised in other comprehensive income $'000	Balance at March 31, 2020 $'000
Property, plant and equipment	19	-	4	-	23
Loans receivable	1,060	(1,087)	-	-	27
Other receivables	(417)	-	(6)	-	(423)
Unrealised foreign exchange losses, net	499	-	(34)	-	465
Investment property	(9)	-	-	-	(9)
Investment at FVOCI	411	-	-	669	1,080
Investment at FVPTL	80	-	(89)	-	(9)
Impairment loss on instruments at FVOCI	-	-	(110)	112	2
Other liabilities	81	(33)	16	-	64
Lease liabilities, net	-	-	2	-	2
Tax losses	24	-	-	-	24
Exchange difference on translation	21	(2)	-	(8)	11
Other	(1)	(26)	48	-	21
	1,768	(1,148)	(169)	773	1,224

	Group 2019			
	Balance at March 31, 2018 $'000	Recognised in profit or loss $'000 (note 31)	Recognised in equity $'000	Balance at March 31, 2019 $'000
Property, plant and equipment	12	7	-	19
Loans receivable	917	(482)	625	1,060
Other receivables	(426)	9	-	(417)
Unrealised foreign exchange losses, net	436	63	-	499
Investment property	(9)	-	-	(9)
Investment at FVOCI	190	-	221	411
Investment at FVPTL	8	72	-	80
Impairment loss on instruments at FVOCI	-	(32)	32	-
Other liabilities	76	5	-	81
Tax losses	24	-	-	24
Exchange difference on translation	27	(6)	-	21
Other	134	(135)	-	(1)
	1,389	(499)	878	1,768

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

22. Preference shares

	2020 $'000	2019 $'000
Manager's preference shares [see (i)]	1	1
8.25% Cumulative redeemable preference shares [see (ii)]		
At beginning of year	1	16,416
Repayment	-	(16,737)
Amortisation of transaction costs	-	322
At end of year	1	1

The terms and conditions of the manager's preference shares include the following:

(i) the manager's preference shares rank *pari passu* as between and among themselves;

(ii) each manager's preference share is entitled to a cumulative annual preference dividend in the sum which is equal to:

(1) 25% of the profits and gains of the Company in each financial year in excess of the Annual Earnings Hurdle (computed in accordance with the formula set out in the terms and conditions of issue) for such financial year, divided by

(2) the number of manager's preference shares in issue when the said cumulative annual preference dividend is paid; and for this purpose the Annual Earnings Hurdle shall be the amount which results when the hurdle rate is applied to the average equity of the Company during such financial year.

(iii) Apart from the right to the cumulative annual preference dividend, the manager's preference shares have no economic rights or entitlements save for the right on a winding up to the repayment of the capital paid thereon on a *pari passu* basis with the capital paid on the ordinary stock units.

(iv) Each manager's preference share has votes attaching to it that are a multiple of the votes attaching to each ordinary stock unit on all resolutions and decisions at a general meeting, such that the preference share votes will be at least equal to the votes of the ordinary stock units, except on any resolution intended to vary the formula for computing the dividend payable to the preference shareholders, in which case each manager's preference share is entitled to one vote.

23. Share capital

	2020 $	2019 $
Authorised:		
2,999,990,000 Ordinary shares, par value US$0.01 each	29,999,900	29,999,900
10,000 Manager's Preference Shares, par value US$0.01 each	100	100
300,000,000 8.25% Cumulative Redeemable Preference Shares, par value US$0.01 each	3,000,000	3,000,000
700,000,000 cumulative redeemable Preference share, par value US$0.01 each	7,000,000	7,000,000
	40,000,000	40,000,000

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

23. Share capital (continued)

	2020 Units	2019 Units	2020 $'000	2019 $'000
Issued and fully paid:				
Ordinary shares	625,307,963	625,307,963	86,716	86,716
Manager's Preference Shares	10,000	10,000	1	1
			86,717	86,717
Less: Preference shares classified as liability (see note 22)			(1)	(1)
			86,716	86,716

(a) The holders of the ordinary shares are entitled to receive dividends from time to time, and are entitled to one vote per share at meetings of the Company.

(b) The rights and entitlements of the holders of the preference shares are set out in note 22.

24. Fair value reserve

This represents the cumulative net unrealised gains and losses in fair value, net of taxation, on the revaluation of FVOCI investment securities, and remains until the securities are derecognised or impaired.

25. Foreign exchange translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in foreign operations.

26. Non-controlling interest

The following table summarises information relating to each of the Group's subsidiaries that has material non-controlling interest (NCI), before any intra-group eliminations.

	2020		
	Boslil Bank Limited $'000	Intra-group adjustments $'000	Total $'000
NCI percentage	**25%**		
Total assets	274,981		
Total liabilities	(252,649)		
Net assets	22,332		
Carrying amount of NCI	5,583	827	6,410
Revenue	9,559		
Profit for the year	4,847		
Profit allocated to NCI	1,212	1,051	2,263

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

26. Non-controlling interest (continued)

	2020		
	Boslil Bank Limited $'000	Intra-group adjustments $'000	Total $'000
OCI for the year	(3,240)	-	(3,240)
OCI allocated to NCI	(810)	-	(810)
Cash flows from operating activities	28,777		
Cash flows from investment activities	(1,351)		
Cash flows from financing activities	(2,482)		
Net decrease in cash and cash equivalents	24,944		

	2019			
	Access Financial Services Ltd. $'000	Boslil Bank Ltd. $'000	Intra-group adjustments $'000	Total $'000
NCI percentage	**50.28%**	**25%**		
Total assets	35,542	245,354		
Total liabilities	(20,764)	(222,146)		
Net assets	14,778	23,208		
Carrying amount of NCI	7,431	5,802	9,185	22,418
Revenue	13,758	8,392		
Profit for the year	4,033	4,314		
Profit allocated to NCI	2,016	1,078		3,094
Cash flows from operating activities	5,917	(20,749)		
Cash flows from investment activities	(2,535)	(447)		
Cash flows from financing activities	(2,723)	(430)		
Net decrease in cash and cash equivalents	659	(21,626)		

27. Net interest income

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Interest income, using the effective interest method:				
GOJ benchmark investment notes	950	1,054	177	283
Regional and corporate bonds	7,059	6,502	1,636	2,485
Global bonds	3,283	4,673	479	1,614
Resale agreements	252	420	8	20
Corporate notes	271	905	468	896
Other loans receivable	6,885	11,333	-	-
Other	1,585	1,319	262	50
	20,285	26,206	3,030	5,348

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

27. Net interest income (continued)

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Interest expense, using the effective interest method:				
Interest on margin loans	245	1,002	245	1,002
Repurchase agreements	1,552	1,371	16	20
Notes payable	5,756	4,183	2,275	2,234
Finance cost	101	-	-	-
Other	1,453	919	-	404
	9,107	7,475	2,536	3,660
Net interest income	11,178	18,731	494	1,688

28. Net fair value adjustments and realised gains

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Fair value adjustment for investment property (note 11)	952	1,978	-	-
Fair value gains/(losses) on fixed income securities	2,760	(604)	-	(1,267)
Fair value gains/(losses) on equity securities	16	(235)	-	(57)
Unrealised fair value gains on investments	55	-	176	-
	3,783	1,139	176	(1,324)

29. Staff costs

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Salaries, wages and related costs	9,944	8,692	-	-
Bonus and ex-gratia payments	855	459	-	-
Statutory payroll contributions	712	289	-	-
Pension costs - defined contribution plan	81	176	-	-
Staff welfare	173	113	-	-
Other	1,111	1,911	99	94
	12,876	11,640	99	94

Included in staff costs are the following directors' emoluments:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Fees	326	295	99	94
Management remuneration	1,667	623	-	-

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

30. Other operating expenses

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Audit fees	318	380	121	101
Bad debt recovery, net	-	(269)	-	-
Irrecoverable GCT	507	558	208	127
Insurance	117	75	13	-
Legal and other professional fees	1,836	1,596	581	799
Licenses and permits	561	473	-	-
Marketing and advertising	919	771	260	201
Miscellaneous	335	927	196	447
Management fees [note 32(f)]	1,893	1,657	1,893	1,657
Irrecoverable income tax withheld	68	84	48	84
Office rent	669	892	-	-
Commission expenses and fees	830	403	653	490
Printing and stationery	166	182	6	4
Repairs and maintenance	1,053	757	-	-
Subscriptions and donations	105	66	-	-
Courier and collection services	-	203	-	-
Travelling	368	322	68	43
Utilities	370	530	-	-
Other operating expenses	1,752	2,309	6	319
	11,867	11,916	4,053	4,272

31. Taxation

(a) Depending on the jurisdiction and nature of business, income tax is computed at 1%, 25% and 33⅓% of profit for the year as adjusted for tax purposes, and is made up as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
(i) Current tax charge:				
Charge on current period's profits:				
Income tax at 1%	254	-	254	-
Income tax at 2.74%	287	289	-	-
Income tax at 25%	-	(81)	-	-
Income tax at 33⅓%	1,213	945	-	-
	1,754	1,153	254	-
(ii) Deferred tax (note 21):				
Origination and reversal of temporary differences	169	499	-	-
(iii) Prior year (over)/under provision	(23)	13	-	-
Total income tax charge	1,900	1,665	254	-

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

31. Taxation (continued)

(b) Reconciliation of actual tax expense:

The tax rates for two of the subsidiaries are 25% and 33⅓% of profit before income tax adjusted for tax purposes, while the tax rate for the Company is 1% of profits. The actual charge for the year is as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Profit before taxation	34,142	11,606	23,098	6,248
Computed "expected" tax expense at 1%	231	-	231	-
Computed "expected" tax expense at 2.74%	1	(81)	-	-
Computed "expected" tax expense at 25%	-	962	-	-
Computed "expected" tax expense at 33⅓%	1,576	1,208	-	-
	1,808	2,089	231	-
Difference between profits for financial statements and tax reporting purposes on:				
Depreciation charge and capital allowances	47	(10)	-	-
Income exempt from income tax	(394)	(414)	-	-
Employer tax credit	-	263	-	-
Financial asset at fair value	(39)	(3)	-	-
Tax remission in subsidiary	-	(633)	-	-
Provision for loan loss	86	453	-	-
Prior period (over)/under accrual	(23)	13	-	-
Other	415	(93)	23	-
Actual tax expense	1,900	1,665	254	-

32. Related party transactions

(a) Definition of related party

A related party is a person or entity that is related to the Group.

(i) A person or a close member of that person's family is related to the Group if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or of a parent of the Group.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

32. Related party transactions (continued)

(a) Definition of related party (continued)

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled, or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of companies of which it is a part, provides key management personnel services to the Group.

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

(b) Identity of related parties

The Group has related party relationships with its subsidiaries and associates and with its directors and executive officers and those of its subsidiaries and associates.

(c) The Group has engaged a related party, Proven Management Limited, to provide investment management services in relation to financial instruments held in a number of funds, and the business and operations of the Group, for a fee. The fee is charged at 2% of the Group's Average Net Asset Value in the financial year [see note 32(f)].

	Group and Company	
	2020	2019
	$'000	$'000
Investment management fees paid for the year	2,173	1,514
Fees (over)/ under accrued at end of year	(280)	143
	1,893	1,657

(d) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the relevant activities of the Group, directly or indirectly. Such persons comprise the directors and executive officers. Key management compensation for the year is included in staff costs (note 29).

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

32. Related party transactions (continued)

(e) The statement of financial position includes balances, arising in the ordinary course of business, with its directors and key management, as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Loan receivable	1,467	1,130	1,467	1,130
Resale agreements	-	32	-	-
Other receivables	8	19	-	-
Repurchase agreements	-	1,092	-	-

Other amounts with related parties are disclosed in note 16.

(f) The statement of profit or loss and other comprehensive income includes the following income earned from, and expenses incurred in, transactions with related parties:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Proven Wealth Limited				
Interest income	-	-	9	19
MPS Holding Limited				
Dividends paid	8,605	1,289	8,605	1,289
Proven Management Limited				
Management fees	1,893	1,657	2,386	1,657

33. Earnings per stock unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent, of $29,979,000 (2019: $6,847,000), by the weighted average number of ordinary stock units in issue during the year, numbering 625,307,963 (2019: 625,307,963).

34. Distribution to equity holders

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Distribution to ordinary shareholders				
per stock unit - parent at 1.37¢ (2019: 0.81¢)	8,581	5,066	8,581	5,066
- non-controlling interest	1,100	1,754	-	-
	9,681	6,820	8,581	5,066

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

35. Segment financial information

The Group is organised into four main business segments:

(a) Wealth Management - this incorporates financial and related services such as securities brokering, stock brokering, portfolio planning and funds management.

(b) Retail Lending - this incorporates personal and non-personal banking services.

(c) Private Banking - This incorporates banking services, deposit accounts, credit and debit cards and cash-collaterised lending.

(d) Real Estate and Other – this incorporates real estate investment, real estate development for residential and commercial purposes and other non-trading subsidiaries.

Transactions between the business segments are on normal commercial terms and conditions.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of items on the statement of financial position, but exclude items such as taxation, share of profit of associate and preference share. Eliminations comprise intercompany transactions and balances.

	Group					
	2020					
	Wealth management $'000	Private banking $'000	Retail lending $'000	Real estate & other $'000	Eliminations $'000	Group $'000
Gross revenue	53,146	10,538	9,080	12,997	-	85,761
Inter-segment revenue	(2,487)	(3,800)	-	(136)	-	(6,423)
Revenue from external customers	50,659	6,738	9,080	12,861	-	79,338
Segment results	37,303	4,847	2,141	(629)	(11,353)	32,309
Preference share dividend						(8,605)
Share of profit of associates						10,438
Profit before income tax						34,142
Taxation						(1,900)
Profit for the year						32,242
Total segment assets	295,397	274,981	-	129,743	(87,139)	612,982
Total segment liabilities	176,646	252,649	-	87,326	(9,059)	507,562
Interest income	7,501	6,714	6,212	80	(222)	20,285
Interest expense	(4,284)	(291)	(772)	(3,982)	222	(9,107)
Depreciation and amortisation	214	370	121	18	1,273	1,996

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

35. Segment financial information (continued)

	Group 2019					
	Wealth management $'000	Private banking $'000	Retail lending $'000	Real estate & other $'000	Eliminations $'000	Group $'000
Gross revenue	26,612	8,385	13,745	5,900	-	54,642
Inter-segment revenue	(6,273)	(1,270)	(1,296)	(608)	-	(9,447)
Revenue from external customers	20,339	7,115	12,449	5,292	-	45,195
Segment results	11,692	4,314	3,600	965	(8,984)	11,587
Preference share dividend						(1,289)
Share of profit of associates						1,308
Profit before income tax						11,606
Taxation						(1,665)
Profit for the year						9,941
Total segment assets	291,654	245,354	35,483	106,899	(56,069)	623,321
Total segment liabilities	184,050	222,147	20,767	90,310	(7,096)	510,178
Interest income	9,901	5,842	10,813	42	(392)	26,206
Interest expense	(5,195)	(313)	(1,066)	(1,293)	392	(7,475)
Depreciation and amortisation	54	280	290	22	1,202	1,848

The geographic information analyses the Group's external revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information below, segment revenue is based on the geographic location of the customers and segment assets are based on the geographic location of the assets.

	Group 2020					
	St. Lucia $'000	Jamaica $'000	Cayman $'000	Other $'000	Eliminations $'000	Total $'000
External revenues	51,513	19,977	5,669	2,179	-	79,338
Non-current assets	135,408	96,634	30	1,544	(78,458)	155,158

	2019					
	St. Lucia $'000	Jamaica $'000	Cayman $'000	Other $'000	Eliminations $'000	Total $'000
External revenues	16,828	24,003	2,725	1,639	-	45,195
Non-current assets	110,829	77,646	-	2,758	(88,522)	102,711

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management

(a) Introduction and overview:

By their nature, the Group's activities are principally related to the use of financial instruments. The Group's activities therefore expose it to a variety of financial risks: credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate risk and price risk. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board has established committees for managing and monitoring risks, as follows:

(i) Investment Management Committee
(ii) Audit Committee

The Investment Management Committee oversees management's compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group accepts investments 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 and investing for longer periods at higher rates while maintaining sufficient liquidity to meet encashments as they fall due.

The Group also trades in financial instruments where it takes positions to take advantage of short-term market movements in bond prices and in foreign exchange and interest rates. To manage the associated risks, trading limits are placed on the level of exposure that can be taken.

Impact of Covid 19

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices. In response to the pandemic, Management has adopted several measures specifically around financial risk management. These measures include:

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(a) Introduction and overview (continued):

i) The Investment Management Committee and the Asset and Liability Committee within the Group meets bi-weekly to discuss strategies and plans around managing the liquidity and the capital needs of the Group.

ii) Implementation of a Liquidity Recovery Plan for securities dealers, which was recommended by the regulators. The key aspects of the plan include:

- Assessing the daily inflow and outflow of funds (liquidity forecasting);
- Identifying and assessing the adequacy of financial resources for contingent needs;
- Implementing measures geared at strengthening the entity's capital base; and
- A clear description of the escalation and decision-making process to ensure that the plan can be executed timely.

iii) The implementation of measures to assist external clients during this crisis, such as:

- Payment holidays on loans. It is not expected that there will be reclassification of loans from Stage 1 to Stage 2 as these payment holidays should not trigger a significant increase in the credit risk (SICR) unless other criteria indicating SICR [see note 36(b)] are identified.
- Special arrangements with clients, such as increasing their loan to value ratio, based on approval by the appropriate committee.

(b) 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 maximum credit exposure, the total amount of loss the Group would suffer if every counterparty to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets exposed to credit risk.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

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36. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

The COVID-19 pandemic has caused significant market volatility which has increased the Group's credit risk. The downgrading of credit ratings and/or outlooks for investment securities held has resulted in an increase in the credit risk of some debt instruments and loans.

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt instruments. 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.

- Debt securities and other financial assets at amortised cost:

	Group			
	2020			2019
	Stage 1 $'000	Stage 2 $'000	Total $'000	Stage 1 $'000
Credit grade				
Cash and cash equivalents and resale agreements	100,371	-	100,371	79,164
Other assets	12,993	-	12,993	9,307
Investment grade	7,386	4,802	12,188	6,113
Non-investment grade	16,924	-	16,924	11,870
	137,674	4,802	142,476	106,454
Allowance for impairment losses	(306)	(77)	(383)	(30)
	137,368	4,725	142,093	106,424

	Company		
	2020		2019
	Stage 1 $'000	Total $'000	Total $'000
Credit grade			
Cash and cash equivalents and resale agreements	1,883	1,883	2,636
Investment grade	3,732	3,732	2,404
Other assets	787	787	1,163
	6,402	6,402	6,203

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

- Debt securities at FVOCI:

	Group 2020		
	Stage 1 $'000	Stage 2 $'000	Total $'000
Credit grade			
Investment grade	191,324	4,276	195,600
Non-investment grade	52,480	-	52,480
	243,804	4,276	248,080
ECL charge	(802)	(146)	(948)

	Group 2019		
	Stage 1 $'000	Stage 2 $'000	Total $'000
Credit grade			
Investment grade	212,783	750	213,533
Non-investment grade	89,068	181	89,249
Default	(192)	(15)	(207)
	301,659	916	302,575
ECL charge	(1,132)	(8)	(1,140)

	Company	
	2020 Stage 1 $'000	2019 Stage 1 $'000
Credit grade		
Investment grade	18,144	58,558
Non-investment	7,213	1,608
	25,357	60,166
	(116)	(113)

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

- Loans receivable at amortised cost:

	Group 2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Ageing of loans receivable				
Current	13,414	-	-	13,414
Over 90 days	15,562	-	88	15,650
	28,976	-	88	29,064
Loss allowance	(121)	-	(88)	(209)
Total	28,855	-	-	28,855
Guarantees and letters of credit				
Loan commitments				
Grades A: Low risk	12,963	-	-	12,963
Loss allowance	(380)	-	-	(380)
	12,583	-	-	12,583

	Group 2019			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Ageing of loans receivable				
Current	32,711	-	-	32,711
Past due 1-30 days	2,457	-	-	2,457
Past due 31-60 days	106	642	-	748
Past due 60-90 days	-	294	221	515
Over 90 days	16,839	-	1,652	18,491
	52,113	936	1,873	54,922
Loss allowance	(1,612)	(200)	(1,776)	(3,588)
Total	50,501	736	97	51,334
Guarantees and letters of credit				
Loan commitments				
Grades A: Low risk	2,381	-	-	2,381
Loss allowance	(15)	-	-	(15)
	2,366	-	-	2,366

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

- Loans receivable at amortised cost (continued):

	Company 2020		
	Stage 1	Stage 3	Total
	$'000	$'000	$'000
Ageing of loans receivable			
Current	478	-	478
Over 90 days	20,574	88	20,662
	21,052	88	21,140
Loss allowance	-	(88)	(88)
Total	21,052	-	21,052

	Company 2019		
	Stage 1	Stage 3	Total
	$'000	$'000	$'000
Ageing of loans receivable			
Current	1,234	-	1,234
Over 90 days	17,343	173	17,516
	18,577	173	18,750
Loss allowance	-	(173)	(173)
Total	18,577	-	18,577

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 incorporate expert judgement from the Credit Risk Officers in determining the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the standard data inputs into the model.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

Credit risk grades (continued)

For debt 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.

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 evidence that its credit risk has declined sufficiently. 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.

Incorporation of forward-looking information

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Group's Finance team and provide the best and worst estimate view of the economy.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

Incorporation of forward-looking information (continued)

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 whether the indicator describes a positive, negative or stable trend and to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group considers other possible scenarios and scenario weightings. 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 each chosen scenario is representative of.

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:

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.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

Measurement of ECL (continued)

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 counterparty.

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 to maturity.

Loss allowance

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

- Debt securities, loans receivable and resale agreements at amortised cost:

	Group			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at March 31, 2018 (IAS 39)	-	-	(5,803)	(5,803)
Remeasurement on April 1, 2018 (IFRS 9)	(1,344)	(258)	(561)	(2,163)
Net re-measurement of loss allowance	(430)	7	(679)	(1,102)
Balance carried forward to page 129	(1,774)	(251)	(7,043)	(9,068)

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Loss allowance (continued)

- Debt securities, loans receivable and resale agreements at amortised cost (continued):

	Group			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance brought forward from page 130	(1,774)	(251)	(7,043)	(9,068)
Loans written off	-	-	5,201	5,201
Foreign currency adjustment	151	40	43	234
Balance at March 31, 2019	(1,623)	(211)	(1,799)	(3,633)
Net re-measurement of loss allowance	(473)	(76)	85	(464)
Movement on ECL as a result of disposal of subsidiary	3,341	-	-	3,341
Foreign currency adjustment	(216)	-	-	(216)
Balance at March 31, 2020	1,029	(287)	(1,714)	(972)

	Company	
	2020	2019
	Stage 3	Stage 3
	$'000	$'000
Balance at beginning of year	(173)	(317)
Net re-measurement of loss allowance	85	144
Balance at end of year	88	(173)

- Debt securities at FVOCI:

	Group			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at March 31, 2018 (IAS 39)	-	-	-	-
Remeasurement on April 1, 2018 (IFRS 9)	(1,419)	(197)	-	(1,616)
Net re-measurement of loss allowance	287	189	-	476
Balance at March 31, 2019	(1,132)	(8)	-	(1,140)
Net re-measurement of loss allowance	199	(131)	-	68
Foreign currency adjustment	124	-	-	124
Balance at March 31, 2020	(809)	(139)	-	(948)

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management

(b) Credit risk (continued):

Loss allowance (continued)

- Debt securities at FVOCI (continued):

	Company	
	2020	2019
	Stage 1	Stage 1
	$'000	$'000
Balance at beginning of year	(113)	(240)
Net re-measurement of loss allowance	(3)	127
Balance at March 31	(116)	(113)

(i) Maximum exposure to credit risk:

The Group manages its credit risk exposure as follows:

- Cash and cash equivalents

  These are held with reputable, regulated financial institutions. Collateral is not required for such accounts, as management regards the institutions as strong.

- Resale agreements

  Collateral is held for resale agreements in amounts that secure the collection of both principal and interest.

- Investment securities

  The Group manages the level of risk it undertakes by investing substantially in sovereign debts and counterparties with acceptable credit ratings.

- Accounts receivable

  Exposure to credit risk is managed by regular analysis of the ability of the customers and other counterparties to meet repayment obligations.

- Loans receivable

  The Group's policy requires that proposed significant loans are approved by the Investment Committee prior to disbursement, with the Committee thereafter monitoring the performance of the credit.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(b) Credit risk (continued):

(ii) Concentration of credit risk:

The Group holds significant amounts of debt securities issued by Government of Jamaica and Bank of Jamaica. There is no other significant concentration of credit risk.

(c) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. Prudent liquidity risk management procedures which the Group applies include maintaining sufficient cash and marketable securities, and monitoring future cash flows and liquidity on a daily basis.

Due to the impact of the COVID-19 pandemic, which has resulted in customers withdrawing funds at a higher rate, the Group has implemented a Liquidity Risk Response Strategy (including stress testing scenarios) on entities within the Group with portfolios that possess the largest liquidity risk implications.

(i) Liquidity risk management:

The Group's liquidity management process, as monitored by the Investment Management Committee, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can readily be liquidated as protection against any unforeseen interruption to cash flows;

(iii) Optimising cash returns on investment;

(iv) Monitoring liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and

(v) Managing the concentration and profile of debt maturities. Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The table below presents the undiscounted cash flows of the Group's financial labilities (both interest and principal cash flows) based on contractual repayment obligations. The tables also reflect the expected maturities of the Group's liabilities at the reporting date.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(c) Liquidity risk (continued):

(i) Liquidity risk management (continued):

	Group						
	2020						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	No specific maturity date $'000	Total contractual outflow $'000	Carrying amount $'000
Liabilities							
Repurchase agreements	46,365	25,218	5,567	900	-	78,050	77,609
Owed to related parties	-	-	-	-	932	932	932
Notes payable	28	5,706	35,168	157,435	5,709	204,046	154,503
Other liabilities	2,278	-	-	13	4,130	6,421	6,427
Due to banks	420	-	-	-	-	420	420
Due to customers	242,876	3,166	4,222	204	-	250,468	250,432
Deferred income	-	-	-	1,813	-	1,813	1,813
Preference shares	-	-	-	-	1	1	1
Lease liabilities	13	31	242	410	565	1,260	1,252
Guarantees and letters of credit	-	834	9,376	2,753	-	12,963	12,963
Total financial liabilities	291,980	34,955	54,575	163,528	11,337	556,375	506,352
	2019						
Liabilities							
Repurchase agreements	41,642	41,214	5,783	961	-	89,600	88,625
Owed to related parties	-	-	-	-	423	423	423
Notes payable	2,186	17,108	14,644	64,138	107,605	205,681	185,550
Other liabilities	4,228	505	807	-	4,484	10,024	8,082
Due to banks	522	-	-	-	-	522	522
Due to customers	212,120	5,177	3,766	36	-	221,099	221,051
Deferred income	-	-	-	2,854	-	2,854	2,854
Preference shares	-	-	-	-	1	1	1
Guarantees and letters of credit	2,382	-	-	-	-	2,382	2,382
Total financial liabilities	263,080	64,004	25,000	67,989	112,513	532,586	509,490

	Company						
	2020						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	No specific maturity date $'000	Total contractual outflow $'000	Carrying amount $'000
Liabilities							
Owed to related parties	-	-	-	-	920	920	920
Notes payable	28	5,706	38,592	34,449	5,709	84,484	78,207
Preference shares	-	-	-	-	1	1	1
Other liabilities	-	-	-	-	1,289	1,289	1,289
Total financial liabilities	28	5,706	38,592	34,449	7,919	86,694	80,417
	2019						
Liabilities							
Owed to related parties	-	-	-	-	423	423	423
Notes payable	2,186	15,379	10,712	46,156	16,278	90,711	86,891
Preference shares	-	-	-	-	1	1	1
Other liabilities	-	-	-	-	1,110	1,110	1,110
Total financial liabilities	2,186	15,379	10,712	46,156	17,812	92,245	88,425

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(d) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market.

These arise mainly from changes in interest rate, foreign currency rates and equity prices and will affect the Group's income or the value of its holdings of financial instruments.

Market risk is monitored by the Investment Management Committee which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

The COVID-19 pandemic has caused significant market volatility which has increased the Group's market risk. The downgrading of credit ratings and or outlooks for investment securities has resulted in increased funding and liquidity risk.

(i) Foreign currency risk:

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the functional currency. The main currencies giving rise to this risk are the Jamaica dollar (JMD), Great Britain Pound (GBP), Canadian Dollar (CAD), Euro (EUR) and the Australian Dollar (AUD). The Group manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable. The net foreign currency exposure is kept to the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances.

At the reporting date, exposure to foreign currency risk was as follows:

	Group					
	2020					
	JMD	GBP	CAD	EUR	AUD	Other
	$'000	£'000	$'000	€'000	$'000	$'000
Assets						
Cash and cash equivalents	609,710	6,511	3,035	3,804	8,854	2,872
Resale agreements	574,092	-	-	-	-	-
Investment securities	3,459,645	5,778	-	15,513	588	161
Loans receivable	1,180,927	-	-	-	-	-
Other	2,492,457	-	2	-	1	20
	8,316,831	12,289	3,037	19,317	9,443	3,053
Liabilities						
Repurchase agreements	3,019,841	53	15	-	-	-
Owed to related parties	1,253	-	-	-	-	-
Notes payable	11,099,664	-	-	-	-	-
Due to customers	-	12,409	2,968	19,688	9,423	2,975
Other	1,408,871	12	-	1	-	1,452
	15,529,629	12,474	2,983	19,689	9,423	4,427
Net position	(7,212,798)	(185)	54	(372)	20	(1,374)

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

	Group 2019					
	JMD $'000	GBP £'000	CAD $'000	EUR €'000	AUD $'000	Other $'000
Assets						
Cash and cash equivalents	304,006	3,226	1,533	2,754	2,190	2,544
Resale agreements	430,006	-	-	-	-	-
Investment securities	3,855,283	6,140	-	15,920	685	157
Loans receivable	1,178,413	-	-	-	-	-
Other	522,365	-	-	-	-	22
	6,290,073	9,366	1,533	18,674	2,875	2,723
Liabilities						
Repurchase agreements	3,419,911	2	61	-	-	-
Notes payable	10,501,568	-	-	-	-	-
Preference shares	33,333	-	-	-	-	-
Due to customers	-	9,333	1,435	18,477	2,855	2,868
Other	195,132	32	-	1	-	351
	14,149,944	9,367	1,496	18,478	2,855	3,219
Net position	(7,859,871)	(1)	37	196	20	(496)

	Company 2020		2019
	JMD $'000	GBP $'000	JMD $'000
Assets			
Cash and cash equivalents	182,567	-	105,444
Loans receivable	-	-	537,427
Investment securities	500,000	-	300,507
Other	946,766	-	9,350
	1,629,333	-	952,728
Liabilities			
Owed to related parties	1,253	-	7
Notes payable	1,799,615	-	1,201,581
Other	21,679	12	21,370
	1,822,547	12	1,222,958
Net position	(193,214)	(12)	(270,230)

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

Sensitivity to exchange rate movements:

The following indicates the sensitivity to changes in foreign currency exchange rates of the Group's profit and shareholders' equity. It is computed by applying a reasonably possible change in exchange rates to foreign currency denominated monetary assets and liabilities as assessed by management at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

		2020			
		Group		Company	
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000	Effect on profit $'000	Effect on comprehensive income $'000
Currency:					
JMD	2% Revaluation	(30)	-	(30)	-
GBP	2% Revaluation	(3)	-	-	-
CAD	2% Revaluation	2	-	-	-
AUD	2% Revaluation	1	-	-	-
EUR	2% Revaluation	(7)	-	-	-

		2020			
		Group		Company	
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000	Effect on profit $'000	Effect on comprehensive income $'000
Currency:					
JMD	6% Devaluation	81	-	81	-
GBP	6% Devaluation	9	-	1	-
CAD	6% Devaluation	(4)	-	-	-
AUD	6% Devaluation	(1)	-	-	-
EUR	6% Devaluation	19	-	-	-

		2019			
		Group		Company	
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000	Effect on profit $'000	Effect on comprehensive income $'000
Currency:					
JMD	2% Revaluation	(1,267)	-	(44)	-
CAD	2% Revaluation	1	-	-	-
AUD	2% Revaluation	1	-	-	-
EUR	2% Revaluation	3	-	-	-

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

Sensitivity to exchange rate movements (continued):

		2019			
		Group		Company	
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000	Effect on profit $'000	Effect on comprehensive income $'000
JMD	6% Devaluation	(389)	-	81	-
GBP	6% Devaluation	-	-	1	-
CAD	6% Devaluation	(2)	-	-	-
AUD	6% Devaluation	(1)	-	-	-
EUR	6% Devaluation	(6)	-	-	-

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, where possible and to the extent judged appropriate, the maturity profile of its financial assets is matched by that of its financial liabilities; where gaps are deliberately arranged, management expects that its monitoring will, on a timely basis, identify the need to take appropriate action to close a gap if it becomes necessary.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk management policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-earning financial assets and interest-bearing financial liabilities. The Investment Management Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by management and reported monthly to the Committee.

The table below summarises exposure to interest rate risk. Included in the tables are the carrying amounts of financial assets and financial liabilities, categorised by the earlier of contractual repricing and maturity dates.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

	Group 2020						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non-interest sensitive $'000	Total $'000
Assets							
Cash and cash equivalents	22,841	14,922	-	-	-	56,866	94,629
Resale agreements	1,457	-	2,389	-	-	1,896	5,742
Investment securities	10,489	9,880	37,080	155,018	78,906	23	291,396
Loans receivable	7,847	4,600	3,100	13,306	-	2	28,855
Other assets	6,678	-	-	-	-	6,315	12,993
Guarantees and letters of credit	-	-	-	-	-	12,583	12,583
Total assets	49,312	29,402	42,569	168,324	78,906	77,685	446,198
Liabilities							
Repurchase agreements	37,643	25,081	5,483	878	-	8,523	77,609
Owed to related parties	10	-	-	-	-	922	932
Notes payable	10,336	5,158	33,863	32,195	69,424	3,519	154,495
Other liabilities	-	-	-	-	585	5,842	6,427
Deposits from other banks	-	-	-	-	-	420	420
Due to customers	10,819	3,162	4,200	200	-	232,051	250,432
Deferred income	-	-	-	-	-	1,813	1,813
Lease liabilities	13	30	144	500	565	-	1,252
Preference shares	-	-	-	-	-	1	1
Guarantees and letters of credit	-	-	-	-	-	12,963	12,963
Total liabilities	58,821	33,431	43,690	33,773	70,574	266,055	506,344
Interest rate sensitivity gap	(9,509)	(4,029)	(1,121)	134,551	8,332	(188,370)	(60,146)
Cumulative interest rate sensitivity gap	(9,509)	(13,538)	(14,659)	119,892	128,224	(60,146)	-

	Group 2019						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest sensitive $'000	Total $'000
Assets							
Cash and cash equivalents	28,450	16,692	-	-	-	23,966	69,108
Resale agreements	7,740	400	900	-	-	1,016	10,056
Investment securities	10,187	9,420	20,621	179,063	110,237	7,212	336,740
Loans receivable	35,527	7,226	3,650	2,653	2,278	-	51,334
Other assets	5,650	-	-	-	-	3,657	9,307
Guarantees and letters of credit	-	-	-	-	-	2,366	2,366
Total assets	87,554	33,738	25,171	181,716	112,515	38,217	478,911

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

	Group 2019						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest sensitive $'000	Total $'000
Liabilities							
Repurchase agreements	41,649	41,277	4,753	946	-	-	88,625
Owed to related parties	-	-	-	-	-	423	423
Notes payable	27,296	15,137	9,650	45,824	75,063	12,580	185,550
Other liabilities	3,198	-	-	-	1,047	3,837	8,082
Deposits from other banks	119	-	-	-	-	403	522
Due to customers	15,878	5,164	3,737	35	-	196,237	221,051
Deferred income	-	-	-	-	2,854	-	2,854
Preference shares	-	-	-	-	-	1	1
Guarantees and letters of credit	-	-	-	-	-	2,382	2,382
Total liabilities	88,140	61,578	18,140	46,805	78,964	215,863	509,490
Interest rate sensitivity gap	(586)	(27,840)	7,031	134,911	33,551	(177,646)	(30,579)
Cumulative interest rate sensitivity gap	(586)	(28,426)	(21,395)	113,516	147,067	(30,579)	-

	Company 2020						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest sensitive $'000	Total $'000
Assets:							
Cash and bank	-	-	-	-	-	1,883	1,883
Owed by subsidiaries	-	-	-	-	-	2,524	2,524
Investment securities	-	3,732	3,650	5,370	18,172	-	30,924
Loans receivable	-	2,872	7,370	10,810	-	-	21,052
Total assets	-	6,604	11,020	16,180	18,172	4,407	56,383
Liabilities:							
Owed to related parties	-	-	-	-	-	920	920
Notes payable	-	5,158	37,294	32,236	-	3,519	78,207
Other liabilities	-	-	-	-	-	1,289	1,289
Preference shares	-	-	-	-	-	1	1
Total liabilities	-	5,158	37,294	32,236	-	5,729	80,417
Total interest rate sensitivity gap	-	1,446	(26,274)	(16,056)	18,172	(1,322)	(24,034)
Cumulative interest rate sensitivity gap	-	1,446	(24,828)	(40,884)	(22,712)	(24,034)	-

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

	Company 2019						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non-interest sensitive $'000	Total $'000
Assets:							
Cash and bank	-	-	-	-	-	2,036	2,036
Resale agreements	600	-	-	-	-	-	600
Investment securities	-	2,404	500	18,500	41,166	-	62,570
Loans receivable	3,455	1,150	2,740	9,799	1,433	-	18,577
Other assets	-	-	-	-	-	1,163	1,163
Due from subsidiaries	-	-	-	-	-	1,940	1,940
Total assets	4,055	3,554	3,240	28,299	42,599	5,139	86,886
Liabilities:							
Owed to related parties	-	-	-	-	-	423	423
Notes payable	-	15,137	9,651	45,824	-	16,279	86,891
Other liabilities	-	-	-	-	-	1,110	1,110
Preference shares	-	-	-	-	-	1	1
Total liabilities	-	15,137	9,651	45,824	-	17,813	88,425
Total interest rate sensitivity gap	4,055	(11,583)	(6,411)	(17,525)	42,599	(12,674)	(1,539)
Cumulative interest rate sensitivity gap	4,055	(7,528)	(13,939)	(31,464)	11,135	(1,539)	-

The table below summarises the effective interest rate by major currencies for financial instruments at the reporting date.

	Group 2020		Group 2019	
	JMD %	USD %	JMD %	USD %
Assets				
Resale agreements	3.23	3.15	3.29	2.01
Investment securities	4.65	6.23	3.75	6.65
Loans receivable	7.49	3.61	6.60	2.96
Liabilities				
Repurchase agreements	2.11	2.09	2.82	1.07
Notes payable	3.49	2.95	3.00	6.00
Preference shares	16.27	-	8.25	-

	Company 2020		Company 2019	
	JMD %	USD %	JMD %	USD %
Assets				
Investment securities	4.80	6.28	-	5.08
Loans receivable	8.54	2.20	8.17	5.70
Liabilities				
Notes payable	3.49	3.40	3.69	3.11

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

Sensitivity to interest rate movements

The following table indicates the sensitivity to interest rate movements in basis points (bps) at the reporting date, on the Group's profit or loss and shareholders' equity. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group	
	2020	2019
J$ interest rates	Increase by 100 bps	Decrease by 100 bps
US$ interest rates	Increase by 100 bps	Decrease by 100 bps

	2020		2019	
	Effect on profit $'000	Effect on equity $'000	Effect on profit $'000	Effect on equity $'000
Direction of change in basis points:				
Increase in interest rates	(240)	(1,272)	(172)	(1,670)
Decrease in interest rates	266	(3,321)	198	(1,830)

	Company	
	2020	2019
J$ interest rates	Increase by 100 bps	Decrease by 100 bps
US$ interest rates	Increase by 100 bps	Decrease by 100 bps

	Effect on profit $'000	Effect on equity $'000	Effect on profit $'000	Effect on equity $'000
Direction of change in basis points:				
Increase in interest rates	(152)	(1,498)	81	297
Decrease in interest rates	178	1,632	(81)	(297)

(iii) Price risk:

Sensitivity to equity price movements

Equity price risk arises from equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximize risk-adjusted investment returns.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

(iii) Price risk (continued):

Sensitivity to equity price movements (continued)

The Group's exposure to price risk is represented by the total carrying value of equity investments on the statement of financial position of $1,857,400 (2019: $6,186,000) for the Group and $Nil (2019: $Nil) for the Company.

A 5% (2019: 10%) increase in stock prices at March 31, 2020 would have increased profit by $92,800 (2019: $618,600) for the Group and $Nil (2019: $Nil) for the Company; a 10% (2019: 10%) decrease in stock prices as at the reporting date would result in a decrease in profit by $185,700 (2019: $618,600) for the Group and $Nil (2019: $Nil) for the Company.

(e) Capital management:

The Group's objectives when managing capital, as it applies to the regulated subsidiaries, are as follows:

(i) To comply with the capital requirements set by the Financial Services Commission ("the Commission") in Jamaica and Financial Services Regulatory Authority ('the Authority) in St. Lucia;

(ii) 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

(iii) 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 management, employing techniques based on the guidelines developed by the Commission and the Authority. The required information is filed with the Commission on a monthly basis and with the Authority on a quarterly basis.

The Commission requires each securities dealer to:

(i) Hold the level of the regulatory capital at no less than 50% of Tier 1 Capital; and

(ii) Maintain a ratio of total regulatory capital to the risk-weighted assets at or above 10%.

The Jamaican subsidiary's regulatory capital is managed by its compliance officer and is divided into two tiers:

(i) Tier 1 capital: issued and fully paid-up capital in the form of ordinary shares, retained earnings and reserves; and

(ii) Tier 2 capital: redeemable cumulative preference shares.

The risk-weighted assets are measured by means of stipulated weights applied to the risk-based assets and other risk exposures as determined by the Commission.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(e) Capital management (continued):

St. Lucia regulator, (the Authority) requires each bank or banking group to:

(i) hold the minimum level of the regulatory capital of $1,000,000, and

(ii) maintain a ratio of total regulatory capital to risk-weighted assets (the "Basel capital ratio") at or above the prescribed regulatory minimum and maintain a ratio of total regulatory Tier 1 capital to risk-weighted assets (the "Basel capital adequacy ratio") at or above the prescribed regulatory minimum.

Regulatory capital for the St. Lucia subsidiary, as managed by its Treasury function, is divided into two tiers:

- Tier 1 capital: share capital (net of any book value of treasury shares), minority interests arising on consolidation from interest 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 FVOCI.

Investments in associates are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of 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 Company's subsidiaries that are regulated by the Commission and Authority. These ratios were in compliance with the requirements of the Commission and Authority throughout the year.

	Proven Wealth Limited		International Financial Planning Jamaica Limited		BOSLIL Bank Ltd	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Tier 1 capital:						
Ordinary shares	498	532	5,098	5,462	8,277	6,277
Retained earnings and reserves	16,461	17,948	(3,719)	(3,295)	17,295	16,848
Total qualifying tier 1 capital	16,959	18,480	1,379	2,167	25,572	23,125

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

36. Financial instruments - risk management (continued)

(e) Capital management (continued):

	Proven Wealth Limited		International Financial Planning Jamaica Limited		BOSLIL Bank Ltd	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Tier 2 capital:						
Unrealised (gain)/loss	-	-	-	-	(3,240)	82
Redeemable preference shares, being total qualifying tier 2 capital	249	266	-	-	-	-
Total regulatory capital	17,208	18,746	1,379	2,167	22,332	23,207
Total risk-weighted assets	84,869	93,075	1,462	2,392	220,480	175,923

The Commission and the Authority require the subsidiaries to maintain certain specific ratios, as follows:

		Proven Wealth Limited		International Financial Planning Jamaica Limited		BOSLIL Bank Ltd	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
(i)	Tier 1 capital to total regulatory capital:						
	Minimum required	50.00%	50.00%	50.00%	50.00%	-	-
	Actual	99.00%	98.56%	100.00%	100.00%	-	-
(ii)	Regulatory capital to total assets:						
	Minimum required	6.00%	6.00%	6.00%	6.00%	-	-
	Actual	14.00%	16.54%	91.64%	82.04%	-	-
(iii)	Regulatory capital to risk-weighted assets:						
	Minimum required	10.00%	10.00%	10.00%	10.00%	-	-
	Actual	20.28%	20.14%	94.31%	90.60%	-	-
(iv)	Basel capital ratio:						
	Minimum required					4.00%	4.00%
	Actual					11.42%	12.22%
(v)	Basel capital adequacy ratio:						
	Minimum required					8.00%	8.00%
	Actual					9.97%	13.42%

37. Financial instruments – fair values

(a) Definition and measurement of fair values

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.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

37. Financial instruments – fair values (continued)

(a) Definition and measurement of fair values (continued)

Where a quoted market price is available for an asset or liability, fair value is computed using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques, making use of observable data as far as possible.

Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Level 1 refers to financial assets and financial liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market 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.

Level 2 refers to financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are based on available market data.

(b) Valuation techniques for investment securities classified as Level 2

Type	Valuation techniques
Foreign currency forward contracts	• Obtain last traded price of the forward on the date of valuation, provided by the recognised broker/dealer through which the forward contract is obtained. • Apply price to estimate fair value.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

37. Financial instruments – fair values (continued)

(b) Valuation techniques for investment securities classified as Level 2 (continued)

Type	Valuation techniques
Government of Jamaica securities:	
US$ Denominated Securities	• Obtain bid price provided by a recognised independent source, namely, Bloomberg. • Apply price to estimate fair value.
J$ Denominated Securities	• Obtain bid price provided by a recognised industry source (which uses Jamaica-market source indicative bids). • Apply price to estimate fair value.
Global bonds	• Obtain bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.
Mutual funds	• Obtain prices quoted by unit trust managers. • Apply price to estimate fair value.
Corporate bonds	• Obtained bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.
Credit-linked notes	• Obtain price based on the quoted price of the underlying credit default swap which is derived from Bloomberg on the valuation date, plus the valuation of the underlying note. • Apply price to estimate fair value.

(c) Accounting classifications and fair values:

The following table shows the classification of financial assets and financial liabilities and their carrying amounts.

Where the carrying amounts of financial assets and financial liabilities are measured at fair value, their levels in the fair value hierarchy are also shown. Where the carrying amounts of financial assets and financial liabilities are not measured at fair value, and those carrying amounts are a reasonable approximation of fair value, fair value information (including amounts, and levels in the fair value hierarchy) is not disclosed.

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

37. Financial instruments – fair values (continued)

(c) Accounting classifications and fair values (continued):

	Group 2020						
	Carrying amount				Fair value		
	Amortised cost $'000	Financial assets at FVOCI $'000	Financial assets at FVTPL $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Quoted equities	-	-	1,857	1,857	945	912	1,857
Global bonds	19,713	167,978	-	187,691	160,962	46,514	207,476
Government of Jamaica securities	-	40,285	-	40,285	-	40,285	40,285
Corporate bonds	5,536	32,567	1,492	39,595	-	39,560	39,560
Certificate of deposit	3,732	-	-	3,732	-	3,732	3,732
Foreign sovereign debt	-	7,250	4,921	12,171	1,555	10,616	12,171
Investments in unit trust	-	-	5,392	5,392	4,575	817	5,392
Principal protected note warrant asset	-	-	673	673	-	673	673
	28,981	248,080	14,335	291,396	168,037	143,109	311,146

	2019						
	Carrying amount				Fair value		
	Amortised cost $'000	Financial assets at FVOCI $'000	Financial assets at FVTPL $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Quoted equities	-	-	6,186	6,186	6,186	-	6,186
Global bonds	10,090	193,691	9,450	213,231	-	213,231	213,231
Government of Jamaica securities	-	49,694	-	49,694	-	49,694	49,694
Corporate bonds	4,501	53,715	-	58,216	-	58,216	58,216
Commercial papers	680	-	-	680	-	680	680
Certificate of deposit	2,682	-	-	2,682	-	2,682	2,682
Foreign sovereign debt	-	5,475	576	6,051	-	6,051	6,051
	17,953	302,575	16,212	336,740	6,186	330,554	336,740

	Company 2020						
	Carrying amount				Fair value		
	Amortised cost $'000	Financial assets at FVOCI $'000	Financial assets at FVTPL $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Global bonds	-	5,341	-	5,341	-	5,341	5,341
Corporate bonds	-	20,016	1,492	21,508	-	21,508	21,508
Private equity notes	-	-	343	343	-	343	343
Certificate of deposits	3,732	-	-	3,732	-	3,732	3,732
	3,732	25,357	1,835	30,924	-	30,924	30,924

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

37. Financial instruments – fair values (continued)

(c) Accounting classifications and fair values (continued):

	Company 2019						
	Carrying amount				Fair value		
	Amortised cost $'000	Financial assets at FVOCI $'000	Financial assets at FVTPL $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Global bonds	-	16,280	-	16,280	-	16,280	16,280
Corporate bonds	-	43,886	-	43,886	-	43,886	43,886
Certificate of deposits	2,404	-	-	2,404	-	2,404	2,404
	2,404	60,166	-	62,570	-	62,570	62,570

38. Prior year adjustments

During the year, the Group recognised an overstatement of loans receivable in a subsidiary that also affected the financial statements of prior years. The difference has been corrected by restating each of the affected financial statement line for prior periods. The following tables summarise the impact on the Group's consolidated financial statements.

(i) Effect on consolidated statement of financial position:

	April 1, 2018		
	As previously reported $'000	Adjustments $'000	As restated $'000
ASSETS			
Cash and cash equivalents	89,363	-	89,363
Resale agreements	24,373	-	24,373
Investment securities	369,085	-	369,085
Loans receivable	43,903	(2,346)	41,557
Other assets	10,350	-	10,350
Income tax recoverable	51	-	51
Property, plant and equipment	1,039	-	1,039
Investment property	17,348	-	17,348
Intangible assets	20,014	-	20,014
Deferred tax asset	1,389	-	1,389
Total assets	576,915	(2,346)	574,569
LIABILITIES AND STOCKHOLDERS' EQUITY			
Total liabilities	469,563	-	469,563

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

38. Prior year adjustments (continued)

(i) Effect on consolidated statement of financial position (continued):

	April 1, 2018		
	As previously reported $'000	Adjustments $'000	As restated $'000
Stockholders' equity			
Share capital	86,716	-	86,716
Fair value reserve	(8,194)	-	(8,194)
Foreign exchange translation reserve	(6,875)	-	(6,875)
Retained earnings	13,448	(1,167)	12,281
Equity attributable to owners of the company	85,095	(1,167)	83,928
Non-controlling interest	22,257	(1,179)	21,078
Total stockholders' equity	107,352	(2,346)	105,006
Total liabilities and stockholders' equity	576,915	(2,346)	574,569

	March 31, 2019		
	As previously reported $'000	Adjustments $'000	As restated $'000
ASSETS			
Cash and cash equivalents	69,108	-	69,108
Resale agreements	10,056	-	10,056
Investment securities	336,740	-	336,740
Loans receivable	53,924	(2,590)	51,334
Other assets	9,307	-	9,307
Property development in progress	10,597	-	10,597
Income tax recoverable	66	-	66
Guarantees and letters of credit	2,366	-	2,366
Property, plant and equipment	1,355	-	1,355
Investment property	14,229	-	14,229
Intangible assets	35,423	-	35,423
Investment in associates	80,972	-	80,972
Deferred tax asset	1,768	-	1,768
Total assets	625,911	(2,590)	623,321
LIABILITIES AND STOCKHOLDERS' EQUITY			
Total liabilities	510,178	-	510,178
Stockholders' equity			
Share capital	86,716	-	86,716
Fair value reserve	2,689	-	2,689
Foreign exchange translation reserve	(7,063)	-	(7,063)
Retained earnings	9,671	(1,288)	8,383
Equity attributable to owners of the company	92,013	(1,288)	90,725
Non-controlling interest	23,720	(1,302)	22,418
Total stockholders' equity	115,733	(2,590)	113,143
Total liabilities and stockholders' equity	625,911	(2,590)	623,321

Notes to the Financial Statements (cont'd)

Year ended March 31, 2020

(Presented in United States dollars, except as otherwise stated)

38. Prior year adjustments (continued)

(ii) Effect on consolidated statement of profit or loss and other comprehensive income for the year ended March 31, 2019:

	As previously reported $'000	Adjustments $'000	As restated $'000
Total revenue	37,720	-	37,720
Operating expenses	14,217	-	14,217
Other operating expenses	11,672	244	11,916
Total expenses	25,889	244	26,133
Operating profit	11,831	(244)	11,587
Other	(1,646)	-	(1,646)
Profit for the year	10,185	(244)	9,941
Total comprehensive income	**17,316**	**(244)**	**17,072**

(iii) There was no material impact on the Group's earnings per share and no impact on the total operating, investing or financing cash flow activities for the year ended March 31, 2019.

39. Subsequent events

A dividend payment of $0.0028 (2019: $0.0021) per share was declared at the Board Meeting of Proven Investments Limited, which was held on June 16, 2020. Ordinary shareholders who have requested payment in Jamaica dollars will receive the equivalent of JA$0.3938 (2019: JA$0.2804) per share. This dividend payment will be made to all ordinary shareholders on record on July 6, 2020 and will be paid on July 20, 2020.

Stockholders' equity for the current financial year does not reflect this resolution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the ensuing financial year.

Notes

Form of Proxy

Affix $100 Stamp here and cancel

I/We_____ of

_____ being a Member of the above Company, hereby

appoint _____ of _____

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting to be held at Cnr. Flamoyant Drive & Almond Road, Rodney Bay, Gros Islet, St. Lucia on September 17, 2020 and at any adjournment thereof.

Please indicate by inserting a cross in the appropriate box how you wish your votes to be cast.

Unless otherwise instructed, the Proxy will vote as he/she thinks fit.

RESOLUTION	FOR	AGAINST
NO. 1 To receive the Audited Group Accounts for the year ended 31 March 2020 and the Reports of the Directors and Auditors circulated herewith		
NO. 2 To ratify interim dividends and declare them final		
NO. 3 To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors		
NO. 4 To fix the remuneration of the Directors		

IN WITNESS WHEREOF I set my hand this ____ day of _____ , 2020.

_____
Signature

The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote. A corporation may execute a form of proxy under the hand of a duly authorised officer of such corporation.