JMMB GROUP LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2021

JMMB GROUP LIMITED

Index

31 March 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of JMMB Group Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 10 to 123, which comprise the Group's and Company's statements of financial position as at 31 March 2021, the Group's and Company's profit and loss accounts, statements of profit or loss and other comprehensive income, changes in stockholders' 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 give a true and fair view of the financial position of the Group and the Company as at 31 March 2021, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

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), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

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. *Fair value of investments*

Key Audit Matter *[see notes 16 and 32(a)]*	*How the matter was addressed in our audit*
A significant portion of the Group's investment securities measured at fair value are instruments for which quoted prices are not available. Valuation of these investments, although based on observable market inputs, requires significant estimation. Management used valuation techniques which involve inputs such as market yields obtained from established yield curves which are impacted by uncertainty of market factors. The COVID-19 pandemic has increased volatility of prices in various markets of which has increased estimation risk for prices used in determining fair values.	Our procedures in this area included the following: • Assessing the design and operating effectiveness of the Group's controls over the determination and computation of fair values. • Challenging the reasonableness of yields or prices by comparison to independent third party pricing sources. • Assessing the reasonableness of significant assumptions used by management. • Involving our valuation specialists to determine or obtain yields or prices of specific securities and comparing these yield or prices to those used by management. • Assessing the adequacy of the disclosures, including the degree of estimation involved in determining fair values and sensitivities to changes in key assumptions.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. *Measurement of expected credit losses on financial assets*

Key Audit Matter [see note 31(b)]	*How the matter was addressed in our audit*
The Group recognises expected credit losses ('ECL') on financial assets, the determination of which is highly subjective and requires management to make significant judgements and assumptions. The key areas that required greater management judgement included the determination of significant increase in credit risk ('SICR'), the determination of probabilities of default, losses given default, exposures at default and the application of forward-looking information. The economic impact of COVID-19 on financial assets has resulted in increased judgement in the following: - qualitative factors that create COVID-19 related changes to significant increases in credit risk. - increased uncertainty about potential future economic scenarios and their impact on credit losses.	Our procedures in this area included the following: • Updating our understanding of the models used by management for the calculation of expected credit losses, including governance over the determination of key judgements and assumptions. • Testing the design and implementation of the controls over the determination of expected credit losses. • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key data inputs into the IFRS 9 impairment models. • Testing the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the SICR criteria used, and independently assessing the assumptions for probability of default, loss given default, exposure at default and the incorporation of forward-looking information.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (continued)

2. *Measurement of expected credit losses on financial assets (continued)*

Key Audit Matter *[see notes 31(b)]*	*How the matter was addressed in our audit*
Significant management judgement and assumptions are also used in determining the appropriate variables and assumptions in the model used to measure of the expected credit losses. The use of these judgements and assumptions increases the risk of material misstatement and is therefore an area of increased audit focus.	Our procedures in this area included the following (continued): • Evaluating the adequacy of the financial statements' disclosures including disclosures of the key assumptions and judgements.

3. *Impairment assessment of Investment in associate*

Key Audit Matter *[see note 18]*	*How the matter was addressed in our audit*
The market capitalisation of the Group's shareholding in the associated company is below its carrying value, determined using equity accounting. This is considered to be an indicator of impairment for which management performed a formal impairment assessment.	Our procedures in this area included the following: • Involving our valuation specialists to review management's calculation of the recoverable amount of the investment and evaluating the assumptions and methodology used. • Comparing the group's assumptions to externally derived data as well as our own assessment of key inputs such as discount rate.

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (continued)

3. Impairment assessment of Investment in associate (continued)

Key Audit Matter [see note 18]	*How the matter was addressed in our audit*
The impact of the Covid-19 pandemic on the economic activities in the markets in which the associate operates creates increased uncertainty in forecasting and requires significant judgement in estimating future cashflows and determining appropriate discount rate used in the assessment of recoverable value.	Our procedures in this area included the following (continued): • Reviewing management's assessment of the forecast performance of its investment and performing inquiries with key management. • Assessing the adequacy of the Group's disclosures about the impairment assessment and the key assumptions and sensitivities used in the measurement of recoverable value.

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.

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.

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (Continued)

Other Information (continued)

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 of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, 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. 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 to this auditors' report. This description, which is located at pages 8-9, forms part of our auditors' report.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Cynthia Lawrence.

KPMG

Chartered Accountants
Kingston, Jamaica

June 14, 2021

To the Members of
JMMB GROUP LIMITED

Appendix to the Independent Auditors' report

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

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

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

- 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.

To the Members of
JMMB GROUP LIMITED

Appendix to the Independent Auditors' report (continued)

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

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.

JMMB GROUP LIMITED

Consolidated Profit and Loss Account

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Net Interest Income and Other Revenue			
Interest income from securities, calculated using the effective interest method	5	22,119,035	19,694,118
Interest expense	5	(11,658,789)	(10,413,780)
Net Interest Income		**10,460,246**	**9,280,338**
Fee and commission income		1,725,085	2,108,102
Gains on securities trading, net		6,785,903	6,170,340
Net gain/(loss) from financial assets at fair value through profit or loss (FVTPL)		47,085	(267,978)
Fees earned from managing funds on behalf of clients		1,489,530	1,412,834
Foreign exchange margins from cambio trading		1,932,001	2,812,855
Operating Revenue Net of Interest Expense		**22,439,850**	**21,516,491**
Other income			
Dividends		121,123	48,463
Other		57,314	7,001
		22,618,287	**21,571,955**
Operating Expenses			
Staff costs	6	(8,005,020)	(9,416,676)
Other expenses	7	(6,522,373)	(6,513,134)
		(14,527,393)	(15,929,810)
		8,090,894	**5,642,145**
Impairment loss on financial assets	8	(2,006,821)	(1,405,505)
Share of profit of associate	18	1,884,811	195,206
Gain on acquisition of associate	18	-	2,799,034
Loss on disposal of property, plant and equipment		(8,186)	(14,357)
Profit before Taxation		**7,960,698**	**7,216,523**
Taxation	9	(242,201)	(150,036)
Profit for the Year		**7,718,497**	**7,066,487**
Attributable to:			
Stockholders of the parent		7,505,902	6,993,567
Non-controlling interest	30	212,595	72,920
		7,718,497	**7,066,487**
Earnings per stock unit	10	**$3.84**	**$3.99**

JMMB GROUP LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Profit for the Year		**7,718,497**	**7,066,487**
Other comprehensive income			
Item that may not be reclassified to profit or loss:			
Unrealised gains on equity securities at fair value through other comprehensive income (FVOCI)		74,466	134,601
Items that may be reclassified to profit or loss:			
Unrealised gains/(losses) on debt securities at FVOCI		14,616,164	(9,518,362)
Related tax	22	(3,979,318)	3,048,090
Share of other comprehensive income/(loss) of associates		1,126,050	(2,843,533)
Foreign exchange differences on translation of foreign subsidiaries		965,433	757,909
Total other comprehensive income/(loss), net of tax		12,802,795	(8,421,295)
Total comprehensive income/(loss) for the year		**20,521,292**	**(1,354,808)**
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		19,910,428	(1,223,122)
Non-controlling interest	30	610,864	(131,686)
		20,521,292	**(1,354,808)**

JMMB GROUP LIMITED

Consolidated Statement of Financial Position

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000 Restated*	2019 $'000 Restated*
ASSETS				
Cash and cash equivalents	12	67,292,923	42,636,000	30,726,396
Interest receivable		4,253,222	3,504,722	3,733,190
Income tax recoverable		671,443	618,210	238,441
Loans and notes receivable	13	119,456,147	98,841,073	67,947,268
Other receivables	14	4,227,018	6,992,662	5,314,152
Securities purchased under agreements to resell	15	3,299,974	5,999,962	-
Investment securities	16	262,392,047	192,270,521	205,972,359
Interest in associate	18	38,930,751	35,009,306	-
Investment property	19	698,932	621,232	489,616
Intangible assets	20	2,900,420	2,205,549	1,757,568
Property, plant and equipment	21	3,556,890	3,639,993	3,283,332
Deferred income tax assets	22	4,593,139	5,508,584	360,893
Right-of-use assets	23	1,433,973	1,849,321	-
		513,706,879	**399,697,135**	**319,823,215**

***See note 36**

JMMB GROUP LIMITED

Consolidated Statement of Financial Position (Continued)

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000 Restated*	2019 $'000 Restated*
STOCKHOLDERS' EQUITY				
Share capital	24	14,115,924	14,115,924	1,864,554
Retained earnings reserve	25(a)	9,605,055	9,605,055	9,605,055
Investment revaluation reserve	25(b)	4,562,694	(6,919,287)	2,114,147
Cumulative translation reserve	25(c)	1,240,276	317,731	(499,014)
Retained earnings		30,124,562	23,107,548	16,981,202
		59,648,511	40,226,971	30,065,944
Non-controlling interest	30	1,563,047	952,183	1,038,332
		61,211,558	**41,179,154**	**31,104,276**
LIABILITIES				
Customer deposits		128,303,836	104,183,074	63,947,279
Due to other financial institutions	28	6,026,824	210,605	190,888
Securities sold under agreements to repurchase	26	227,730,286	179,589,980	163,907,891
Notes payable	27	48,328,592	45,087,432	37,036,156
Lease liabilities	23	1,588,571	1,948,668	-
Redeemable preference shares	24	28,021,391	17,116,952	16,348,615
Deferred income tax liabilities	22	270,749	49,778	175,180
Interest payable		1,978,908	1,633,703	1,602,491
Income tax payable		2,715,824	1,920,743	1,464,064
Other payables		7,530,340	6,777,046	4,046,375
		452,495,321	**358,517,981**	**288,718,939**
		513,706,879	**399,697,135**	**319,823,215**

The financial statements on pages 10 to 123 were approved for issue by the Board of Directors on 14 June 2021 and signed on its behalf by:

Archibald Campbell Chairman

Keith P. Duncan Group Chief Executive Officer

***See note 36**

JMMB GROUP LIMITED

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	Share Capital $'000	Retained Earnings Reserve $'000	Investment Revaluation Reserve $'000	Cumulative Translation Reserve $'000	Retained Earnings $'000	Total Attributable to Equity holders of the Parent $'000	Non-Controlling Interest $'000	Total $'000
Balances at 31 March 2019		**1,864,554**	**9,605,055**	**2,114,147**	**(499,014)**	**16,981,202**	**30,065,944**	**1,038,332**	**31,104,276**
Total comprehensive income for 2020									
Profit for the year		-	-	-	-	6,993,567	6,993,567	72,920	7,066,487
Other comprehensive loss:									
Unrealised losses on investments securities at FVOCI, net of tax		-	-	(9,033,434)	-	-	(9,033,434)	(145,770)	(9,179,204)
Foreign exchange differences on translation of foreign subsidiaries		-	-	-	816,745	-	816,745	(58,836)	757,909
Total other comprehensive loss		-	-	(9,033,434)	816,745	-	(8,216,689)	(204,606)	(8,421,295)
Total comprehensive income		-	-	(9,033,434)	816,745	6,993,567	(1,223,122)	(131,686)	(1,354,808)
Transactions with owners of the Company:									
Shares issued during year	24	12,251,370	-	-	-	-	12,251,370	-	12,251,370
Dividends paid to ordinary stockholders	11	-	-	-	-	(867,221)	(867,221)	-	(867,221)
Paid in capital		-	-	-	-	-	-	45,537	45,537
Balances at 31 March 2020		**14,115,924**	**9,605,055**	**(6,919,287)**	**317,731**	**23,107,548**	**40,226,971**	**952,183**	**41,179,154**
Total comprehensive income for 2021									
Profit for the year		-	-	-	-	7,505,902	7,505,902	212,595	7,718,497
Other comprehensive income:									
Unrealised gains on investment securities at FVOCI, net of tax		-	-	11,481,981	-	-	11,481,981	355,381	11,837,362
Foreign exchange differences on translation of foreign subsidiaries		-	-	-	922,545	-	922,545	42,888	965,433
Total other comprehensive income		-	-	11,481,981	922,545	-	12,404,526	398,269	12,802,795
Total comprehensive income		-	-	11,481,981	922,545	7,505,902	19,910,428	610,864	20,521,292
Transactions with owners of the Company:									
Dividends paid to ordinary stockholders	11	-	-	-	-	(488,888)	(488,888)	-	(488,888)
Balances as at 31 March 2021		**14,115,924**	**9,605,055**	**4,562,694**	**1,240,276**	**30,124,562**	**59,648,511**	**1,563,047**	**61,211,558**

JMMB GROUP LIMITED

Consolidated Statement of Cash Flows

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Profit for the year		7,718,497	7,066,487
Adjustments for:			
Interest income	5	(22,119,035)	(19,694,118)
Interest expense	5	11,658,789	10,413,780
Share of profits of associate	18	(1,884,811)	(195,206)
Gain on acquisition of associate	18	-	(2,799,034)
Income tax charge	9	242,201	150,036
Impairment loss on financial assets	8	2,006,821	1,405,505
Amortisation of intangible assets	20	223,159	228,679
Depreciation of property, plant and equipment	21	477,934	469,821
Depreciation of right-of-use assets	23	305,700	314,675
Fair value gain on investment properties	19	(77,700)	(102,484)
Loss on sale of property, plant and equipment		8,186	14,357
Dividends income		(121,123)	(48,463)
Unrealised (gains)/loss on trading securities		(47,085)	267,978
Foreign exchange losses on lease liabilities		106,872	42,673
Foreign currency translation losses/(gains)		978,503	(119,412)
		(523,092)	(2,584,726)
Changes in operating assets and liabilities:			
Income tax recoverable, net		(53,234)	(379,769)
Loans and notes receivable		(22,198,882)	(32,071,040)
Other receivables		2,761,496	(1,680,455)
Securities purchased under agreements to resell		2,700,001	(6,000,000)
Customer deposits		24,120,762	40,235,795
Due to other financial institutions		5,816,219	19,717
Other payables		753,294	2,730,671
Securities sold under agreements to repurchase		48,140,306	15,682,089
		61,516,870	15,952,282
Interest received		21,370,535	19,922,586
Interest paid		(11,313,584)	(10,264,730)
Taxation paid		(2,290,022)	(1,918,360)
Net cash provided by operating activities (Page 16)		**69,283,799**	**23,691,778**

JMMB GROUP LIMITED

Consolidated Statement of Cash Flows (Continued)

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Cash Flows from Operating Activities (Page 15)		**69,283,799**	**23,691,778**
Cash Flows from Investing Activities			
Investment securities, net		(55,131,693)	4,656,819
Dividends received		819,482	274,399
Purchase of intangible assets	20	(887,508)	(678,639)
Purchase of property, plant and equipment	21	(357,932)	(794,604)
Investment property	19	-	(29,132)
Acquisition of interest in associate	18	-	(34,401,946)
Proceeds from disposal of property, plant and equipment		-	998
Net cash used in investing activities		**(55,557,651)**	**(30,972,105)**
Cash Flows from Financing Activities			
Redeemable preference shares, net	24	9,965,934	-
Proceeds from the issue of shares	24	-	12,251,370
Proceeds from notes payable		9,522,780	8,051,276
Repayment of notes payable	27	(8,772,886)	-
Payment of lease liabilities	23	(408,493)	(375,839)
Dividends paid to ordinary stockholders	11	(488,888)	(867,221)
Net cash provided by financing activities		**9,818,447**	**19,059,586**
Effect of exchange rate changes on cash and cash equivalents		1,112,328	130,345
Net increase in cash and cash equivalents		24,656,923	11,909,604
Cash and cash equivalents at beginning of year		42,636,000	30,726,396
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	**67,292,923**	**42,636,000**

JMMB GROUP LIMITED

Company Statement of Profit or Loss Account and Other Comprehensive Income

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Net Interest Income and Other Revenue			
Dividends	29(ii)	280,502	2,191,889
Foreign exchange gains		770,744	143,201
		1,051,246	2,335,090
Operating Expenses	7	(258,705)	(218,238)
		792,541	2,116,852
Interest income	5	1,981,928	1,509,782
Interest expense	5	(2,129,418)	(1,964,019)
Impairment (loss)/reversal on financial assets	8	(25,028)	208,636
Other		20,604	-
Profit before Taxation		640,627	1,871,251
Taxation	9	-	-
Profit for the year, being total other comprehensive income		**640,627**	**1,871,251**

JMMB GROUP LIMITED

Company Statement of Financial Position

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
ASSETS			
Cash and cash equivalents	12	44,323	12,068
Interest receivable		409,529	223,365
Income tax recoverable		116,413	197,633
Loans and notes receivable	13,29(i)	41,944,982	21,860,210
Other receivables	14	12,636,270	183,185
Securities purchased under agreements to resell	15	1,274,449	1,146,789
Investment securities	16	4,033	4,033
Interest in associate	18	-	34,401,946
Interest in subsidiaries	17	15,533,508	13,533,508
		71,963,507	**71,562,737**
STOCKHOLDERS' EQUITY			
Share capital	24	14,115,924	14,115,924
Retained earnings		1,162,317	1,010,578
		15,278,241	**15,126,502**
LIABILITIES			
Notes payable	27	16,179,947	30,220,403
Redeemable preference shares	24	28,021,391	17,116,952
Interest payable		275,937	517,429
Due to subsidiary	29(i)	12,189,126	8,553,473
Other payables		18,865	27,978
		56,685,266	**56,436,235**
		71,963,507	**71,562,737**

The financial statements on pages 10 to 123 were approved for issue by the Board of Directors on 14 June 2021 and signed on its behalf by:

Archibald Campbell Chairman

Keith P. Duncan Group Chief Executive Officer

JMMB GROUP LIMITED

Company Statement of Changes in Stockholders' Equity

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	Share Capital $'000	Retained Earnings $'000	Total $'000
Balances at 31 March 2019		**1,864,554**	**6,548**	**1,871,102**
Profit, being total comprehensive income for the year		-	1,871,251	1,871,251
Shares issued during the year	24	12,251,370	-	12,251,370
Transaction with owners of the Company:				
Dividends paid to ordinary stockholders	11	-	(867,221)	(867,221)
Balances at 31 March 2020		**14,115,924**	**1,010,578**	**15,126,502**
Profit, being total comprehensive income for the year		-	640,627	640,627
Transaction with owners of the Company:				
Dividends paid to ordinary stockholders	11	-	(488,888)	(488,888)
Adjusted balances at 31 March 2021		**14,115,924**	**1,162,317**	**15,278,241**

JMMB GROUP LIMITED

Company Statement of Cash Flows

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Profit for the year		640,627	1,871,251
Adjustments for:			
Interest income	5	(1,981,928)	(1,509,782)
Interest expense	5	2,129,418	1,964,019
Impairment loss/(gain) on financial assets	8	25,028	(208,636)
Loss on disposal of property, plant and equipment		-	313
Dividend income	29(ii)	(280,502)	(2,191,889)
Foreign exchange losses/(gains)		938,505	(143,201)
		1,471,148	(217,925)
Changes in operating assets and liabilities:			
Income tax recoverable, net		81,220	(84,866)
Loans and notes receivable		(20,109,799)	1,553,846
Other receivables		(12,453,085)	41,090
Other payables		(9,113)	17,618
Securities purchased under agreements to resell		(127,661)	(120,189)
Due to subsidiaries		21,762,599	(366,059)
		(9,384,691)	823,515
Interest received		1,795,764	1,504,955
Interest paid		(2,370,910)	(1,629,392)
Net cash (used in)/provided by operating activities		**(9,959,837)**	**699,078**
Cash Flows from Investing Activities			
Dividends received		280,502	2,191,889
Investment securities, net		-	15,523
Investment in subsidiaries		(1,500,000)	(1,757,101)
Acquisition of interest in associate		-	(34,401,946)
Net cash used in investing activities		**(1,219,498)**	**(33,951,635)**
Cash Flows from Financing Activities			
Proceeds from issue of shares, net		-	12,251,370
Proceeds from issue of notes payable		9,057,947	21,863,430
Repayment of notes payable		(7,323,403)	-
Issue of redeemable preference shares	24	9,965,934	-
Dividends paid	11	(488,888)	(867,221)
Net cash provided by financing activities		**11,211,590**	**33,247,579**
Net increase/(decrease) in cash and cash equivalents		32,255	(4,978)
Cash and cash equivalents at beginning of year		12,068	17,046
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	**44,323**	**12,068**

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification

(a) JMMB Group Limited (the "Company") is incorporated and domiciled in Jamaica. The registered office of the Company is located at 6 Haughton Terrace, Kingston 10, Jamaica. The principal activity of the Company is that of holding equity investments in business enterprises.

(b) JMMB Group Limited has interest in several subsidiaries and an associate which are listed below. The Company and its subsidiaries and associate are collectively referred to as "the Group".

Name of Subsidiary and Associate	**% Shareholding Held by Parent/Subsidiary**		**Country of Incorporation**	**Principal Activities**
	Parent	Subsidiary		
Jamaica Money Market Brokers Limited and its subsidiaries	100		Jamaica	Securities brokering
JMMB Securities Limited		100	Jamaica	Stock brokering
JMMB Insurance Brokers Limited		100	Jamaica	Insurance brokering
JMMB Real Estate Holdings Limited		100	Jamaica	Real estate holding
Capital & Credit Securities Limited		100	Jamaica	Investment holding and management
JMMB Fund Managers Limited		100	Jamaica	Fund management
JMMB International Limited	100		Barbados	Investment holding and management
JMMB Bank (Jamaica) Limited	100		Jamaica	Commercial banking
JMMB Money Transfer Limited	100		Jamaica	Funds transfer
Jamaica Money Market Brokers (Trinidad and Tobago) Limited and its subsidiaries	100		Trinidad and Tobago	Financial holding company
JMMB Investments (Trinidad and Tobago) Limited and its subsidiary		100	Trinidad and Tobago	Securities brokering
JMMB Securities (T&T) Limited		100	Trinidad and Tobago	Stock brokering
JMMB Bank (T&T) Limited and its subsidiary		100	Trinidad and Tobago	Commercial banking
JMMB Express Finance (T&T) Limited	100		Trinidad and Tobago	Merchant banking and consumer financing
JMMB Holding Company, SRL and its subsidiaries	100		Dominican Republic	Investment holding and management
JMMB Puesto de Bolsa,S.A.		80	Dominican Republic	Securities brokering
JMMB Sociedad Administradora de Fondos de Inversion, S.A.		70	Dominican Republic	Mutual fund administration
Banco Rio De Ahorro Y Credito JMMB Bank S.A		90	Dominican Republic	Savings and loans bank
AFP JMMB BDI S.A.		50	Dominican Republic	Pension funds administration services
Associate				
Sagicor Financial Company Limited	22.73 (2020: 22.5)		Bermuda	Life and health insurance. pension, banking and investment management

During the year, Jamaica Money Market Brokers Limited transferred ownership of JMMB International Limited to the Company. The direct ownership of Sagicor Financial Company Limited was transferred from the Company to JMMB International Limited. The transfers were made at book value.

2. Statement of Compliance and Basis of Preparation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the relevant provisions of the Jamaican Companies Act ("the Act").

Certain new and amended standards came into effect during the current financial year. None of these issued had a material impact on the Group's financial statements. Details of the Group's significant accounting policies are included at note 35.

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis, except for certain financial instruments and investment properties which are measured at fair value.

(c) Functional and presentation currency:

The financial statements are presented in Jamaican dollars, which is the functional currency of the Company, and are expressed in thousands of dollars unless otherwise stated.

(d) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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:

(a) Key sources of estimation uncertainty

(i) Impairment of financial assets

The measurement of the allowances for expected credit loss (ECL) allowance for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

(a) Key sources of estimation uncertainty (continued)

(i) Impairment of financial assets (continued)

A number of significant judgements are required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increases in credit risk with qualitative factors incorporating the economic impact of Covid-19;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios with increased uncertainties due to Covid-19 for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in notes 31(b) and 35(b).

(ii) Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets and liabilities. Accordingly, fair values of several financial assets are estimated using prices derived from a yield curve. The yield curve is, in turn, obtained from a pricing source which uses indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach, particularly with increased volatility of certain markets due to Covid-19. 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 16 and 32).

(iii) Impairment of intangible assets

Impairment of intangible assets with indefinite useful lives is dependent upon management's internal assessment of future cash flows from the intangibles. That internal assessment determines the amount recoverable from future use of these assets. The estimate of the amount recoverable from future use of these assets is sensitive to the discount rates and other assumptions used (note 20).

(iv) Impairment of the carrying value of interest in associate

Impairment of interest in associate is dependent upon management's internal assessment of future cash flows from the associate. That internal assessment determines the recoverable value of the associate. The estimate of the amount recoverable from future operations of the associate is sensitive to the discount rates and expected cashflows used.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

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

The Group's accounting policies which require the use of judgements in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements include the following:

(1) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding require management to make certain judgements on its business operations.

(2) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit losses (ECL) and selection and approval of models used to measure ECL require significant judgement.

(3) Income taxes

The current and deferred tax liabilities and assets arising from certain transactions or events may be uncertain in the ordinary course of business. The Group recognises tax assets and liabilities based on its understanding of the relevant tax rules and its judgement. Where, on the basis of a subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

4. Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group's activities are organised into three main business segments:

(i) Financial and related services which include securities brokering, stock brokering, portfolio planning, funds management and investment advisory services.

(ii) Banking and related services which include taking deposits, granting loans and other credit facilities, foreign currency trading and remittance and related services.

(iii) Other represents insurance brokering, investment and real estate holding.

4. Segment Reporting

	The Group 2021				
	Financial & Related Services $'000	Banking & Related Services $'000	Other $'000	Eliminations $'000	Group $'000
External revenues	22,200,730	11,764,273	303,886	-	34,268,889
Inter-segment revenue	4,565,781	119,410	-	(4,685,191)	-
Total segment revenue	26,766,511	11,883,683	303,886	(4,685,191)	34,268,889
Segment results	5,496,647	2,452,046	142,201	-	8,090,894
Impairment loss on financial assets	-	-	-	-	(2,006,821)
Share of profit of associate	-	-	-	-	1,884,811
Loss on disposal of property, plant and equipment					(8,186)
Profit before tax	-	-	-	-	7,960,698
Taxation	-	-	-	-	(242,201)
Profit for the year	-	-	-	-	7,718,497
Total segment assets	468,661,714	192,806,364	2,158,923	(149,920,122)	513,706,879
Total segment liabilities	413,594,345	173,433,921	1,865,764	(136,398,709)	452,495,321
Interest income	12,344,669	9,769,492	4,874	-	22,119,035
Interest expense	8,451,188	3,207,601	-	-	11,658,789
Operating expenses	7,437,351	6,927,792	162,250	-	14,527,393
Depreciation and amortisation	508,084	483,089	15,620	-	1,006,793
Capital expenditure	611,407	633,975	58	-	1,245,440

	The Group 2020				
	Financial & Related Services $'000	Banking & Related Services $'000	Other $'000	Eliminations $'000	Group $'000
External revenues	21,059,518	10,714,733	211,484	-	31,985,735
Inter-segment revenue	4,836,961	193,319	9,255	(5,039,535)	-
Total segment revenue	25,896,479	10,908,052	220,739	(5,039,535)	31,985,735
Segment results	4,039,147	1,457,449	145,549	-	5,642,145
Impairment loss on financial assets	-	-	-	-	(1,405,505)
Share of profit of associate	-	-	-	-	195,206
Gain on acquisition of associate	-	-	-		2,799,034
Loss on disposal of property plant and equipment	-	-	-	-	(14,357)
Profit before tax	-	-	-	-	7,216,523
Taxation	-	-	-	-	(150,036)
Profit for the year	-	-	-	-	7,066,487
Total segment assets	332,501,293	149,021,206	2,020,815	(83,846,179)	399,697,135
Total segment liabilities	294,764,092	133,422,055	1,841,512	(71,509,678)	358,517,981
Interest income	12,051,669	7,636,261	6,188	-	19,694,118
Interest expense	7,709,266	2,704,514	-	-	10,413,780
Operating expenses	9,387,427	6,386,402	155,981	-	15,929,810
Depreciation and amortisation	555,031	447,315	10,829	-	1,013,175
Capital expenditure	920,726	289,146	320,687	-	1,530,559

5. Net Interest Income/(Expense)

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Interest income, calculated using the effective interest method				
Cash and cash equivalents	102,839	79,261	-	2
Loans and notes receivable	8,774,494	7,117,630	1,917,207	1,446,878
Resale agreements	296,400	24,943	64,721	62,902
Investment securities	12,945,302	12,472,284	-	-
Total interest income	**22,119,035**	**19,694,118**	**1,981,928**	**1,509,782**
Interest expense				
Repurchase agreements	6,076,643	6,277,934	-	-
Notes payable	2,423,708	1,270,405	1,216,368	967,111
Customer deposits	2,147,068	1,750,695	-	-
Lease liabilities	98,319	117,838	-	-
Redeemable preference shares	913,051	996,908	913,050	996,908
Total interest expense	**11,658,789**	**10,413,780**	**2,129,418**	**1,964,019**
Net interest income/(expense)	**10,460,246**	**9,280,338**	**(147,490)**	**(454,237)**

6. Staff Costs

	The Group	
	2021	2020
	$'000	$'000
Salaries and benefits, including profit-related pay	6,428,851	7,490,106
Statutory payroll contributions	486,343	491,267
Pension costs (note 33)	227,545	255,381
Training and development	55,135	141,919
Other staff benefits	807,146	1,038,003
	8,005,020	**9,416,676**

7. Other Expenses

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Marketing, corporate affairs and donations	507,049	855,987	79,372	86,428
Depreciation and amortisation	1,006,793	1,012,175	-	-
Directors' fees [note 29(iii)]	103,784	128,395	43,197	45,999
Irrecoverable – GCT	322,854	366,016	-	-
Insurance	189,734	144,158	-	-
Auditors' remuneration	139,728	129,483	3,592	8,113
Asset tax	621,598	524,835	-	-
Information technology	836,587	721,375	-	70
Legal and professional fees	1,303,073	1,082,957	130,840	71,394
Repairs and maintenance	235,055	199,074	-	-
Travel and entertainment	11,440	101,994	-	875
Motor vehicle	27,628	29,389	-	-
Office rental	138,838	96,604	-	-
Security	150,259	190,216	1,171	4,844
Stationery, printing and postage	115,216	148,438	-	-
Utilities	367,559	282,492	-	-
Bank charges	179,839	204,904	-	78
Other	265,339	294,642	533	437
	6,522,373	**6,513,134**	**258,705**	**218,238**

8. Impairment Losses on Financial Assets

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Charged/(credited) for the year on:				
Investment securities at amortised cost (note 16)	25,043	8,956	-	-
Investment securities at FVOCI	407,135	217,331	-	-
Loan and notes receivable (note 13)	1,570,507	1,177,235	25,027	(207,121)
Securities purchased under agreement to resell (note 15)	(12)	38	1	(1,515)
Other receivables (note 14)	4,148	1,945	-	-
	2,006,821	**1,405,505**	**25,028**	**(208,636)**

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

9. Taxation

(a) Income tax for the Company is computed at 25% on the profit for the year adjusted for tax purposes. Income taxes for all other subsidiaries are based on statutory income tax rates prevailing in each jurisdiction.

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Current income tax	3,053,320	2,317,391	-	-
Tax credit	(375)	-	-	-
Green fund and business levy	27,960	30,527	-	-
Prior year under provision	4,198	27,121	-	-
	3,085,103	2,375,039	-	-
Deferred income tax (note 22)				
Origination and reversal of temporary differences	(2,920,668)	(2,241,216)	-	-
Tax benefit of losses carried forward	77,766	16,213	-	-
	(2,842,902)	(2,225,003)	-	-
	242,201	**150,036**	-	-

(b) The tax on profit differs from the theoretical amount that would arise using the statutory rate of 25% as follows:

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Profit before taxation	7,960,698	7,216,523	640,627	1,871,251
Tax calculated at 25% (2020: 25%)	1,990,175	1,804,130	160,157	467,813
Adjusted for the effects of:				
Income not subject to tax	(2,159,111)	(2,195,336)	(160,157)	(467,813)
Disallowed expenses	516,320	502,211	-	-
Tax losses recovered	(2,966)	(12,635)	-	-
Deferred tax not recognised	862	-	-	-
Green fund and business levy	16,741	17,353	-	-
Other	(123,642)	7,192	-	-
Prior year under provision	3,822	27,121	-	-
	242,201	**150,036**	-	-

(c) At the reporting date, taxation losses, subject to agreement with the relevant Tax Authorities, available for set off against future taxable profits, amounted to approximately $3,393,344,000 (2020: $3,526,287,000) for the Group and $Nil (2020: $310,737,000) for the Company.

10. Earnings per Stock Unit

Earning per stock unit ("EPS'') is computed by dividing the profit attributable to stockholders of the parent of $7,505,902,000 (2020: $6,993,567,000) by the weighted average number of ordinary stock units in issue during the year, numbering 1,955,552,532 (2020: 1,749,541,603).

11. Dividends paid to Ordinary Stockholders

	The Group and the Company	
	2021	**2020**
	$'000	**$'000**
Final dividend in respect of 2019 @ 23.0 cents per stock unit	-	456,555
Interim dividend in respect of 2020 @ 20.0 cents per stock unit	-	410,666
Final dividend in respect of 2020 @ 25.0 cents per stock unit	488,888	-
	488,888	**867,221**

12. Cash and Cash Equivalents

	The Group		The Company	
	2021	**2020**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Cash	58,234,192	32,102,661	-	-
Balances with Central Bank	7,461,360	8,859,527	-	-
Cash equivalents	1,597,371	1,673,812	44,323	12,068
	67,292,923	**42,636,000**	**44,323**	**12,068**

Cash equivalents of the Group include $1,540,259,000 (2020: $1,617,100,000) held by an investment broker as security for funding provided on certain investment securities, which is not available for immediate use. In addition, the Group also has a restricted amount of $7,859,000 (2020: $7,859,000) deposited at an interest rate of 0.5% (2020: 0.5%) under an agreement with a building society which co-ordinates and administers a home ownership assistance programme on behalf of the Group's Jamaican employees.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

13. Loans and Notes Receivable

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Corporate	54,174,297	46,322,794	-	-
Financial institutions	5,296,901	5,330,162	42,030,533	21,920,734
Individuals	64,419,206	50,226,573	-	-
	123,890,404	101,879,529	42,030,533	21,920,734
Less: allowance for impairment	(4,434,257)	(3,038,456)	(85,551)	(60,524)
	119,456,147	**98,841,073**	**41,944,982**	**21,860,210**

Allowance for impairment:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	3,038,456	1,853,648	60,524	267,645
Charge for year (note 8)	1,607,407	1,189,911	25,027	(207,121)
Recoveries (note 8)	(36,900)	(12,676)	-	-
Write-offs	(274,014)	(31,797)	-	-
Translation differences	99,308	39,370	-	-
Balance at 31 March	**4,434,257**	**3,038,456**	**85,551**	**60,524**

Notes receivable for the Company represents loan advances to subsidiaries repayable on 14 January 2024. Interest is payable monthly at a fixed rate of 6.0% and 7.5% per annum.

Notes receivable includes the balance on an interest-free revolving advance of $2,458,548,605 (2020: $2,458,548,605) to the trustees of the Group's Employee Share Ownership Plan (ESOP), the repayment date for which has not been fixed. The number of stock units held by the ESOP at 31 March 2021 was182,733,515 (2020: 172,681,449).

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

14. Other Receivables

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Receivable from related parties	469,325	3,054,939	11,878,103	-
Other receivables	3,750,394	3,304,342	758,167	183,185
Staff loans	19,991	641,925	-	-
	4,239,710	7,001,206	12,636,270	183,185
Less: allowance for impairment	(12,692)	(8,544)	-	-
	4,227,018	**6,992,662**	**12,636,270**	**183,185**

Allowance for impairment:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	8,544	6,599	-	-
Charge for year	4,148	1,945	-	-
Balance at 31 March	12,692	8,544	-	-

15. Securities Purchased Under Agreements to Resell

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Denominated in Jamaican dollars	3,300,000	6,000,000	-	-
Denominated in United States dollars	-	-	719,271	647,049
Denominated in Trinidad and Tobago dollars	-	-	555,189	499,750
	3,300,000	6,000,000	1,274,460	1,146,799
Less: allowance for impairment	(26)	(38)	(11)	(10)
	3,299,974	**5,999,962**	**1,274,449**	**1,146,789**

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15. Securities Purchased Under Agreements to Resell (Continued)

Allowance for impairment:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	38	-	10	1,525
(Credit)/charge for year	(12)	38	1	(1,515)
Balance at 31 March	26	38	11	10

Resale agreements include balances with related parties as set out in note 29. All resale agreements mature within twelve months after the reporting date.

The securities that the Group obtains as collateral under resale agreements may be used as collateral under repurchase agreements. Certain of these securities and interest accrued thereon are pledged as security for repurchase agreements (note 26).

At the reporting date, the fair value of the securities obtained and held under resale agreements was $3,715,174,000 (2020: $6,168,318,000l) and $1,274,460,000 (2020: $1,740,490,000) for the Group and Company, respectively.

16. Investment Securities

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Debt securities at amortised cost:				
Certificates of deposit	54,446	25,953	-	-
Government of Jamaica securities	7,951,068	7,647,759	-	-
Other sovereign bonds	279,919	270,881	-	-
Corporate:			-	-
Government of Jamaica guaranteed	2,170,737	2,316,972	-	-
Other	2,078,848	635,816	-	-
	12,535,018	10,897,381	-	-
Debt securities at fair value through other comprehensive income:				
Government of Jamaica securities	91,245,244	72,141,507	-	-
Certificates of deposit	23,198,367	12,716,403	-	-
Government of Jamaica guaranteed	3,785,902	2,988,926	-	-
Corporate bonds	69,872,864	56,806,509	-	-
Other sovereign bonds	52,865,155	30,495,342	-	-
	240,967,532	175,148,687	-	-
Equity securities at fair value through other comprehensive income:				
Quoted securities	2,551,215	2,430,995	-	-
Balance carried forward to page 32	**256,053,765**	**188,477,063**	-	-

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16. Investment Securities (Continued)

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance brought forward from page 31	**256,053,765**	**188,477,063**	-	-
Other securities at fair value through other comprehensive income:				
Other	4,033	4,033	4,033	4,033
Debt securities designated at fair value through profit or loss:				
Corporate bonds	1,430,918	1,330,315	-	-
Other sovereign bonds	-	438,808	-	-
	1,430,918	1,769,123	-	-
Equity securities at fair value through profit and loss:				
Quoted securities	4,362,931	1,535,251	-	-
Other securities at fair value through profit and loss:				
Units in unit trusts	515,895	433,323	-	-
Money market funds	67,289	325,079	-	-
Unquoted securities	17,418	17,251	-	-
	600,602	775,653	-	-
	262,452,249	192,561,123	4,033	4,033
Less: allowance for impairment losses for investments at amortised cost	(60,202)	(290,602)	-	-
	262,392,047	**192,270,521**	**4,033**	**4,033**

Allowance for impairment for investments at amortised cost:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	290,602	281,034	-	-
Charge for the year	25,043	8,956	-	-
Recoveries	(255,443)	612	-	-
Balance at 31 March	**60,202**	**290,602**	-	-

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16. Investment Securities (Continued)

Investments mature, from the reporting date, as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica securities:				
Within 3 months	543,781	-	-	-
Over 3 months to 1 year	10,315,373	1,546,481	-	-
Over 1 year to 5 years	9,638,127	15,737,792	-	-
Over 5 years	78,667,379	62,481,083	-	-
	99,164,660	79,765,356	-	-
Certificates of deposit:				
Within 3 months	223,566	13,383,663	-	-
Over 3 months to 1 year	5,631,838	-	-	-
Over 1 year to 5 years	17,397,409	25,953	-	-
	23,252,813	13,409,616	-	-
Sovereign and corporate bonds:				
Within 3 months	11,449,744	2,666,966	-	-
Over 3 months to 1 year	8,519,924	6,007,743	-	-
Over 1 year to 5 years	50,746,913	40,146,753	-	-
Over 5 years	61,753,077	45,542,020	-	-
	132,469,658	94,363,482	-	-
Other [see (c) below]	7,504,916	4,732,067	4,033	4,033
	262,392,047	**192,270,521**	**4,033**	**4,033**

(a) Government of Jamaica securities and certain other bonds are pledged as security for repurchase agreements (note 26) and notes payable (note 27).

(b) Government of Jamaica securities having an aggregate face value of $620,000,000 (2019: $620,000,000) have been pledged as collateral against possible overdrafts at the Central Bank and against uncleared effects at one of the Company's bankers.

(c) Other securities includes quoted equities, unit trust holdings and interest in pooled money market fund, for which there are no fixed maturity dates.

17. Interest in Subsidiaries

	The Company	
	2021	2020
	$'000	$'000
Shares at cost:		
Jamaica Money Market Brokers Limited	1,864,054	1,864,054
JMMB International Limited	500,000	-
JMMB Bank (Jamaica) Limited	7,585,176	6,085,176
JMMB Money Transfer Limited	50,789	50,789
Jamaica Money Market Brokers (Trinidad and Tobago) Limited	4,054,726	4,054,726
JMMB Holding Company, SRL and its subsidiaries	1,478,763	1,478,763
	15,533,508	**13,533,508**

18. Interest in Associate

	The Group	
	2021	2020
	$'000	$'000
At beginning of the year	35,009,306	-
Acquisition cost	-	34,401,946
Share of profits	1,884,811	195,206
Gain on acquisition	-	2,799,034
Dividends received	(698,359)	(225,936)
Movement in other reserves	218,657	(2,160,944)
Translation adjustment	2,516,336	-
At end of the year	38,930,751	35,009,306

The Group owns 22.73% (2020: 22.52%) of the issued and outstanding common shares of Sagicor Financial Company Limited (SFC). The change in percentage shareholding during the year arose from SFC's repurchase of its own shares.

The Group has accounted for this investment as an associate and has applied the equity method of accounting.

The principal activities of SFC are life and health insurance, annuities and pension administration services and banking and investment management services. The main purpose of the acquisition is to diversify the Group's income stream while improving core earnings. SFC is listed on the Toronto Stock Exchange.

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18. Interest in Associate (Continued)

The following table presents the summarised financial information in respect of SFC as indicated in its own financial statements, adjusted for fair value adjustment at acquisition. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in SFC. The Group has used the last audited financial statements of SFC as at and for the year ended 31 December 2020 adjusted for its unaudited results for the three months to 31 March 2021.

	2021	2020
Percentage ownership		
	$'000	**$'000**
Total assets	1,335,606,270	1,133,078,557
Total liabilities	(1,100,544,700)	(916,938,919)
Net assets	235,061,570	216,139,638
Revenue	241,228,532	71,106,043
Profit from continuing operation	8,285,977	867,583
Other comprehensive income/(loss)	5,010,965	(12,637,926)
Total comprehensive income/(loss)	13,296,942	(11,770,343)
Group's share of profit 22.73% (2020: 22.52%)	1,884,811	195,206
Group's share of other comprehensive income	1,126,050	(2,843,533)
Group's share of total comprehensive income	3,010,873	(2,648,327)
Net assets of the associate – 100%	235,061,570	216,239,638
Pre-acquisition goodwill and intangible assets	(12,068,099)	(12,068,099)
Non-controlling interests	(75,623,303)	(75,739,912)
Adjusted net assets	147,370,168	128,431,627
Group's share of adjusted net assets 22.73% (2020: 22.52%)	33,314,443	28,897,116
Intangible assets recognised on acquisition	6,238,343	6,238,343
Translation loss	(622,035)	(126,153)
Carrying amount of interest in associate	38,930,751	35,009,306

The carrying value of SFC and the fair value indicated by its quoted price on the Toronto Stock Exchange (''TSE Indicative Value'') as at 31 March is as follow:

	The Group 2021		The Group 2020	
	Carrying Value	TSE Indicative Value	Carrying Value	TSE Indicative Value
	$'000	$'000	$'000	$'000
Sagicor Financial Company Limited	38,930,751	22,606,201	35,009,306	21,312,222

18. Interest in Associate (Continued)

Management has conducted an impairment assessment in respect of this investment involving a review of the performance of the entity as well as the fair value of the underlying asset and determined that no impairment in the carrying values has occurred.

19. Investment Property

	The Group	
	2021	2020
	$'000	$'000
Balance as at 1 April	621,232	489,616
Acquisitions	-	29,132
Fair value gain	77,700	102,484
	698,932	621,232

The properties are measured at fair value, as appraised by professional, independent valuers every three years and in the intervening years by the directors. The valuation model uses a market approach and considers the location and condition of the properties as well as recent comparable transactions in proximity to the investment properties.

Investment properties generated rental income of $1,515,000 (2020: $Nil) and incurred expenses of $18,821,000 (2020: $14,775,000) for the year.

The fair value of the Group's investment properties is categorised as Level 3 in the fair value hierarchy.

The technique used to determine the fair value of the Group's investment properties is as follows.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market approach. This model takes into account: • The assumed intention to dispose of the property in an open market transaction • The assumed 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 (hypothetical); and • The property will be freely exposed to the market.	• 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 strength of the demand is greater/(less) than judged. • The potential rental income from the property is greater/ (less) than judged.

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20. Intangible Assets

	The Group					
	Computer Software	Customer List and Core Deposits	Licence	Goodwill	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
31 March 2019	2,065,292	605,680	283,432	29,270	358,423	3,342,097
Additions	678,639	-	-	-	-	678,639
Exchange rate adjustment	(6,671)	17,662	15,418	40	10,365	36,814
31 March 2020	2,737,260	623,342	298,850	29,310	368,788	4,057,550
Additions	887,508	-	-	-	-	887,508
Exchange rate adjustment	1,852	21,719	18,578	1,164	12,659	55,972
31 March 2021	**3,626,620**	**645,061**	**317,428**	**30,474**	**381,447**	**5,001,030**
Accumulated Amortisation						
31 March 2019	950,739	355,017	-	-	278,773	1,584,529
Charge for the year	187,533	41,146	-	-	-	228,679
Exchange rate adjustment	(148)	28,576	-	-	10,365	38,793
31 March 2020	**1,138,124**	**424,739**	**-**	**-**	**289,138**	**1,852,001**
Charge for the year	168,684	54,475	-	-	-	223,159
Exchange rate adjustment	1,363	11,428	-	-	12,659	25,450
31 March 2021	**1,308,171**	**490,642**	**-**	**-**	**301,797**	**2,100,610**
31 March 2021	**2,318,449**	**154,419**	**317,428**	**30,474**	**79,650**	**2,900,420**
31 March 2020	**1,599,136**	**198,603**	**298,850**	**29,310**	**79,650**	**2,205,549**

Impairment testing for intangible assets with indefinite useful lives

Licences recognised in JMMB (Trinidad & Tobago) Limited and JMMB Holding Company Limited, SRL

The recoverable amounts of the cash generating units (CGUs) in which the licences are included were based on value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The licences were valued using "with-and-without" (WOW) method which compares the present value of the cash flows "with the asset" in place to the present value of cash flows "without the asset."

The key assumptions used in the estimation of the recoverable amounts were as follows:

	2021	2020
Discount rate:	14%; 16%	14.5%; 17%
Long-term growth rate	3%	3%
Time to obtain licence	3-4 years	3-4 years

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20. Intangible Assets (Continued)

Impairment testing for intangible assets with indefinite useful lives (continued)

Licences recognised in JMMB (Trinidad & Tobago) Limited and JMMB Holding Company Limited, SRL (continued)

The discount rates are post-tax measures determined based on rates used for similar assets in the relevant countries, business risks and other company specific risks.

The cash flow projections include specific estimates for ten and eleven years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compounded annual growth rates, consistent with assumptions that a market participant would make. The ten and eleven year cash flow projections are considered reflective of a stabilized level of earnings to estimate terminal value.

The estimated recoverable amounts of the CGUs were estimated to be higher than their carrying amounts and no impairment was identified.

21. Property, Plant and Equipment

	The Group					
	Freehold Land and Buildings	**Leasehold Improvement**	**Motor Vehicles**	**Computer Equipment**	**Equipment, Furniture and Fittings**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost						
31 March 2019	**2,175,749**	**849,203**	**62,899**	**1,186,228**	**2,368,701**	**6,642,780**
Additions	345,642	78,041	38,469	239,048	93,404	794,604
Transfer	(73,760)	4,837	-	5337	63,586	-
Reclassification	(60,407)	27,605	-	848,364	(815,826)	(264)
Disposals	-	(144,139)	(12,966)	(164,188)	(44,213)	(365,506)
Exchange rate adjustment	6,102	36,564	53	3,459	86,116	132,294
31 March 2020	**2,393,326**	**852,111**	**88,455**	**2,118,248**	**1,751,768**	**7,203,908**
Additions	48,045	154,819	5,573	37,189	112,306	357,932
Disposals	(7,233)	(393)	-	(368,800)	(7,688)	(384,114)
Exchange rate adjustment	839	41,458	13	62,940	44,975	150,225
31 March 2021	**2,434,977**	**1,047,995**	**94,041**	**1,849,577**	**1,901,361**	**7,327,951**

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21. Property, Plant and Equipment (Continued)

	The Group					
	Freehold Land and Buildings	**Leasehold Improvement**	**Motor Vehicles**	**Computer Equipment**	**Equipment, Furniture and Fittings**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Depreciation						
31 March 2019	**238,631**	**561,164**	**40,078**	**940,710**	**1,578,865**	**3,359,448**
Charge for the year	34,079	78,992	9,102	190,848	156,800	469,821
Reclassification	-	(40)	(8,438)	780,981	(780,941)	(8,438)
Disposals	-	(143,826)	(45)	(162,828)	(43,452)	(350,151)
Exchange rate adjustment	-	22,813	15	328	70,079	93,235
31 March 2020	**272,710**	**519,103**	**40,712**	**1,750,039**	**981,351**	**3,563,915**
Charge for the year	34,935	79,781	13,027	108,566	241,625	477,934
Disposals	-	-	-	(368,477)	(7,451)	(375,928)
Exchange rate adjustment	-	24,553	13	57,489	23,085	105,140
31 March 2021	**307,645**	**623,437**	**53,752**	**1,547,617**	**1,238,610**	**3,771,061**
Net Book Value						
31 March 2021	**2,127,332**	**424,558**	**40,289**	**301,960**	**662,751**	**3,556,890**
31 March 2020	**2,120,616**	**333,008**	**47,743**	**368,209**	**770,417**	**3,639,993**

22. Deferred Income Tax

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

Deferred income tax is calculated in full on temporary differences under the balance sheet method using the principal tax rate applicable to the jurisdictions in which the temporary differences arise.

Deferred tax assets and liabilities recognised on the statement of financial position are as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
Deferred income tax assets	4,593,139	5,508,584
Deferred income tax liabilities	(270,749)	(49,778)
	4,322,390	**5,458,806**

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22. Deferred Income Tax (continued)

Deferred income tax assets and deferred income tax liabilities are due to the following items:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets -				
Investments	499,075	4,094,599	-	-
Unrealised foreign exchange losses	3,084,354	1,067,945	-	-
Property, plant and equipment	69,593	22,163	-	-
Other payables	75,383	55,263	-	-
Interest payable	639,595	405,417	-	-
Tax losses carried forward	203,419	124,790	-	-
Notes receivable	344,423	172,887	-	-
Other	3,823	-	-	-
Lease liabilities	23,390	11,602	-	-
	4,943,055	5,954,666	-	-
Deferred income tax liabilities -				
Interest receivable	(620,665)	(495,860)	-	-
Net deferred income tax assets	**4,322,390**	**5,458,806**	**-**	**-**

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22. Deferred Income Tax (Continued)

The movement for the year in the net deferred tax is as follows:

	2021			
	The Group			
	Balance at Beginning of Year	Recognised in Income (note 9)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Tax losses carried forward	124,790	77,766	-	202,556
Investments	4,094,599	510,134	(3,979,318)	625,415
Accounts payable	55,263	20,120	-	75,383
Property, plant and equipment	22,163	47,430	-	69,593
Interest payable	405,417	234,178	-	639,595
Unrealised foreign exchange loss	1,067,945	1,890,932	-	2,958,877
Notes receivable	172,887	171,536	-	344,423
Other	-	3,823	-	3,823
Lease liabilities	11,602	11,788	-	23,390
Interest receivable	(495,860)	(124,805)	-	(620,665)
	5,458,806	**2,842,902**	**(3,979,318)**	**4,322,390**

	2020			
	The Group			
	Balance at Beginning of Year	Recognised in Income (note 9)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Tax losses carried forward	141,003	(16,213)	-	124,790
Investments	910,738	135,771	3,048,090	4,094,599
Accounts payable	27,374	27,889	-	55,263
Property, plant and equipment	(24,824)	46,987	-	22,163
Interest payable	430,109	(24,692)	-	405,417
Unrealised foreign exchange loss	-	1,067,945	-	1,067,945
Unrealised foreign exchange gains	(810,606)	810,606	-	-
Notes receivable	-	172,887	-	172,887
Lease liabilities	-	11,602	-	11,602
Interest receivable	(488,081)	(7,779)	-	(495,860)
	185,713	**2,225,003**	**3,048,090**	**5,458,806**

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23. Leases

The Group leases properties for office space and other uses. The leases run for periods of 1 to 15 years. Certain leases have an option to renew for further periods of 1 to 15 years.

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

(i) Amounts recognised in the statement of financial position shows the following amounts relating to leases:

	The Group	
	2021	**2020**
	$'000	**$'000**
Right-of-use assets - properties:		
Balance as at 1 April	1,849,321	1,639,357
Additions	885	460,093
Charge for the year	(305,700)	(314,675)
Remeasurement	(190,686)	-
Foreign currency translation differences	80,153	64,546
Balance at 31 March	**1,433,973**	**1,849,321**
Lease liabilities:		
Current	305,679	303,300
Non-current	1,282,892	1,645,368
	1,588,571	**1,948,668**

(ii) Amounts recognised in the profit and loss account show the following amounts relating to leases:

	The Group	
	2021	**2020**
	$'000	**$'000**
Depreciation charge of right-of-use assets	305,700	314,675
Foreign exchange loss on lease liabilities	22,306	42,664
Interest expense on lease liabilities	98,319	117,838
Expense relating to short-term and low-value leases (included in administration expenses)	97,561	90,335

23. Leases (Continued)

(iii) Amounts recognised in the statement of cash flows

	The Group	
	2021	2020
	$'000	$'000
Total cash outflows for leases	408,493	375,839

(iv) Extension options

Some property leases contain extension options exercisable by the Group up to twelve months 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 $442,461,000 (2020:$1,137,014,000).

24. Share Capital

	2021	2020
	Number of Shares	Number of Shares
	('000)	('000)
Authorised ordinary stock units at no par value: unlimited		
Fixed rate cumulative redeemable preference shares of no par value	10,000,000	10,000,000

	2021	2020
	Number of Shares	Number of Shares
	('000)	('000)
Issued ordinary share capital:		
Ordinary stock units in issue at no par value	1,955,552	1,955,552

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24. Share Capital (Continued)

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Stated capital:				
1,955,552,532 (2020: 1,955,552,532) ordinary stock units	14,115,924	14,115,924	14,115,924	14,115,924
9,434,000 7.25% cumulative redeemable preference stock units	14,151	14,151	14,151	14,151
1,827,548,000 7.50% cumulative redeemable preference stock units	1,827,548	1,827,548	1,827,548	1,827,548
213,500 5.75% cumulative redeemable preference stock units	46,398	42,901	46,398	42,901
42,783,500 US$ 6.00% cumulative redeemable preference stock units	6,198,473	5,731,278	6,198,473	5,731,278
32,177,000 7.00% cumulative redeemable preference stock units	64,354	64,354	64,354	64,354
1,848,937,000 7.25% cumulative redeemable preference stock units	3,697,874	3,697,874	3,697,874	3,697,874
155,000 US$ 5.50% cumulative redeemable preference stock units	44,913	41,527	44,913	41,527
21,265,000 US$ 5.75% cumulative redeemable preference stock units	6,161,746	5,697,319	6,161,746	5,697,319
3,206,485,000 J$ 7.35% cumulative redeemable preference stock units	9,619,455	-	9,619,455	-
115,493,000 J$ 7.15% cumulative redeemable preference stock units	346,479	-	346,479	-
	42,137,315	31,232,876	42,137,315	31,232,876
Less: redeemable preference stock units classified as liability	(28,021,391)	(17,116,952)	(28,021,391)	(17,116,952)
	14,115,924	**14,115,924**	**14,115,924**	**14,115,924**

On 19 March 2021, the Company issued 3,206,485,000 and 115,493,000 7.35% and 7.15% JMD fixed rate cumulative redeemable preference shares respectively at a price of J$3.00 by public offering. The redeemable preference shares mature on 19 March 2028.

24. Share Capital (Continued)

The significant terms and conditions of the preference stock units are as follows:

(i) The right to a cumulative preferential dividend payable monthly at the rate agreed for each class;

(ii) The right, on winding up, to receive all arrears of dividend and repayment of capital in priority to the ordinary shareholders; and

(iii) No right to vote, except where dividends are not paid for twelve months or on winding up of the Company.

The rights attaching to the ordinary shares include the following:

(i) Entitlement of dividends as declared from time to time (note 11).

(ii) Entitlement to one vote per share at meetings of the Company.

25. Reserves

(a) Retained Earnings Reserve

In a previous year, in accordance with a board resolution, a subsidiary transferred a portion of its profit after tax to a non-distributable retained earnings reserve. This reserve constitutes a part of the subsidiary's regulatory capital.

(b) Investment Revaluation Reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of debt securities at fair value through other comprehensive income, impairment losses on such securities, net of deferred tax, until the assets are derecognised or impaired.

(c) Cumulative Translation Reserve

The cumulative translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

26. Securities Sold Under Agreements to Repurchase

	The Group	
	2021	2020
	$'000	$'000
Denominated in Jamaica dollars	59,198,864	60,876,875
Denominated in United States dollars	133,508,770	90,626,003
Denominated in Pound Sterling	110,129	1,262,252
Denominated in Euro	149,446	164,472
Denominated in Dominican Republic Peso	26,921,286	21,419,026
Denominated in Canadian dollars	-	51,728
Denominated in Trinidad and Tobago dollars	7,841,791	5,189,624
	227,730,286	**179,589,980**

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26. Securities Sold Under Agreements to Repurchase (Continued)

Repurchase agreements are collateralised by certain securities and other instruments held by the Group with a carrying value of $243,449,245,800 (2020:$186,673,921,000) (notes 15 and 16).

27. Notes Payable

		The Group		The Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
(i)	Senior Unsecured US$ Fixed Note	2,799,661	2,588,643	-	-
(ii)	Subordinated debt	2,159,000	1,999,000	-	-
(iii)	Subordinated debt	-	579,483	-	-
(iv)	Senior secured TT$ Fixed Note	2,228,088	2,218,890	-	-
(v)	Senior secured US$ Fixed Note	1,678,463	1,493,333	-	-
(vi)	Promissory Note US$ Note	1,086,600	1,071,680	-	-
(vii)	Promissory Note US$ Fixed Note	21,732,000	20,094,000	-	-
(viii)	Unsecured US$ Fixed Note	-	971,478	-	971,478
(ix)	Unsecured J$ Fixed Note	-	472,425	-	472,425
(x)	Unsecured J$ Fixed Note	-	5,879,500	-	5,879,500
(xi)	Unsecured J$ Fixed Note	3,500,000	3,500,000	3,500,000	3,500,000
(xii)	Unsecured US$ Fixed Note	3,622,000	3,349,000	3,622,000	3,349,000
(xiii)	Senior secured J$ Fixed Note	-	870,000	-	9,520,000
(xiv)	Secured US$ Index Bond	-	-	-	6,528,000
(xv)	Unsecured J$ Fixed Note	7,509,800	-	7,509,800	-
(xvi)	Unsecured US$ Fixed Note	1,548,147	-	1,548,147	-
(xvii)	Unsecured TT$ Fixed note	464,833	-	-	-
		48,328,592	**45,087,432**	**16,179,947**	**30,220,403**

(i) The note is unsecured and bears interest at 5.5% per annum, with interest payable on a quarterly basis and a maturity date of 15 June 2023.

(ii) This represents subordinated debt of TT$100M issued by a subsidiary for a term of eight (8) years, maturing on 28 March 2027 at a fixed rate of 5% per annum.

(iii) This represents subordinated debt of US$4,151,000 issued by a subsidiary for a term of (5) years, maturing on 29 June 2020 at a fixed rate of 7.0% per annum. The debt was repaid during the year.

(iv) This represents a fixed rate debt issued in three tranches bearing interest at 3.25% and 3.70% per annum, payable on a semi-annual basis. The first tranche matured in November 2020 and was repaid. The remaining two tranches matures in November 2021 and November 2022 and are secured by investment securities (note 16).

27. Notes Payable (Continued)

(v) This represents a fixed rate US$ indexed debt issued in two tranches bearing interest at 3.15% and 3.55% per annum, payable on a semi-annual basis. These notes mature in November 2021 and November 2022 and are secured by investment securities (note 16).

(vi) This represents a short-term unsecured funding facility from Citibank, N.A. of US$7,500,000 at an interest rate of 4.51% (2020: 4.32%) for the period 10 November 2020 to 7 May 2021.

(vii) This note is unsecured and bears interest at 2.5% per annum, payable quarterly. The note matures on 30 April 2021.

(viii) This represents unsecured fixed rate US$ debt issued in three tranches bearing interest at 5.5%, 5.65% and 5.80% per annum, payable on a quarterly basis. These notes matured on 20 June 2020 and 21 December 2020 respectively and were repaid during the year.

(ix) This represents unsecured fixed rate J$ debt issued in three tranches bearing interest at 5.65%, 6.0% and 6.25% per annum, payable on a quarterly basis. These notes matured on 20 June 2020 and 21 December 2020 respectively and were repaid during the year.

(x) This represents unsecured fixed rate J$ debt bearing interest at 6.75% per annum, payable on a quarterly basis. The note matured on 27 July 2020 and was repaid.

(xi) This represents unsecured fixed rate J$ debt bearing interest at 6.6% per annum, payable on a quarterly basis. The note matures on 2 December 2022.

(xii) This represents unsecured fixed rate US$ debt bearing interest at 5.6% per annum, payable on a quarterly basis. The note matures on 2 December 2022.

(xiii) This represents a fixed rate debt issued in two tranches bearing interest at 6.6% and 7.25% per annum, payable on a semi-annual basis. These debts were repaid during the year.

(xiv) This represents a fixed rate US$ indexed debt issued in two tranches bearing interest at 5.6% and 6.25% per annum, payable on a semi-annual basis. These debts were repaid during the year.

(xv) This represent unsecured fixed rate J$ debt bearing interest at 6.25% per annum, payable on a quarterly basis. The note matures on 27 July 2022.

(xvi) This represents a fixed rate US$ indexed debt bearing interest at 5.25% per annum, payable on a quarterly basis. The note matures on 27 July 2022.

(xvii) This represents a fixed rate TT$ debt bearing interest at 3.25% per annum payable on a semi-annual basis. The note is unsecured and matures in November 2021.

28. Due to Other Financial Institutions

	The Group	
	2021	**2020**
	$'000	**$'000**
Development Bank of Jamaica (a)	432,350	148,334
National Housing Trust (b)	523,674	62,271
Inter-American Investment Corporation (c)	5,070,800	-
	6,026,824	**210,605**

(a) The balance consists of J$432,350,650 (2020: J$148,334,000) due to Development Bank of Jamaica (DBJ), at interest rates of 5% to 7% per annum for periods up to 7 years (2020: 5% to 7% per annum for periods up to 8 years). The loans are for on-lending to customers to finance development and agricultural projects within the terms and conditions specified by the DBJ and are repayable in monthly instalments.

(b) The balance due to National Housing Trust (NHT) consists of $523,674,000 (2020: $62,271,000) at interest rates of 0.50% to 2.5% per annum for periods of 25 years. The loan is for on-lending to customers to finance home acquisition within the terms and conditions specified by the NHT and are repayable in monthly instalments.

(c) The balance represents US$35,000,000 (2020: $Nil) due to Inter-American Investment Corporation (IDB Invest) at an interest rate of 4.4375% per annum for a period of 5 years. The loan is for on-lending to small and medium enterprises within the terms and conditions specified by the IDB Invest and are repayable in semi-annual instalments.

29. Related Party Transactions and Balances

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

Related companies include subsidiaries and major shareholders. Related parties include directors, key management and companies for which the Group provides management services.

(i) The statement of financial position includes balances, arising in the normal course of business, with related parties, as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Directors-				
Loans and notes receivable	362,234	239,093	-	-
Interest payable	(705)	(1,104)	-	-
Customer deposits	(100,202)	(215,008)	-	-
Securities sold under agreements to repurchase	(151,473)	(1,351,676)	-	-
Major shareholders -				-
Notes receivable	2,458,549	2,458,549	-	-

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29. Related Party Transactions and Balances (Continued)

(i) The statement of financial position includes balances, arising in the normal course of business, with related parties, as follows (continued):

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Subsidiaries -				
Securities purchased under agreements to resell	-	-	1,274,449	1,146,789
Loans and notes receivable	-	-	41,944,982	21,860,210
Other receivables	-	-	12,099,040	130,230
Other payables	-	-	(12,189,126)	(8,553,473)
Managed funds -				
Cash equivalents	1,433,160	504,600	-	-
Accounts receivable	570,035	3,432,986	-	-
Investments	206,797	-	-	-
Accounts payable	(103,291	(42,332)	-	-
Securities sold under agreements to repurchase	(886,231)	(814,852)	-	-
Notes payable	(22,275,294	(20,094,000)	-	-
Customer deposits	(2,338,323)	(2,555,819)	-	-

(ii) The profit and loss account includes the following income earned from, and expenses incurred in, transactions with related parties, in the ordinary course of business:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Directors:				
Interest income	18,913	27,262	-	-
Interest expense	(3,345)	(4,037)	-	-
Subsidiaries:				
Dividend income	-	-	70,712	2,191,889
Associated company				
Dividend income	-	225,936	209,790	225,936
Managed funds:				
Gain on sale of securities	71,598	247,322	-	-
Fee income	868,020	892,180	-	-
Interest income	7,164	1,675	-	-
Interest expense	(381,068)	(847,561)	-	-

29. Related Party Transactions and Balances (Continued)

(iii) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Such persons comprise the directors and senior management of the Group. The compensation paid or payable to key management for employee services is as shown below:

	The Group	
	2021	**2020**
	$'000	**$'000**
Directors emoluments:		
Fees (note 7)	103,784	128,395
Management remuneration	73,792	67,384
Other key management compensation:		
Short-term employee benefits	476,498	487,876
Post-employment benefits	15,020	16,261
	669,094	699,916

30. Non-Controlling Interest

The following table summarises information relating to material non-controlling interest (NCI) in JMMB Puesto de Bolsa, S.A. before any intra-group eliminations.

(a) Statement of financial position:

	2021	**2020**
NCI percentage	**20%**	**20%**
	$'000	**$'000**
Total assets	45,373,503	33,998,848
Total liabilities	(39,642,005)	(30,920,601)
Net assets	5,731,498	3,078,247
Carrying amount of NCI	1,563,047	952,183

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30. Non-Controlling Interest (continued)

The following table summarises information relating to material non-controlling interest (NCI) in JMMB Puesto de Bolsa, S.A. before any intra-group eliminations.

	2021	**2020**
	$'000	**20%**
(b) Profit or loss account and other comprehensive income/(loss):		
Revenue	4,334,236	3,727,401
Profit	1,000,705	585,032
Other comprehensive income	1,077,235	706,120
Profit allocated to NCI, net	212,595	72,920
Other comprehensive income allocated to NCI	610,864	(131,686)
(c) Statement of cash flows:		
Cash flows from operating activities	9,312,185	1,651,504
Cash flows from investing activities	(8,991,670)	(576,592)
Cash flows from financing activities	198,793	-
Net increase in cash and cash equivalents	519,308	1,074,912

31. Financial Risk Management

A financial instrument is any contract that gives rise to a financial asset of one enterprise and financial liability or equity instrument of another enterprise.

(a) Introduction and overview

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Risk management framework

The risks are managed through an established risk management framework for the Group, which involves the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is an inevitable consequence of being in business. 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.

31. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Risk management framework (continued)

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/departments for managing and monitoring risks, as follows:

(i) Risk Management Committee

The Risk Management Committee is a Board Committee responsible for the supervision of the overall risk management functions of the Group. The committee decides the policies and strategy for integrated risk management of the various risk exposures of the Group.

(ii) Board Credit Committees

The respective Bank Board Credit Committees are responsible for approving all credit requests above a specified threshold and ensuring that all lending facilities conform to standards agreed by the Board and embodied in the Credit Risk Policy. The committees are ultimately responsible for determining the composition and management of the credit portfolios and have available a number of measures they can employ in this respect, including making specific and general allowances against actual or potential impairment. The committees are supported in their work by the Management Credit Committee.

(iii) Audit Committees

The Audit Committees monitor the quality of the Group's internal controls and compliance with regulatory requirements. The Audit Committees are assisted in their oversight role by the Internal Audit Function and the Risk and Compliance Unit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported quarterly to the Audit Committees.

The management of certain specific aspects of operational risk, such as fraud, is also within the purview of the Audit Committees.

(iv) Investment Committees

The Investment Committees are management committees responsible for the management of market risks. The committees monitor the composition of assets and liabilities, evaluate potential market risk involved in launching new products, review and articulate funding policy and decide optimal ways of managing the Group's liquidity.

31. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Risk management framework (continued)

(v) Asset and Liability Committees (ALCOs)

ALCOs are management committees that monitor and adjust the overall profile of assets and liabilities of the respective entities to increase the probability of achieving strategic business results within the context of Board approved risk appetite, relevant policies and applicable regulations.

Impact of Covid-19

The World Health Organisation 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. As the global economy continues to weather the impact of the Covid-19 pandemic, nations around the world have taken extraordinary steps to mitigate the impact of the dual public health and financial crisis. We anticipate continued disruption to daily commerce, depressed travel/tourism, entertainment and other related sectors and a reduction in demand for exported goods such a bauxite, alumina and energy related products. These have materially impacted the countries in which the JMMB Group operates with a slow recovery expected in the short to medium term.

Given the economic fallout, personal and corporate income may continue to be materially impacted with rising unemployment. Corporate clients, including SMEs, are expected to be experiencing significant declines in their revenue. This impact may include potential closures particularly in those sectors directly affected by the pandemic as a result of the measures taken to combat the spread which include restrictions on movement, travel and gatherings. Economies globally have been faced with reduced economic activity and consequently reduced revenue flows, increased expenditure to support the vulnerable and therefore widening fiscal deficits. In most cases, the countries in which JMMB operates have faced increased debt/GDP levels. On the positive side however, all of the countries in which JMMB operates have fiscal room to absorb the effects of the pandemic, at least in the short term, with Jamaica and the Dominican Republic in particular, experiencing improved debt levels.

In response to the challenges, governments globally and regionally, have reduced interest rates to unprecedented lows and have increased direct cash transfers to members of their society. The result has been an increase in liquidity levels in the financial markets with some assets experiencing historically low yields. Financial markets have also responded with risk aversion. While these risks have been mitigated to some extent by the actions of governments and regulators in the various jurisdictions, there is the risk that a resurgence in the spread of the virus and/or slow rollout or lack of effectiveness of the vaccines may cause market conditions to deteriorate.

The JMMB Group operates in multiple segments of the financial sector in territories that face unique challenges and are highly susceptible to the impact of the Covid-19 pandemic. The Group continues to monitor its exposure to systemic risk and has increased its focus on active management of capital, liquidity and operational risks.

31. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Impact of Covid-19 (continued)

There is a framework in place to ensure that all entities within the Group are adequately capitalised through the Internal Capital Adequacy Assessment Process (ICAAP) and that these entities have sufficient liquid assets and ready access to financing to support business operations and growth. Furthermore, the Group has developed contingency plans to ensure that the impact on the JMMB Group would be manageable and to facilitate timely responses. Across the region, the Group has activated its Business Continuity Plan (BCP) to ensure that our clients, team members and other key stakeholders remain safe and that the Group is prepared for any eventuality. We are following all announcements and advisories by the respective Ministries of Health in all territories and our actions will be guided accordingly. We continue to operate with a high level of urgency to ensure that the Group is well prepared and actively responding to the Covid-19 pandemic.

In response to the pandemic, management has adopted several measures specifically around financial risk management. These measures include the following:

(i) Enhanced monitoring of market movements by the Risk Unit and the impact on the credit and investment portfolios and the resulting impact on capital and liquidity to support timely decision making.

(ii) The Management Credit Committee, Liquidity Management Committee and the Asset and Liability Committees within the Group meet regularly to discuss strategies and plans around managing the liquidity and the capital needs of the Group.

(iii) Ensuring that the Group's recovery plan for banking and investments subsidiaries is kept up to date. The key aspects of the plan include:

- Measures to secure sufficient funding and adequate availability;
- Contingency arrangements that enable continuation of operations as recovery measures are being implemented;
- Actions that can be taken to strengthen the entity's capital base;
- A clear description of the escalation and decision-making process to ensure that the plan can be executed in a timely manner; and
- Crisis Management and Communication plan to ensure that stakeholders (internal and external) are given timely and appropriate information during the recovery process.

(iv) The implementation of measures to assist clients during this pandemic, such as:

- Payment holidays on loans – The Group continues to work with clients that are impacted by the pandemic in keeping with the guidelines set out by the regulators in the various jurisdictions. The Group will continue to proactively assess the credit portfolio and work with clients to ensure adequate support is provided which may include the restructuring of select credit facilities;

31. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Impact of Covid-19 (continued)

(v) The implementation of measures to assist clients during this pandemic, such as (continued):

- Management overlays – In recognition of the likely financial impact, the Group has proactively reclassified a portion of the credit portfolio with extended payment holidays to Stage 2 and has taken increased specific provisions based on management's assessment. The Group also continues to provide for expected credit losses in accordance with IFRS 9 and has adjusted its forward looking-information factor to reflect the impact of the expected socio-economic conditions; and

- Special arrangements with clients, such as amending their collateral/margin requirements on select products based on their needs.

(b) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from, commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as credit derivatives (credit default swaps), financial guarantees, letters of credit, endorsements and acceptances. The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

(i) Management of credit risk

Credit risk is a significant risk for the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports regularly to the Board of Directors and head of each business unit.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

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, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD).

(i) Loans and notes receivable (including commitments and guarantees)

The Covid-19 pandemic has caused significant market volatility which has increased the Group's credit risk. The downgrading of credit ratings and/or the outlook for investments securities has resulted in an increase in the credit risk of debt securities and loans.

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Management of credit risk (continued)

Key financial assets are managed as follows:

(i) Loans and notes receivable (including commitments and guarantees) (continued)

The Group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

Exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees. Counterparty limits are established by the use of a credit classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risk to which it is exposed and to take corrective action.

The Group assesses the probability of default of individual counterparties using internal ratings. Clients of the Group are segmented into rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class.

Rating grades	Description of the grade
1	Excellent
2	Good credit
3	Average credit
4	Acceptable
5	Marginal
6	Substandard
7	Doubtful
8	Loss

Loans and notes receivable that are cash-secured are included in the credit classification as Risk Rated 1, based on the Group's rating grades.

(ii) Investments and resale agreements

The Group limits its exposure to credit risk by investing in liquid securities with counterparties that have high credit quality. As a consequence, management's expectation of default is low.

The Group has documented investment policies which facilitate the management of credit risk on investment securities and resale agreements. The Group's exposure and the credit ratings of its counterparties are continually monitored.

(iii) Cash and cash equivalents

Cash and cash equivalents are held in financial institutions which management regards as strong and there is no significant concentration. The strength of these financial institutions is continually reviewed by the Risk Management Committee.

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis

The following table sets out information about the credit risk and the credit quality of financial assets measured at amortised cost and debt instruments measured a fair value through other comprehensive income (FVOCI). Unless specifically indicated amounts in the table represent gross carrying amounts. For loan commitments, the amounts in the table represent the amounts committed.

Loans and notes receivable at amortised cost (note 13):

	The Group			
	2021			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Credit grade				
Standard monitoring	104,415,121	4,174,029	-	108,589,150
Special monitoring	2,412	8,072,270	-	8,074,682
Default	-	-	7,226,572	7,226,572
	104,417,533	12,246,299	7,226,572	123,890,404
Loss allowance [note 31(b)(vi)(v)]	(1,161,969)	(719,547)	(2,552,741)	(4,434,257)
	103,255,564	11,526,752	4,673,831	119,456,147

	2020			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Credit grade				
Standard monitoring	89,063,460	1,489,535	-	90,552,995
Special monitoring	3,883	5,660,300	-	5,664,183
Default	-	-	5,662,351	5,662,351
	89,067,343	7,149,835	5,662,351	101,879,529
Loss allowance [note 31(b)(vi)(v)	(930,166)	(300,961)	(1,807,329)	(3,038,456)
	88,137,177	6,848,874	3,855,022	98,841,073

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Loans and notes receivable at amortised cost (note 14) (continued):

The Group

	2021			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Ageing of loans and notes receivable				
Neither past due nor impaired	94,413,228	7,023,343	-	101,436,571
Past due 1-30 days	10,004,305	559,066	-	10,563,371
Past due 31-60	-	3,444,240	-	3,444,240
Past due 61-90	-	1,219,650	-	1,219,650
More than 90 days	-	-	7,226,572	7,226,572
Total	104,417,533	12,246,299	7,226,572	123,890,404

	2020			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Ageing of loans and notes receivable				
Neither past due nor impaired	80,711,497	1,738,632	-	82,450,129
Past due 1-30 days	8,355,846	647,879	-	9,003,725
Past due 31-60	-	2,975,633	-	2,975,633
Past due 61-90	-	1,787,691	-	1,787,691
More than 90 days	-	-	5,662,351	5,662,351
Total	89,067,343	7,149,835	5,662,351	101,879,529

For financial assets not recognised at the reporting date:

	The Group	
	2021	**2020**
	Stage 1 $'000	**Stage 1 $'000**
Loan commitments	4,239,470	7,168,273
Guarantees and letters of credit	969,433	707,380
	5,208,903	7,875,653

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Loans and notes receivable at amortised cost:

	The Company	
	2021	**2020**
	Stage 1	**Stage 1**
	$'000	**$'000**
Credit grade		
Standard monitoring	42,030,533	21,920,734
Loss allowance [note 31(b)(vi)(v)]	(85,551)	(60,524)
	41,944,982	**21,860,210**

	The Company	
	2021	**2020**
	Stage 1	**Stage 1**
	$'000	**$'000**
Ageing of loans and notes receivable		
Neither past due nor impaired	**42,030,533**	**21,920,734**

Debt securities at amortised cost (note 16):

	The Group	
	2021	**2020**
	Stage 1	**Stage 1**
	$'000	**$'000**
Credit grade		
Watch	12,535,018	10,897,381
Loss allowance [note 31(b)(vi)(v)]	(60,202)	(290,602)
	12,474,816	**10,606,779**

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Debt securities at FVOCI (note 16):

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Investment grade	10,822,258	-	-	10,822,258
Watch	223,431,007	3,002,577	-	226,433,584
Speculative	3,353,774	13,868	-	3,367,642
Default	-	-	344,048	344,048
	237,607,039	**3,016,445**	**344,048**	**240,967,532**
Loss allowance [note 31(b)(vi)(v)]	**1,218,112**	**68,895**	**144,210**	**1,431,217**

	2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Investment grade	8,731,862	-	-	8,731,862
Watch	162,256,810	30,435	-	162,287,245
Speculative	3,462,731	521,150	-	3,983,881
Default	-	-	145,699	145,699
	174,451,403	**551,585**	**145,699**	**175,148,687**
Loss allowance [note 31(b)(vi)(v)]	**900,519**	**121,291**	**2,272**	**1,024,082**

Securities purchased under agreement to resell at amortised cost (note 15):

	The Group	
	2021	2020
	Stage 1	Stage 1
	$'000	$'000
Watch	3,300,000	6,000,000

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Securities purchased under agreement to resell at amortised cost (note 15) (continued):

	The Company	
	2021	**2020**
	Stage 1	**Stage 1**
	$'000	**$'000**
Watch	1,274,460	1,146,799
Loss allowance [note 31 (b)(vi)(v)]	(11)	(10)
	1,274,449	**1,146,789**

(iii) Exposure to credit risk

The maximum exposure to credit risk is the amount of loss that should be suffered if every counterparty to the Group's financial assets were to default at once. These are represented by the carrying amounts of financial assets on the statement of financial position.

Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. The Group does not occupy repossessed properties for business or other use. The carrying value of the loans on which the collateral was repossessed during the year was $44,275,000 (2020: $149,388,000).

Renegotiated loans and leases

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continual review.

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

	The Group				
	2021				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector:					
Government of Jamaica	-	-	-	105,111,447	105,111,447
Other sovereign bonds	-	-	-	54,390,360	54,390,360
Bank of Jamaica	13,832,716	-	-	23,198,366	37,031,082
Corporate	-	55,808,377	-	58,305,321	114,113,698
Financial institutions	53,460,207	4,719,931	3,299,973	683,342	62,163,453
Retail	-	58,927,839	-	-	58,927,839
Other	-	-	-	20,703,211	20,703,211
	67,292,923	**119,456,147**	**3,299,973**	**262,392,047**	**452,441,090**
Concentration by location:					
Jamaica	30,381,281	72,636,433	3,299,973	149,313,387	255,631,074
North America	11,396,379	1,367,097	-	3,626,546	16,390,022
Trinidad and Tobago	18,043,490	32,501,450	-	39,647,687	90,192,627
Dominican Republic	3,062,874	6,429,955	-	45,791,469	55,284,298
Other	4,408,899	6,521,212	-	24,012,958	34,943,069
	67,292,923	**119,456,147**	**3,299,973**	**262,392,047**	**452,441,090**

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk (continued)

The Group

	2020				
	Cash and cash equivalents	**Loans and notes receivable**	**Resale agreements**	**Investment securities**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Concentration by sector:					
Government of Jamaica	-	-	-	85,064,156	85,064,156
Other sovereign bonds	-	-	-	31,723,649	31,723,649
Bank of Jamaica	10,841,573	-	-	12,716,402	23,557,975
Corporate	-	45,960,449	-	61,981,994	107,942,443
Financial institutions	31,794,427	3,407,233	5,999,962	784,320	41,985,942
Retail	-	49,473,391	-	-	49,473,391
	42,636,000	**98,841,073**	**5,999,962**	**192,270,521**	**339,747,556**
Concentration by location:					
Jamaica	19,427,572	56,555,635	5,695,952	115,979,967	197,659,126
North America	4,193,158	921,456	-	4,454,356	9,568,970
Trinidad and Tobago	14,139,344	33,073,988	304,010	29,266,595	76,783,937
Dominican Republic	2,673,494	3,787,156	-	33,142,596	39,603,246
Other	2,202,432	4,502,838	-	9,427,007	16,132,277
	42,636,000	**98,841,073**	**5,999,962**	**192,270,521**	**339,747,556**

The Company

	2021				
	Cash and cash equivalents	**Loans and notes receivable**	**Resale agreements**	**Investment securities**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Concentration by sector:					
Financial institutions	44,323	41,944,982	1,274,449	4,033	43,267,787
Concentration by location:					
Jamaica	44,323	40,471,422	719,272	-	41,235,017
Trinidad and Tobago	-	1,473,560	555,177	-	2,028,737
North America	-	-	-	4,033	4,033
	44,323	**41,944,982**	**1,274,449**	**4,033**	**43,267,787**

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk (continued)

	The Company				
	2020				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector:					
Financial institutions	12,068	21,860,210	1,146,789	4,033	23,023,100
Concentration by location:					
Jamaica	12,068	20,386,650	647,039	-	21,045,757
Trinidad and Tobago	-	1,473,560	499,750	-	1,973,310
North America	-	-	-	4,033	4,033
	12,068	**21,860,210**	**1,146,789**	**4,033**	**23,023,100**

(v) Collateral and other credit enhancements held against financial assets

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

- Loans and notes receivable – Cash and other near cash securities, mortgages over commercial and residential properties, charges over general business assets such as premises, equipment, inventory, accounts receivable, marketable securities and motor vehicles.

- Resale agreements – Government of Jamaica and Bank of Jamaica securities. The collateral obtained (including accrued interest) is at least 100% of the sum of the principal value of the resale agreement plus interest to be earned.

Management monitors the market value of collateral held and where necessary, requests additional collateral in accordance with the underlying agreement.

The Group holds collateral against loans and advances to customers and others in the form of mortgage interests over property, other registered securities over other assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held for balances with banks or broker/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities.

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(v) Collateral and other credit enhancements held against financial assets (continued)

An estimate, made at the time of borrowing, of the fair value of collateral and other security enhancements held against loans to borrowers and others is shown below:

	The Group				The Company			
	Loans and notes receivable		Resale agreements		Loans and notes receivable		Resale agreements	
	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:								
Cash secured	3,925,206	5,458,390	-	-	42,030,533	21,920,734		1,740,460
Property	59,237,721	28,513,217	-	-	-	-		-
Debt securities	18,941,785	19,887,457	3,715,174	6,168,318	-	-		-
Liens on motor vehicles	20,217,699	15,570,198	-	-	-	-		-
Equities	220,615	-	-	-	-	-		-
Other	21,617,363	2,430,794	-	-	-	-		-
Subtotal	**124,160,389**	**71,860,056**	**3,715,174**	**6,168,318**	**42,030,533**	**21,920,734**		**1,740,460**
Against past due but not impaired financial assets:								
Cash secured	3,157,520	833,755	-	-	-	-		-
Property	6,741,506	7,858,236	-	-	-	-		-
Liens on motor vehicles	2,366,777	2,034,305	-	-	-	-		-
Debt securities	2,768,268	529,804	-	-	-	-		-
Equities	1,906	-	-	-	-	-		-
Other	1,355,700	261,229	-	-	-	-		-
Subtotal	**16,391,677**	**11,517,329**	-	-	-	-		-
Against past due and impaired financial assets:								
Cash secured	9,009	25,213	-	-	-	-		-
Debts securities	84,732	106,929	-	-	-	-		-
Property	3,721,191	23,088,081	-	-	-	-		-
Liens on motor vehicles	536,759	465,578	-	-	-	-		-
Equities	-	162,319	-	-	-	-		-
Other	538,758	10,803,530	-	-	-	-		-
Subtotal	**4,890,449**	**34,651,650**	-	-	-	-		-
Total	**145,442,515**	**118,029,035**	**3,715,174**	**6,168,318**	**42,030,533**	**21,920,734**		**1,740,460**

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the 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. Details of how the Group determines when a significant increase in credit risk has occurred, are described below.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A description of inputs, assumptions and estimation techniques used in measuring the ECL is provided below.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. An explanation of how the Group incorporates this in its ECL models, is included in section (iii) below.
- 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).

The key inputs, assumptions and techniques used for estimating impairment adopted by the Group are as follows:

(i) Significant increase in credit risk

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

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime probability of default (PD) as at the reporting date with the remaining lifetime PD that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

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

- quantitative test based on movement in probability of default (PD);
- qualitative indicators; and
- backstop of 30 days past due.

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Credit risk grades:

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

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 retail exposures; and turnover and industry type for corporate exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A-rating grade is lower than the difference in the PD between a B and B- rating grade.

The following are additional considerations for each type of portfolio held by the Group:

Retail

For retail business, the rating is determined at the borrower level. After the date of initial recognition, the payment behaviour of the borrower is monitored on a periodic basis and adjusted as may be necessary. Any other known information about the borrower which impacts their creditworthiness such as unemployment and previous delinquency history is also incorporated into the behavioural score. This score is mapped to a PD.

Commercial & Corporate

For commercial and corporate business, the rating is determined at the borrower level. A relationship manager will incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition, the credit risk manager will also update information about the creditworthiness of the borrower on an annual basis from sources such as financial statements. This will determine the updated internal credit rating and PD.

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Credit risk grades (continued)

Treasury

For debt securities in the treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's term structure associated with each grade are determined based on realised default rates as derived from the average 12-month through-the-cycle (TTC) transition matrices published by the external rating agencies.

The Group's rating method comprises 21 rating levels for instruments not in default (1 to 21) and two default classes (22 to 23). The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating methods are subject to periodic (at least once every three years) validation and recalibration so that they reflect the latest projections in light of observed defaults.

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 instrument.

Generating the term structure of PD:

Credit risk grades are the primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction and by type of product and borrower as well as by credit risk grading.

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

Determining when credit risk has increased significantly:

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower and the geographical region.

The Group considers that there is a significant increase in credit risk for its loans portfolio no later than when a loan is more than 30 days past due or downgraded by more than two notches in its internal ratings. The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This is the case for exposures that meet certain heightened risk criteria such as placement on a watch list.

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Determining when credit risk has increased significantly (continued)

The Group considers that there is a significant increase in credit risk for its investment portfolio when there is a decrease in credit rating as follows: a three-notch downgrade from investment grade to non-investment grade (below BBB-); a two-notch downgrade within or outside the BB/B bucket; or a one-notch downgrade within or outside the B-, CCC, CC and C buckets.

Financial instruments for which it is determined that there is a significant increase in credit risk are transferred from stage 1 to stage 2 and impairment loss is measured based on lifetime expected credit loss.

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 as 12-month ECL.

Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has 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.

(ii) Definition of default:

The Group considers the following quantitative and qualitative factors in determining whether a financial asset is in default:

- The borrower is more than 90 days past due on its obligation to the Group.
- A decrease in internal rating of RR6 or higher
- The borrower is unlikely to pay its obligation to the Group in full, without recourse by the Group to actions such as realising security. This may arise from instances such as bankruptcy, long-term forbearance, insolvency, breach of financial covenants, death and restructuring.

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

Financial assets classified as ‘default’ are transferred to stage 3 and impairment loss is measured based on lifetime expected credit losses.

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(iii) Incorporation of forward-looking information

The Group incorporates forward-looking information into the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of the expected credit losses (ECL).

The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

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

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

The Group formulates three scenarios: a base case, which is the median scenario, and assigned a 75% probability of occurring and two less likely scenarios; being best, assigned a rating of 10% and worst, assigned a rating of 15%. The base case is aligned with information used by the Group for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecast published by government bodies, monetary bodies and supranational organisations such as the International Monetary Fund.

The scenario weightings are determined by a combination of statistical analysis and expert credit judgement.

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.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments, and using the scorecard approach has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has assessed that the key drivers of its sovereign portfolio are debt to GDP ratio, current account to GDP ratio and net international reserves with weightings of 30%, 20% and 50%, respectively. The drivers for the corporate portfolio are debt to GDP ratio, annual inflation rate and GDP annual growth rate with weightings of 10%, 30% and 60%, respectively. The drivers for the retail (individual) loan portfolio are interest rate (i.e. policy rates as issued by central banks), unemployment rate and consumer price index with weightings of 30%, 35% and 35% respectively.

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(iii) Incorporation of forward-looking information (continued)

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 collateral values change are monitored and reviewed on a quarterly basis.

(iv) Computation of the expected credit losses (ECL)

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

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

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

Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next twelve months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

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

The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation.

EAD is no longer taken as the gross carrying amount at the time of default. Instead, EAD is computed as the sum of the amortized amount and accrued interest to reflect contractual cash flows.

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

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(iv) Computation of the expected credit losses (ECL) (continued)

The Group employs a simplified scorecard in estimating its forward-looking indicator factors. This model differentiates between sovereign, corporate and retail loan exposures. A minimum of three leading macroeconomic variables are used for each asset class. There were no other significant changes in estimation techniques or significant assumptions made during the reporting period.

(v) Loss allowance

The loss allowance recognised in the period is impacted by the following factors:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;

- Additional allowances for new financial instruments recognised during the year, as well as releases for financial instruments de-recognised in the period;

- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;

- Impacts on the measurement of ECL due to changes made to models and assumptions;

- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;

- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and

- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

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

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Loans and notes receivable at amortised cost (see note 13):

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	930,187	300,959	1,807,310	3,038,456
Transfer from Stage 1 to Stage 2	(284,501)	284,501	-	-
Transfer from Stage 1 to Stage 3	(365,919)	-	365,919	-
Transfer from Stage 2 to Stage 3	-	(40,496)	40,496	-
Transfer from Stage 2 to Stage 1	18,336	(18,336)	-	-
Transfer from Stage 3 to Stage 2	-	2,695	(2,695)	-
Transfer from Stage 3 to Stage 1	1,223	-	(1,223)	-
Financial assets derecognised during period	(452,566)	(86,604)	(629,398)	(1,168,568)
New financial assets originated or purchased	595,007	63,977	167,435	826,419
Paydowns	578,362	11,755	320,789	910,906
Net remeasurement of loss allowance	(1,216)	1,625	123,954	124,363
Foreign exchange and other movements	143,056	199,471	360,154	702,681
Balance at 31 March	1,161,969	719,547	2,552,741	4,434,257

	The Group			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	363,824	214,888	1,274,936	1,853,648
Transfer from Stage 1 to Stage 2	(70,680)	70,680	-	-
Transfer from Stage 1 to Stage 2	(212,478)	-	212,478	-
Transfer from Stage 1 to Stage 2	-	(77,149)	77,149	-
Transfer from Stage 1 to Stage 2	7,454	(7,454)	-	-
Transfer from Stage 1 to Stage 2	-	650	(650)	-
Transfer from Stage 1 to Stage 2	3,722	-	(3,722)	-
Financial assets derecognised during period	(329,581)	(12,183)	(71,910)	(413,674)
New financial assets originated or purchased	789,356	35,831	98,605	923,792
Paydowns	378,513	48,142	18,654	445,309
Net remeasurement of loss allowance	13,969	-	6,891	20,860
Foreign exchange and other movements	(13,912)	27,554	194,879	208,521
Balance at 31 March	930,187	300,959	1,807,310	3,038,456

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Loans and notes receivable at amortised cost (see note 13) (continued):

	The Company	
	2021	2020
	Stage 1 $'000	Stage 1 $'000
Balance at 1 April	60,524	267,645
Net re-measurement of loss allowance	25,027	(207,121)
Balance at 31 March	85,551	60,524

Debt securities at amortised cost (see note 16):

	The Group			
	2021			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at 1 April	100,157	-	190,445	290,602
Financial assets derecognised during period	(68,214)	-	(190,445)	(258,659)
Financial assets transferred during period	7,100	-	-	7,100
New financial assets originated or purchased	4,179	-	-	4,179
Net remeasurement of loss allowance	16,980	-	-	16,980
Balance at 31 March	60,202	-	-	60,202

	The Group			
	2020			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at 1 April	90,589	-	190,445	281,034
Financial assets derecognised during period	(7,939)	-	-	(7,939)
New financial assets originated or purchased	20,500	-	-	20,500
Net remeasurement of loss allowance	(2,993)	-	-	(2,993)
Balance at 31 March	100,157	-	190,445	290,602

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Securities purchased under agreements to resell (see note 15):

	The Group	
	2021	2020
	Stage 1	Stage 1
	$'000	$'000
Balance at 1 April	38	-
Net remeasurement of loss allowance	(12)	38
Balance at 31 March	26	38

	The Company	
	2021	2020
	Stage 1	Stage 1
	$'000	$'000
Balance at 1 April	10	1,525
Net remeasurement of loss allowance	1	(1,515)
Balance at 31 March	11	10

Debt securities at FVOCI:

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	900,519	121,291	2,272	1,024,082
Transfer from Stage 1 to Stage 2	(3,859)	3,859	-	-
Transfer from Stage 1 to Stage 3	(1,343)	-	1,343	-
Financial asset derecognised	(245,685)	(118,693)	(2,273)	(366,651)
Financial asset transferred	111,747	-	-	111,747
New financial assets originated or purchased	632,019	136	418	632,573
Foreign exchange and other movements	(175,286)	62,302	142,450	29,466
Balance at 31 March	1,218,112	68,895	144,210	1,431,217

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Securities purchased under agreements to resell (see note 15):

	The Group			
	2020			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at 1 April	604,544	3,025	20,576	628,145
Transfer from Stage 1 to Stage 2	(19,733)	19,733	-	-
Financial asset derecognised	(198,378)	(2,460)	(20,311)	(221,149)
New financial assets originated or purchased	573,736	120,156	1,997	695,889
Foreign exchange and other movements	(59,650)	(19,163)	10	(78,803)
Balance at 31 March	900,519	121,291	2,272	1,024,082

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet the payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay investors/depositors and to fulfil loan commitments.

A Liquidity Management Committee meets at least monthly and more frequently where management considers that heightened monitoring and coordination of liquidity exposures across the Group is warranted.

The Group is exposed to daily calls on its available cash resources from overnight placement of funds, maturing placement of funds and loan draw-downs. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of fund outflows can be predicted with a high level of certainty.

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

The Group has implemented a liquidity risk response strategy, including stress testing for entities within the Group

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31. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Liquidity risk management process

The Group's liquidity management process includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;

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

(iii) Optimising cash returns on investments; and

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

The tables below present the residual contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the Group's and the Company's financial liabilities:

	2021				
	The Group				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Customer deposits	69,866,521	54,591,169	8,857,035	133,314,725	128,303,836
Due to other banks	-	2,623	7,481,041	7,483,664	6,026,824
Securities sold under agreements to repurchase	171,529,145	59,415,592	-	230,944,737	227,730,286
Notes payable	25,042,943	5,492,921	24,075,139	54,611,003	48,328,592
Lease liabilities	67,931	256,039	1,363,585	1,687,555	1,588,571
Redeemable preference shares	417,139	1,251,418	36,217,015	37,885,572	28,021,391
Other payables	5,934,581	-	-	5,934,581	7,530,340
	272,858,260	121,009,762	77,993,815	471,861,837	447,529,840

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31. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Liquidity risk management process (continued)

The tables below present the residual contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the Group's and the Company's financial liabilities:

	2020 The Group				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Customer deposits	47,659,303	54,252,707	3,636,090	105,548,100	104,183,074
Due to other banks	-	47,308	231,953	279,261	210,605
Securities sold under agreements to repurchase	138,788,945	42,268,359	-	181,057,304	179,589,980
Notes payable	6,066,933	14,488,605	31,124,963	51,680,501	45,087,432
Lease liabilities	102,982	308,760	1,999,098	2,410,840	1,948,668
Redeemable preference shares	1,061,676	2,259,129	23,016,661	26,337,466	17,116,952
Interest payable	1,633,703	-	-	1,633,703	1,633,703
Other payables	6,777,046	-	-	6,777,046	6,777,046
	202,090,588	113,624,868	60,008,765	375,724,221	356,547,460

	2021 The Company				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Notes payable	109,349	904,973	17,669,607	18,683,929	16,179,947
Redeemable preference shares	417,139	1,251,418	36,217,015	37,885,572	28,021,391
Interest payable	275,937	-	-	275,937	275,937
Due to subsidiary	12,189,126	-	-	12,189,126	12,189,126
Other payables	18,865	-	-	18,865	18,865
	13,010,416	2,156,391	53,886,622	69,053,429	56,685,266

31. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Liquidity risk management process (continued)

The tables below present the residual contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the Group's and the Company's financial liabilities (continued):

	2020				
	The Company				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Notes payable	110,815	7,365,937	29,508,555	36,985,307	30,220,403
Redeemable preference shares	182,025	1,638,227	20,774,273	22,594,525	17,116,952
Interest payable	517,429	-	-	517,429	517,429
Due to subsidiary	8,553,473	-	-	8,553,473	8,553,473
Other payables	27,978	-	-	27,978	27,978
	9,391,720	9,004,164	50,282,828	68,678,712	56,436,235

(d) Market risk

The Group assumes market risk, which is the risk of changes in market prices, such as interest rates, equity prices, foreign exchange rates and commodity prices that will affect the Group's income or fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return on risk.

The overall responsibility for market risk oversight is vested in the Board Risk Committee. The Risk Department is responsible for the development of detailed risk management policies (subject to review and approval by the Board Risk Committee) and for the day-to-day review of their implementation.

The principal tool used to measure and control market risk exposures within the Group is Value at Risk (VaR). The VaR of a portfolio is the estimated loss that will arise on the portfolio over a specified period of time (the holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the Group is based on a 99 percent confidence level and assumes a 10 day holding period. The VaR model used is based mainly on the Monte Carlo simulation model. Taking account of market data from the previous year and observed relationships between differences in market prices, the model generates a wide range of plausible future scenarios for market price movements.

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations, including the following:

- A 10 day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a reasonable assumption, but may not be the case in situations in which there is severe market illiquidity for a prolonged period;
- A 99% confidence level does not reflect losses that may occur beyond this level. Even within the model used, there is a one percent probability that losses could exceed the VaR;
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day;
- The use of historical data to determine the relationships between different market prices may not cover all possible scenarios, as these relationships may break down in times of market stress; and
- The VaR measure is dependent on the Group's positions and volatility of market prices. The VaR of an unchanged position reduces if the market prices volatility declines and vice-versa.

The Group uses VaR limits for its overall portfolio and for sub-portfolios. The overall structure of VaR limits is subject to review and approval by the Board Risk Committee. VaR is measured at least once daily. Daily reports of utilization of VaR limits are prepared by the Risk department and regular summaries submitted to the Board Risk Committee.

A summary of the VaR position of the Group's overall portfolio as at 31 March 2021 and during the year then ended is as follows:

	31 March	Average for Year	Maximum during Year	Minimum during Year
	$'000	$'000	$'000	$'000
2021 Overall VaR	9,193,285	12,085,707	28,597,903	5,948,407
2020 Overall VaR	18,247,038	19,948,529	22,747,933	18,247,038

The limitations of the VaR methodology are recognised by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration of risks within the portfolio.

The Covid-19 pandemic has caused increased volatility in asset prices which has increased the Group's market risk. While market conditions have generally improved since the onset of the pandemic, we anticipate continued volatility as the impact on many countries will likely continue in the short to medium term.

31. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions that it undertakes in foreign currencies that give rise to the net currency gains and losses recognised during the year. Such exposures comprise the assets and liabilities of the Group that are not denominated in its functional currency. The Group ensures that the risk is kept to an acceptable level by monitoring its value at risk exposure.

At the reporting date, the Jamaica dollar equivalents of net foreign currency assets were as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
United States dollars	8,031,629	(16,307,169)	18,737	(523,621)
Great Britain Pounds	758,122	120,699	-	-
Euros	40,299	63,670	-	-
Trinidad and Tobago dollars	636,033	575,956	55	499,914
Canadian dollars	407,954	205,055	-	-
Peso	44,891	-	-	-

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and Company had significant exposure on their monetary assets and liabilities and the estimated effect of changes in rates on profit for the year. The change in currency rates below represents management's assessment of a reasonably probable change in foreign exchange rates at the reporting date:

	The Group			
	2021		**2020**	
	Change in Currency Rate	**Effect on Profit**	**Change in Currency Rate**	**Effect on Profit**
	%	**$'000**	**%**	**$'000**
Currency:				
USD	6	481,898	6	(978,430)
GBP	6	45,487	6	7,242
EUR	6	2,418	6	3,820
TT	6	38,162	6	34,557
CAD	6	24,477	6	12,303
Peso	6	2,693	-	-
		595,135		(920,508)

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity (continued)

The Group

	2021		2020	
	Change in Currency Rate %	**Effect on Profit $'000**	**Change in Currency Rate %**	**Effect on Profit $'000**
Currency:				
USD	-2	(160,633)	-2	326,143
GBP	-2	(15,162)	-2	(2,414)
EUR	-2	(806)	-2	(1,273)
TT	-2	(12,721)	-2	(11,519)
CAD	-2	(8,159)	-2	(4,101)
Peso	-2	(898)	-	-
		(198,379)		**306,836**

The Company

	2021		2020	
	Change in Currency Rate %	**Effect on Profit $'000**	**Change in Currency Rate %**	**Effect on Profit $'000**
Currency:				
USD	6	11,243	6	(31,417)
TT	6	33	6	29,995
		11,276		**(1,422)**
USD	-2	(375)	-2	10,472
TT	-2	(11)	-2	(9,998)
		(386)		**474**

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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 following tables summarise the Group's and the Company's exposures to interest rate risk and the possible effect to earnings. It includes the Group's and the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group					
	2021					
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets						
Cash and cash equivalents	67,268,895	-	-	-	24,028	67,292,923
Interest receivable	-	-	-	-	4,253,222	4,252,222
Loans and notes receivable	36,632,960	5,684,460	22,855,585	52,998,297	1,284,845	119,456,147
Securities purchased under agreements to resell	3,299,973	-	-	-	-	3,299,973
Investment securities	17,548,089	2,385,393	22,774,062	214,690,055	4,994,448	262,392,047
Other receivables	-	-	117,886	100,537	4,008,595	4,227,018
Total interest bearing assets	124,749,917	8,069,853	45,747,533	267,788,889	14,565,138	460,921,330
Financial Liabilities						
Customer deposits	76,337,306	24,551,334	24,565,087	2,850,109	-	128,303,836
Due to other financial institutions	-	-	2,485	6,024,339	-	6,026,824
Securities sold under agreements to repurchase	169,069,973	30,127,058	28,533,255	-	-	227,730,286
Notes payable	11,052,577	-	6,058,038	31,217,977	-	48,328,592
Lease liabilities	78,986	74,868	151,822	1,282,895	-	1,588,571
Redeemable preference shares	729,785	-	5,603,927	21,687,679	-	28,021,391
Interest payable	-	-	-	-	1,978,908	1,978,908
Other payables	-	672,929	12,628	936,551	5,908,232	7,530,340
Total financial liabilities	257,268,627	55,426,189	64,927,242	63,999,550	7,887,140	449,508,748
Total interest rate sensitivity gap	(132,518,710)	(47,356,336)	(19,179,709)	203,789,339	6,677,998	11,412,582
Cumulative interest rate sensitivity gap	(132,518,710)	(179,875,046)	(199,054,755)	4,734,584	11,412,582	

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group					
	2020					
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	28,574,658	-	16,152	-	14,045,190	42,636,000
Interest receivable	-	-	-	-	3,504,722	3,504,722
Loans and notes receivable	15,879,238	26,911,683	2,762,143	51,981,714	1,306,295	98,841,073
Other receivables	-	-	-	-	6,992,662	6,992,662
Investment securities	20,558,590	10,711,125	1,183,552	154,940,074	4,877,180	192,270,521
Securities purchased under agreements to resell	5,153,732	846,230	-	-	-	5,999,962
Total financial assets	70,166,218	38,469,038	3,961,847	206,921,788	30,726,049	350,244,940
Financial Liabilities						
Customer deposits	70,271,104	13,909,599	16,714,193	3,288,178	-	104,183,074
Due to other financial institutions	-	-	46,025	164,580	-	210,605
Securities sold under agreements to repurchase	138,293,865	27,575,942	13,720,173	-	-	179,589,980
Notes payable	6,521,287	12,334,211	1,154,694	25,077,240	-	45,087,432
Lease liabilities	75,226	76,027	156,019	1,641,396	-	1,948,668
Redeemable preference shares	672,683	-	5,603,927	10,840,342	-	17,116,952
Interest payable	-	-	-	-	1,633,703	1,633,703
Other payables	-	-	-	-	6,777,046	6,777,046
Total financial liabilities	215,834,165	53,895,779	37,395,031	41,011,736	8,410,749	356,547,460
Total interest rate sensitivity gap	(145,667,947)	(15,426,741)	(33,433,184)	165,910,052	22,315,300	(6,302,520)
Cumulative interest rate sensitivity gap	(145,667,947)	(161,094,688)	(194,527,872)	(28,617,820)	(6,302,520)	-

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company 2021					
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	44,323	-	-	-	-	44,323
Interest receivable	-	-	-	-	409,529	409,529
Loans and notes receivable	9,965,934	-	-	31,979,048	-	41,944,982
Other receivables	-	-	-	-	12,636,270	12,636,270
Securities purchased under agreements to resell	1,274,449	-	-	-	-	1,274,449
Investment securities	-	-	-	-	4,033	4,033
Total financial assets	11,284,706	-	-	31,979,048	13,049,832	56,313,586
Financial Liabilities						
Notes payable	-	-	-	16,179,947	-	16,179,947
Redeemable preference shares	-	-	5,603,926	22,417,465	-	28,021,391
Interest payable	-	-	-	-	275,937	275,937
Other payables	-	-	-	-	18,865	18,865
Due to subsidiary	-	-	-	-	12,189,126	12,189,126
Total financial liabilities	-	-	5,603,926	38,597,412	12,483,928	56,685,266
Total interest rate sensitivity gap	11,284,706	-	(5,603,926)	(6,618,364)	565,904	(371,680)
Cumulative interest rate sensitivity gap	11,284,706	11,284,706	5,680,780	(937,584)	(371,680)	-

	The Company 2020					
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	12,068	-	-	-	-	12,068
Interest receivable	-	-	-	-	223,365	223,365
Loans and notes receivable	854,598	6,443,362	-	14,562,250	-	21,860,210
Other receivables	-	-	-	-	183,185	183,185
Securities purchased under agreements to resell	1,146,789	-	-	-	-	1,146,789
Investment securities	-	-	-	-	4,033	4,033
Total financial assets	2,013,455	6,443,362	-	14,562,250	410,583	23,429,650
Financial Liabilities						
Notes payable	868,692	6,454,711	-	22,897,000	-	30,220,403
Redeemable preference shares	-	-	5,603,927	11,513,025	-	17,116,952
Interest payable	-	-	-	-	517,429	517,429
Other payables	-	-	-	-	27,978	27,978
Due to subsidiary	-	-	-	-	8,553,473	8,553,473
Total financial liabilities	868,692	6,454,711	5,603,927	34,410,025	9,098,880	56,436,235
Total interest rate sensitivity gap	1,144,763	(11,349)	(5,603,927)	(19,847,775)	(8,688,297)	(33,006,585)
Cumulative interest rate sensitivity gap	1,144,763	1,133,414	(4,470,513)	(24,318,288)	(33,006,585)	

JMMB GROUP LIMITED

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable probably change in interest rates, on the Group's interest income and gains recognised in other comprehensive income, with all other variables held constant.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net profit, based on the floating rate financial assets and financial liabilities. The sensitivity of stockholders' equity is calculated by revaluing fixed and variable rate FVOCI financial assets for the gross effects of the assumed changes in interest rates. The correlation of a number of variables will have an impact on market risk. Movements in these variables are non-linear and are assessed individually.

	The Group			
	2021		2020	
	Effect on Profit	Effect on Equity	Effect on Profit	Effect on Equity
	$'000	$'000	$'000	$'000
Change in basis points				
JMD/USD				
-100 (2019: -100)	61,656	14,306,457	126,101	9,518,742
+100 (2019:+100)	61,656	(8,334,500)	126,102	(9,226,584)

(iii) Equity price risk

Equity price risk arises on 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 maximise investment returns while managing risk so as to minimise potential adverse effects on the Group's financial performance.

The Group's equity securities are listed on the Jamaica and Trinidad and Tobago Stock Exchanges. A 5% (2020: 5%) increase in quoted bid prices at the reporting date would result in an increase of $345,707,000 (2020: $198,312,000) and $218,147,000 (2020: $76,763,000) in equity and profit respectively. A 10% (2020: 10%) decrease in quoted bid prices would result in a decrease of $691,415,000 (2020: $396,625,000) and $436,293,000 (2020: $153,525,000) in equity and profit, respectively.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

31. Financial Risk Management (Continued)

(e) Operational risk (continued)

The Group's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- requirement for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of a contingency plan; and
- risk mitigation, including insurance where this is effective.

Compliance with the Group's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to senior management and the Audit Committee.

(f) Capital management

The Company and its subsidiaries have regulatory oversight from several regulators that impose capital requirements for various entities.

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

(i) To comply with the capital requirements set by the regulators of the financial markets where the entities within the Group operate;

(ii) To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of its business.

The Board provides oversight of capital sufficiency and deployment within the Group. It determines internal capital limits in line with its stated risk appetite based on an annual internal capital adequacy assessment process and its allocation to the respective business units.

Capital adequacy and the use of regulatory capital are monitored monthly by the Group's management based on the guidelines developed by the Group's regulators and the Risk Management Unit. The required information is filed with the respective Regulatory Authorities at stipulated intervals.

JMMB GROUP LIMITED

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31. Financial Risk Management (Continued)

(f) Capital management (continued)

The regulated authorities require each regulated entity to:

(i) Hold the minimum level of the regulatory capital; and

(ii) Maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

Certain subsidiaries' regulatory capital is divided into two tiers:

(i) Tier 1 capital: share capital, share premium, retained earnings, investment revaluation reserve and cumulative translation reserve.

(ii) Tier 2 capital: redeemable preference shares and investment revaluation reserve.

The risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The regulated companies within the Group with prescribed capital requirements are Jamaica Money Market Brokers Limited (JMMB), JMMB Securities Limited (JMMBSL), JMMB Fund Managers Limited (JMMBFM), JMMB Insurance Brokers Limited (JMMBIB), JMMB Puesto de Bolsa, S.A., Banco Rio De Ahorro Y Credito JMMB Bank S.A (JMMBDR), JMMB Sociedad, S.A. (SAFI), AFP JMMB BDI S.A.(AFP), JMMB Bank (Jamaica) Limited (JMMBBJL) JMMB Bank (T&T) Limited (JMMBBTT), JMMB Express Finance (T&T) Limited (JMMBETT), JMMB Investments (Trinidad and Tobago) Limited (JMMBITT) and JMMB Securities Limited (T&T) (JMMBSTT), Jamaica Money Market Brokers (Trinidad and Tobago) Limited(JMMBTTH).

The table and notes below summarise the composition of regulatory capital and the ratios of the regulated companies within the Group for the years ended 31 March 2021 and 31 March 2020.

	JMMB		JMMBSL		JMMBIB	
	2021 J$'000	2020 J$'000	2021 J$'000	2020 J$'000	2021 J$'000	2020 J$'000
Regulatory capital –						
Tier 1 capital	19,966,642	13,632,986	647,028	733,729	231,587	178,987
Tier 2 capital	7,298,358	9,401,406	-	-	-	-
Total regulatory capital	27,265,000	23,034,392	647,028	733,729	231,587	178,987
Risk-weighted assets –						
On-balance sheet	182,875,356	140,567,586	2,005,502	1,798,906	-	-
Foreign exchange exposure	1,756,989	25,585,935	243,044	169,216	-	-
Total risk-weighted assets	184,632,345	166,153,521	2,248,546	1,968,122	-	-
Actual regulatory capital to risk weighted assets	15%	14%	29%	37%	-	-
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	-	-

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31. Financial Risk Management (Continued)

(f) Capital management (continued)

	JMMBETT		JMMBBTT		JMMBBJL	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	TT$'000	**TT$'000**	**TT$'000**	**TT$'000**	**J$'000**	**J$'000**
Regulatory capital –						
Tier 1 capital	21,183	19,111	210,035	210,035	10,805,533	8,553,285
Tier 2 capital	1,403	1,324	113,652	98,083	671,306	489,810
Total regulatory capital	22,586	20,435	323,685	308,118	11,476,839	9,043,095
Total required capital	-	-	-	-	8,830,291	6,856,463
Risk-weighted assets –						
On balance sheet	132,301	105,064	2,104,111	1,690,752	82,667,324	62,148,246
Off balance sheet	-	-	-	-	3,866,872	4,950,922
Foreign exchange exposure	-	-	-	-	1,769,709	1,465,461
	132,601	105,064	2,104,111	1,690,752	88,303,905	68,564,629
Actual regulatory capital to risk weighted assets	17%	19%	15%	16%	13%	13%
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	10%	10%

	JMMTTH		JMMBFM	
	2021	**2020**	**2021**	**2020**
	TT$'000	**TT$'000**	**$'000**	**$'000**
Tier 1 capital	285,266	300,610	813,361	689,394
Tier 2 capital	136,082	88,354	-	-
Actual regulatory capital	421,348	388,964	813,361	689,394
Required level of regulatory capital	-	-	95,784	171,332
Total risk-weighted assets	3,880,628	2,034,142	684,170	934,945
Ratio of total regulatory capital to risk-weighted assets	11%	13	119%	74%

(i) The capital requirement for JMMBIB is to maintain a minimum capital base of $10 million.

(ii) The capital requirement for JMMB Puesto de Bolsa S.A. is RD$153 million.

(iii) The capital requirement of JMMB Investments (Trinidad and Tobago) Limited and JMMB Securities (T&T) Limited is to maintain a minimum capital base of TT$15 million and TT$6 million respectively.

31. Financial Risk Management (Continued)

(f) Capital management (continued)

(iv) The capital requirement for JMMB Sociedad Administradora De Fondos De Inversion, S.A. (SAFI) is to maintain a minimum capital base of RD$15 million or at least 1% of the ratio of total asset to funds under management (AUM/Capital).

(v) The capital requirement for AFP JMMB BDI S.A. is to maintain a minimum capital base of RD$10 million.

(vi) The capital requirement for Banco Rio De Ahorro Y Credito JMMB Bank S.A is to maintain a minimum capital to risk weighted asset (CAR) in excess of 10%. The company's CAR at 31 March was 12%.

The regulated entities within the Group have complied with all regulatory capital requirements throughout the year.

32. Financial Instruments – Fair Value

(a) Definition and measurement of fair values

The Group's accounting policies on measurement and disclosure require the measurement of fair values for financial assets and financial liabilities. 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.

When measuring fair value of an asset or liability, where a quoted market price is available, fair value is computed by the Group 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 available input data; the Group uses 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 they based on available market data.

There were no transfers between levels during the year.

32. Financial Instruments - Fair Value (Continued)

(b) Techniques for measuring fair value of financial instruments

Type of Financial Instrument	Method of estimating fair value
Cash and cash equivalents, other receivables, resale agreements, accounts payable, repurchase agreements, Bank of Jamaica certificates of deposit	Considered to approximate their carrying values, due to their short-term nature.
Quoted securities	Bid prices quoted by the relevant stock exchanges.
Units in unit trusts	Prices quoted by unit trust managers
Non-Jamaican sovereign bonds and corporate bonds	Estimated using bid-prices published by major overseas brokers.
Government of Jamaica securities:	
Traded overseas	Estimated using bid-prices published by major overseas brokers.
Other	Estimated using mid-market prices from the Jamaica Securities Dealers Association yield curve.
Interest in money market fund	Considered to be the carrying value because of the short-term nature and variable interest rate.
Loans and notes receivable	Considered to be carrying value as the coupon rates approximate the market rates.
Notes payable	Considered to be carrying value as the coupon rates approximate the market rates.

(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. Fair value information is not disclosed 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. These are included in the level 2 fair value hierarchy.

JMMB GROUP LIMITED

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32. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2021						
	Carrying amount				Fair value		
	Amortised Cost $'000	At fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value							
Government of Jamaica securities	-	91,245,244	-	91,245,244	-	91,245,244	91,245,244
Certificates of deposit	-	23,198,367	-	23,198,367	-	23,198,367	23,198,367
Government of Jamaica guaranteed	-	3,785,902	-	3,785,902	-	3,785,902	3,785,902
Corporate bonds	-	69,872,864	1,430,918	71,303,782	-	71,303,782	71,303,782
Foreign Government Securities	-	52,865,155	-	52,865,155	-	52,865,155	52,865,155
Ordinary shares quoted	-	2,551,215	4,201,087	6,752,302	6,752,302	-	6,752,302
Units in unit trusts	-	-	515,895	515,895	-	515,895	515,895
Money market funds	-	-	67,289	67,289	-	67,289	67,289
Ordinary shares unquoted	-	-	17,418	17,418	-	17,418	17,418
Other	-	4,033	-	4,033	-	4,033	4,033
	-	**243,522,780**	**6,232,607**	**249,755,387**	**6,752,302**	**243,003,085**	**249,755,387**
Financial assets not measured at fair value							
Cash and cash equivalents	67,292,923	-	-	67,292,923	-	67,292,923	67,292,923
Loans and notes receivable	119,456,147	-	-	119,456,147	-	119,456,147	119,456,147
Securities purchased under agreements to resell	3,299,974	-	-	3,299,974	-	3,299,974	3,299,974
Certificate of deposits	54,446	-	-	54,446	-	54,446	54,446
Government of Jamaica Securities	7,951,068	-	-	7,951,068	-	8,825,113	8,825,113
Sovereign bonds	279,919	-	-	279,919	-	279,919	279,919
Government of Jamaica guaranteed	2,170,737	-	-	2,170,737	-	2,183,624	2,183,624
Others	2,240,692	-	-	2,240,692	-	2,078,848	2,078,848
Interest receivable	4,253,222	-	-	4,253,222	-	4,253,222	4,253,222
Other receivables	4,227,018	-	-	4,227,018	-	4,227,018	4,227,018
	211,226,146	-	-	**211,226,146**	-	**211,951,234**	**211,951,234**

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32. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2021						
	Carrying amount				Fair value		
	Amortised Cost $'000	At fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial liabilities not measured at fair value							
Securities sold under agreements to repurchase	227,730,286	-	-	227,730,286	-	227,730,286	227,730,286
Notes payable	48,328,592	-	-	48,328,592	-	48,328,592	48,328,592
Lease liabilities	1,588,571	-	-	1,588,571	-	1,588,571	1,588,571
Redeemable preference shares	28,021,391	-	-	28,021,391	-	28,021,391	28,021,391
Deposits	128,303,836	-	-	128,303,836	-	128,303,836	128,303,836
Due to other financial institutions	6,026,824	-	-	6,026,824	-	6,026,824	6,026,824
Interest payable	1,978,908	-	-	1,978,908	-	1,978,908	1,978,908
Other liabilities	7,530,340	-	-	7,530,340	-	7,530,340	7,530,340
	449,508,748	-	-	449,508,748		449,508,748	449,508,748

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32. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2020						
	Carrying amount				Fair value		
	Amortised Cost $'000	At fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value							
Government of Jamaica securities	-	72,141,507	-	72,141,507	-	72,141,507	72,141,507
Certificates of deposit	-	12,716,403	-	12,716,403	-	12,716,403	12,716,403
Government of Jamaica guaranteed	-	2,988,926	-	2,988,926	-	2,988,926	2,988,926
Corporate bonds	-	56,806,509	1,330,315	58,136,824	-	58,136,824	58,136,824
Foreign Government Securities	-	30,495,342	438,808	30,934,150	-	30,934,150	30,934,150
Ordinary shares quoted	-	2,430,995	1,535,251	3,966,246	3,966,246	-	3,966,246
Units in unit trusts	-	-	433,323	433,323	-	433,323	433,323
Money market funds	-	-	325,079	325,079	-	325,079	325,079
Ordinary shares unquoted	-	-	17,251	17,251	-	17,251	17,251
Other	-	4,033	-	4,033	-	4,033	4,033
	-	**177,583,715**	**4,080,027**	**181,663,742**	**3,966,246**	**177,697,496**	**181,663,742**
Financial assets not measured at fair value							
Cash and cash equivalents	42,636,000	-	-	42,636,000	-	42,636,000	42,636,000
Interest receivable	3,504,722			3,504,722		3,504,722	3,504,722
Securities purchased under agreements to resell	5,999,962	-	-	5,999,962	-	5,999,962	5,999,962
Loans and notes receivable	98,841,073	-	-	98,841,073	-	98,841,073	98,841,073
Other receivables	6,992,662			6,992,662		6,992,662	6,992,662
Certificate of deposits	25,953	-	-	25,953	-	25,918	25,918
Government of Jamaica Securities	7,647,759	-	-	7,647,759	-	7,595,906	7,595,906
Sovereign bonds	270,881	-	-	270,881	-	21,433	21,433
Government of Jamaica guaranteed	2,316,972	-	-	2,316,972	-	2,329,660	2,329,660
Others	635,816	-	-	635,816	-	617,937	617,937
	168,871,800	-	-	**168,871,800**	-	**168,565,273**	**168,565,273**

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32. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2020						
	Carrying amount				Fair value		
	Amortised Cost $'000	At fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial liabilities not measured at fair value							
Customer deposits	104,183,074	-	-	104,183,074	-	104,183,074	104,183,074
Due to other financial institutions	210,605	-	-	210,605	-	210,605	210,605
Securities sold under agreements to repurchase	179,589,980	-	-	179,589,980	-	179,589,980	179,589,980
Notes payable	45,087,432	-	-	45,087,432	-	45,087,432	45,087,432
Lease liabilities	1,948,668	-	-	1,948,668	-	1,948,668	1,948,668
Redeemable preference shares	17,116,952	-	-	17,116,952	-	17,116,952	17,116,952
Customer deposits	1,633,703			1,633,703		1,633,703	1,633,703
Interest payable	6,777,046	-	-	6,777,046	-	6,777,046	6,777,046
Other liabilities	104,183,074	-	-	104,183,074	-	104,183,074	104,183,074
	460,730,534	-	-	460,730,534		460,730,534	460,730,534

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32. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

The Company

	2021					
	Carrying amount				Fair value	
	Amortised Cost $'000	At fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value						
Other	-	4,033	-	4,033	4,033	4,033
	-	**4,033**	-	**4,033**	**4,033**	**4,033**
Financial assets not measured at fair value						
Cash and cash equivalents	44,323	-	-	44,323	44,323	44,323
Interest receivable	409,529	-	-	409,529	409,529	409,529
Loans and notes receivable	41,944,982	-	-	41,944,982	41,944,982	41,944,982
Other receivables	12,636,270			12,636,270	12,636,270	12,636,270
Securities purchased under agreements to resell	1,274,449	-	-	1,274,449	1,274,449	1,274,449
	56,309,553	-	-	**56,309,553**	**56,309,553**	**56,309,553**
Financial liabilities not measured at fair value						
Notes payable	16,179,947	-	-	16,179,947	16,179,947	16,179,947
Redeemable preference shares	28,021,391	-	-	28,021,391	28,021,391	28,021,391
Interest payable	275,937	-	-	275,937	275,937	275,937
Other payables	18,865	-	-	18,865	18,865	18,865
Due to subsidiary	12,189,126	-	-	12,189,126	12,189,126	12,189,126
	56,685,266	-	-	**56,685,266**	**56,685,266**	**56,685,266**

32. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Company	
	2021	
	Carrying amount	Fair value
	At fair value through other comprehensive income $'000	Level 2 $'000
Financial assets measured at fair value		
Other	4,033	4,033

	The Company	
	2020	
	Carrying amount	Fair value
	At fair value through other comprehensive income $'000	Level 2 $'000
Financial assets measured at fair value		
Other	4,033	4,033

33. Post-employment Benefits

Pensions are the only post-employment benefits to which the Group is committed. A subsidiary company manages operates a defined-contribution pension fund for the Group's Jamaican employees who have satisfied certain minimum service requirements. The fund is financed by equal contributions of employer and employees of 5% of pensionable salaries with an option for employees to contribute up to an additional 10% of pensionable salaries.

The fund is administered by trustees and the assets are held separately from those of the Group. Under the rules of the Fund, an actuarial valuation should be carried out by the appointed actuaries every three years. An actuarial valuation of the fund was done as at 31 December 2017 by Eckler Jamaica Limited, independent actuaries. The valuation report revealed a funding surplus.

The pension benefit is the annuity that can be purchased by the amount standing to the credit of the member's account at the date of retirement.

The Trinidadian subsidiaries operate a two-tiered defined contribution plan, which is in compliance with section 134(6) of the Income Tax Act of Trinidad & Tobago. Under the terms of employment, the entities are obligated to contribute on behalf of all eligible employees an amount of 10% of the employees' pensionable salary directly to the plan. In addition, all eligible employees contribute an amount of 5% of their pensionable salary to individual annuities.

33. Post-employment Benefits (Continued)

Eligible employees of the Dominican Republic subsidiaries contribute an amount of 2.87% of their pensionable salaries to various authorised pension plans. Employers contribute a corresponding 7.10%.

The contributions for the Group for the year amounted to $277,545,000 (2020: $255,381,000).

34. Managed Funds

The Group acts as agent and earns fees for managing clients' and investment funds on a non-recourse basis under management agreements. This includes some of the assets of the Group's pension fund (note 33). Although the Group is the custodian of the securities in which the clients participate, it has no legal or equitable right or interest in these securities. Accordingly, the securities in which the clients' funds are invested are not recognised in the statement of financial position.

At 31 March 2021, funds managed in this way by the Group amounted to $155,427,132,000 (2020: $135,079,008,000) which includes assets of the Group's pension fund (note 33) amounting to $4,870,416,000 (2020: $4,075,222,000). The Group's financial statements include the following assets/(liabilities) relating to the funds:

	The Group	
	2021	**2020**
	$'000	**$'000**
Investments	67,289	325,079
Interest payable	(920)	(820)
Securities sold under agreements to repurchase	(49,019,616)	(43,482,627)
Customer deposits	(2,338,323)	(3,111,184)
Notes payable	(21,732,000)	(20,094,000)

35. Significant Accounting Policies

The significant accounting policies below conform in all material respects to IFRS.

(a) Basis of consolidation:

The consolidated financial statements include the assets, liabilities and results of operations of the Company, its subsidiaries and associate presented as a single economic entity.

35. Significant Accounting Policies (Continued)

The significant accounting policies below conform in all material respects to IFRS (continued).

(a) Basis of consolidation (continued):

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights of an investee, where there is exposure to variability of returns and the Company can use its power to influence the returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are no longer consolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of the subsidiaries are consistent with those of the Group.

The Group uses the acquisition method of accounting for business combinations. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated profit and loss account.

The Group uses the book value method of accounting for business combinations with entities under common control. Any differences between the consideration paid and the net assets of the acquired entity is recognised in equity.

(i) Non-controlling interest

Non-controlling interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value.

(iii) Interest in associate

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

35. Significant Accounting Policies (Continued)

(a) Basis of consolidation (continued):

(iii) Interest in associate (continued)

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.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to zero 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.

(b) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and financial liability or equity instrument of another enterprise.

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

35. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(ii) Classification and subsequent remeasurement

Financial assets

The Group has classified 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:

(a) 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.

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, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at note 35(b)(vii). Interest income from these financial assets is included in 'Interest income from securities 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, are measured at fair value through other comprehensive income (FVOCI).

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. 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. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Business model: 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.

35. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

(a) Debt instruments (continued)

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

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

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

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

(b) 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. Examples of equity instruments include basic ordinary shares.

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. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

Gains and losses on equity investments at FVTPL are included in the 'Net trading income' line in the statement of profit or loss.

35. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(ii) Classification and subsequent remeasurement (continued)

Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments [See note 35(b)(v)].

(iii) Derecognition of financial assets and financial liabilities

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income (OCI) is recognised in profit or loss.

Cumulative gains or losses recognised in OCI in respect of equity investment securities designated as at FVOCI are not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

35. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(iii) Derecognition of financial assets and financial liabilities (continued)

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

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

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iv) Modifications

Financial assets:

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

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised [see (b)(iii)] and a new financial asset is recognised at fair value plus any eligible transaction costs. Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms, rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

35. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(iv) Modifications (continued)

Financial assets (continued):

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see (vii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

Financial liabilities:

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(v) Measurement and gains and losses

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

- debt investment securities measured at amortised cost, which are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- equity investment securities mandatorily measured at FVTPL or designated as at FVTPL which are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

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

35. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(v) Measurement and gains and losses (continued)

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

- debt investment securities measured at amortised cost which are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- equity investment securities mandatorily measured at FVTPL or designated as at FVTPL which are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in other comprehensive income 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.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group’s right to receive payments is established.

Specific financial instruments:

Cash and cash equivalents

Cash comprises cash in hand, demand and call deposits with banks and very short-term balances with other brokers/dealers. Cash equivalents are highly liquid financial assets that are readily convertible to known amounts of cash (that is, with original maturities of less than three months), which are subject to insignificant risk of changes in value, and are used for the purpose of meeting short-term commitments. Cash and cash equivalents are classified and measured at cost.

Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

35. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(v) Measurement and gains and losses (continued)

Specific financial instruments (continued):

Resale and repurchase agreements

Transactions involving purchases of securities under resale agreements ('resale agreements' or reverse repos') or sales of securities under repurchase agreements ('repurchase agreements' or 'repos) are accounted for as short-term collateralised lending and borrowing, respectively. Accordingly, securities sold under repurchase agreements remain on the statement of financial position and are measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. Securities purchased under resale agreements are reported not as purchases of the securities, but as receivables and are carried in the statement of financial position at amortised cost less impairment. It is the policy of the Group to obtain possession of collateral with a market value in excess of the principal amount loaned under resale agreements.

Interest earned on resale agreements and interest incurred on repurchase agreements is recognised as interest income and interest expense, respectively, over the life of each agreement using the effective interest method.

Loans and notes receivable and other receivables

Loans and notes receivable and other receivables are classified and measured at amortised cost less allowance for impairment.

Accounts payable

Accounts payable are classified and measured at amortised cost.

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 recognised in the profit or loss over the period of the borrowings on an effective yield basis.

Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss. Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss. Separated embedded derivatives are presented in the statement of financial position together with the host contract.

35. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance [calculated as described in note 35(b)(vii)]; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rates, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

(vi) Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(vii) Impairment

The Group recognises loss allowances for expected credit losses (ECL) on debt financial instruments measured at fair value through other comprehensive income (FVOCI) and amortised cost.

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

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

35. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

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

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

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

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

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Restructured financial assets

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

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

35. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Credit-impaired financial assets (continued)

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.

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

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

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

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.

Write-off

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

35. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Write-off (continued)

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

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(c) Property, plant and equipment

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 the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

Property, plant and equipment, with the exception of freehold land and paintings, on which no depreciation is provided, 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:

Freehold buildings	2½% - 5%
Leasehold improvements	The shorter of the estimated useful life and the period of the lease
Motor vehicles	20%
Computer equipment	20% - 25%
Other equipment, furniture and fittings	10% - 20%

The depreciation method, useful lives and residual values are reassessed at each reporting date.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are recognised at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Internally generated intangible assets, excluding capitalised development costs meeting the criteria of IAS 38, are not capitalised and the expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

35. Significant Accounting Policies (Continued)

(d) Intangible assets (continued)

The amortisation period for an intangible asset with a finite useful life is reviewed at a minimum at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss. Intangible assets with infinite useful lives are measured at cost less impairment losses. They are assessed for impairment at least annually.

(i) Computer software

Computer software is measured at cost, less accumulated amortisation and impairment losses. Amortisation is charged on the straight-line basis over the useful life of the assets ranging from 20% to 25% per annum, from the date it is available for use.

(ii) Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the cost is less than the fair value (negative goodwill), it is recognised immediately in profit or loss. Goodwill is measured at cost less accumulated impairment losses and is assessed for impairment at least annually.

(iii) Customer lists and core deposits

Acquired customer lists are measured initially at cost. Customer lists have a finite useful life and are measured at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the expected retention period with the Group, which ranges from 8 to 15 years.

(iv) Licences

These assets represent the value of JMMB Securities Limited's seat on the Jamaica Stock Exchange and the banking licence and securities licence acquired for JMMB Bank (T&T) Limited and JMMB Securities (T&T) Limited, which have indefinite useful lives. These assets are tested for impairment annually, and whenever there is an indication that the asset is impaired, the carrying amount is reduced to the recoverable amount.

(v) Other intangibles

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

35. Significant Accounting Policies (Continued)

(e) Leases (continued)

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

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 prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid 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.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources 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.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured 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.

35. Significant Accounting Policies (Continued)

(e) Leases (continued)

When the lease liability is re-measured 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.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’).

The consolidated financial statements are presented in Jamaican dollars, which is the Company’s functional currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates at the reporting date.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in profit or loss (applicable for trading securities), or within other comprehensive income if non-monetary financial assets are classified as available-for-sale. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in 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, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

35. Significant Accounting Policies (Continued)

(f) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rates at the reporting date;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

(g) 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. Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the issuer's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary. Dividends thereon are recognised as interest in profit or loss.

The Group's redeemable preference shares are redeemable on specific dates, and bear entitlements to distributions that are cumulative, and not at the discretion of the directors. Accordingly, they are presented as financial liabilities.

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

(h) Taxation

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

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, 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 provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

35. Significant Accounting Policies (Continued)

(h) Taxation (continued)

(ii) Deferred income tax (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amounts of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plan for the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted at the reporting date.

(i) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, except for deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists for any asset, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amount

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

(ii) Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Revenue recognition

The principal types of revenue and the manner in which they are recognised are as follows:

(i) Interest income

Interest income is recognised in profit or loss using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future receipts through the expected life of the financial instruments to its gross carrying amount.

35. Significant Accounting Policies (Continued)

(j) Revenue recognition (continued)

The principal types of revenue and the manner in which they are recognised are as follows (continued):

(i) Interest income (continued)

When calculating the effective interest rate for financial instruments, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

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

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

The ‘gross carrying amount of a financial asset’ is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset is calculated on initial recognition. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) and is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

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

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI, includes interest on financial assets measured at amortised cost, other interest income presented in the statement of profit or loss and OCI includes interest income on finance leases.

(ii) Fees and commissions

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

35. Significant Accounting Policies (Continued)

(j) Revenue recognition (continued)

The principal types of revenue and the manner in which they are recognised are as follows (continued):

(ii) Fees and commissions (continued)

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15.*
Investment banking services	The Group provides investment banking related services, including execution of customers' transactions and maintenance of customers' investments records. Fees are charged when the transaction takes place and are based on fixed rates.	Revenue from investment banking related services is recognised at the point in time when the service is provided.
Portfolio and asset management services	The Group provides portfolio and asset management services to customers. Fees are calculated based on a fixed percentage of the value of the assets and are charged at various time intervals based on the investment agreement but at no time period exceeding twelve months.	Revenue from portfolio and asset management services is recognised over time as the service is provided.
Capital market services	The Group provides capital market services including from debt issuances, equity issuance and merger and acquisition advisory services. Fees are charged when services have been successfully executed.	Revenue is recognised at the point in time when the transaction is successfully executed.

(iii) Dividends

Dividend income is recognised when the right to receive payment is irrevocably established.

(k) Employee benefits

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

Employee benefits that are earned as a result of past or current service are recognised in the following manner: 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 below. Other long-term benefits are not considered material and are charged off when incurred.

35. Significant Accounting Policies (Continued)

(k) Employee benefits (continued)

Pensions are the Group's only post-employment benefit. Pension fund costs included in Group profit or loss represent contributions to the defined-contribution fund which the Group operates to provide retirement pensions for the Group's employees (Note 33). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged as expense when due.

(l) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Board of Directors.

(m) 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 estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

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

(n) Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(o) Investment properties

Investment properties are held for rental income and fair value gains. Investment properties are treated as a long-term investment and are measured at fair value. Fair value is determined every third year by an independent professional valuer, and in each of the two intervening years by the directors. Changes in fair values are recognised in profit or loss. Rental income from investment properties is recognised in profit or loss on the straight-line basis over the tenure of the leases.

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

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

35. Significant Accounting Policies (Continued)

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

- Amendments to IFRS 16 *Leases* is effective for annual periods beginning on or after 1 June 2020, and provides guidance for COVID-19 related rent concessions.

  The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

  The practical expedient will only apply if:

  - the revised consideration is substantially the same or less than the original consideration;
  - the reduction in lease payments relates to payments due on or before 30 June 2021; and
  - no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose:

  - that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
  - the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

  No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

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

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures,* IFRS 4 *Insurance contracts and* IFRS 16 *Leases, are* effective for annual accounting periods beginning on or after 1 January 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis. A similar practical expedient will apply under IFRS 16 *Leases* for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revised discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

  The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

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

35. Significant Accounting Policies (Continued)

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

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A entity classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the entity complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how an entity classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the entity's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that an entity can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

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

- Amendments to IAS 37 *Provision*, C*ontingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after 1 January 2022 and for the purpose of assessing whether a contract is onerous, clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

  This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

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

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to certain standards and are effective for annual periods beginning on or after 1 January 2022. Those that affect the Group's operations are IFRS 9 *Financial Instruments* and IFRS 16 *Leases*.

  (i) IFRS 9 Financial Instruments amendment clarifies that – for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  (ii) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.

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

36. Prior year adjustment

During 2021, the Group determined that acceptances, guarantees and letters of credit have not met the requirement for recognition as an asset or as a liability. Consequently, total assets and total liabilities were overstated. The Group has restated each of the affected financial statements line items for prior periods. Expected credit losses on acceptances, guarantees and letters of credit were not recognised in the financial statements as the amounts are considered to immaterial for the periods presented. However, under BOJ regulations the Group recognised a general provision of $3,440,565 for 2020, ($5,254,912 for 2019) as at the reporting date for acceptances, guarantees and letters of credit and the amounts are reported under the loan loss reserve. This prior period adjustment did not have an impact on the Group's statement of profit or loss, statement of profit or loss and other comprehensive income and changes in Shareholders' equity and cash flows for the year ended 31 March 2020. The following tables summarise the impact on the Bank's financial statements.

The Group

	31-Mar-20			31-Mar-19		
	As previously Reported	Adjustments	As Restated	As previously Reported	Adjustments	As Restated
	$'000	$'000	$'000	$'000	$'000	$'000
Customers' liabilities under guarantees	525,491	(525,491)	-	213,042	(213,042)	-
Others	399,697,135	-	399,697,135	319,823,215	-	319,823,215
Total assets	**400,222,626**	**(525,491)**	**399,697,135**	**320,036,257**	**(213,042)**	**319,823,215**
Customers' liabilities under guarantees	525,491	(525,491)	-	213,042	(213,042)	-
Others	358,517,981	-	358,517,981	288,718,939	-	288,718,939
Total liability	**359,043,472**	**(525,491)**	**358,517,981**	**288,931,981**	**(213,042)**	**288,718,939**
Total equity	**41,179,154**	**-**	**41,179,154**	**31,104,276**	**-**	**31,104,276**
Total liability and equity	**400,222,626**	**(525,491)**	**399,697,135**	**320,036,257**	**(213,042)**	**319,823,215**