



Barita ANNUAL REPORT 2021
INVESTMENTS LIMITED

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01 OUR STRATEGY AND VISION



OUR VISION

Barita Investments Limited (Barita or the Company) is committed to completing our journey to being the Game Changers in the investment industry by elevating your experience with us through innovation, digital channels, compelling investment options and purposeful customer engagement.

Throughout the financial year, we delivered on this vision, by focusing on the millennial segment of our customer base, maintaining our social media dominance with 9,000 new followers on Instagram alone, opening a new branch in Fairview, Montego Bay and launching Bari our digital assistant to answer your questions on our website. We also made great strides in improving our operations and technology platforms to achieve greater efficiency and sharpen our compliance while continuing to strengthen and develop our team.

As a result of these and other factors our customer base and market share continue to grow, and customer satisfaction metrics maintain an upward trend. Barita extended its streak of record profit and successfully executed another capital raise in the last quarter of our financial year. We are now one of the Top 5 largest companies listed on the Jamaica Stock Exchange (JSE) by market capitalization.

01/

Increasing our investment banking underwriting capabilities

02/

Upgrading our technology platforms to market leading global standards

03/

Expanding our product offerings to cater to a wider range of investors

04/

Expanding our distribution footprint locally and regionally

05/

Further developing our talent, brand and operating capacity to maintain our trajectory

STRATEGIC JOURNEY

Our strategic journey for 2022 and beyond will focus on the following priorities:

BOLD IMPACTFUL GROWTH

- 01 **Expanding our product offerings** in existing business lines to target a wider range of our retail and corporate customers and prospects
- 02 **Launching new revenue lines of business** as we continue to grow locally and expand to a regional footprint
- 03 **Strengthening our operations** to scale quickly as we grow while maintaining a strong governance and risk management foundation and full compliance with regulations

CHANGING THE GAME IMPACTING JAMAICA & REVOLUTIONIZING WEALTH ACCESSIBILITY

- 04 **Building** out of our “future-proof” technology platforms
- 05 **Dominating** the digital marketing space
- 06 **Becoming** a Digital First business in which the services we create are available to our customers in digital form that anticipates and surpasses our customers’ expectations
- 07 **Rebranding** The Barita Foundation and focusing our corporate social responsibility efforts in our communities on issues that are nationally relevant and impactful

SMART & BEST TEAM IN THE BUSINESS

- 08 **Embedding** our culture to ensure our team is happy, motivated and engaged to disrupt the status quo and innovate daily in the interest of our customers
- 09 **Developing** our team and ensuring that we have the best leaders in the industry
- 10 **Leveraging** our Financial Braintrust to deliver timely market intelligence
- 11 **Teaching** our customers how to Level Up their MoneyIQ by applying the insights and intelligence to their portfolios, giving them offerings that meet their needs and interests and empowering them to win

OUR CORE VALUES

The (2x4) values we adhere to

T.E.A.M.W.O.R.K.

We promote creativity and innovation



We deliver frictionless customer experiences

01 TALENTED: Smart people who are experts in the market, providing creative solutions and innovations.

02 ENTREPRENEURIAL: We consistently challenge the status quo, bold enough to disrupt and revolutionize.

03 AGILE: Rapid response, effective collaboration and total inclusion.

04 MODERN: We're knowledgeable of, and responsive to, the ever changing customer preferences.

01 WORLD-CLASS: We're very aware that the customer comes first, which is why we adhere to world-class service.

02 OBSESSIVE: We're not satisfied until you are. We definitely have Obsessive Customer Disorder.

03 RESPONSIVE: We are always accessible to our customers and ready to attend to their needs and expectations.

04 KNOCKOUT: An unparalleled Knock-out experience that puts customers as top priority and never settles for the minimum.

OUR BRAND PILLARS

Barita's brand is much more than a logo, a message or an aspiration – it's a reflection of who we already are - **the core of our DNA**. Our message is to plainly show who we are, how we differ from the competition and to demonstrate the value we provide. Based on the findings of a recent brand perception survey conducted by LEEP Marketing canvassing 30 of Jamaica's top marketers, Barita was chosen as the most impressive brand.

At Barita, we are:

BOLD

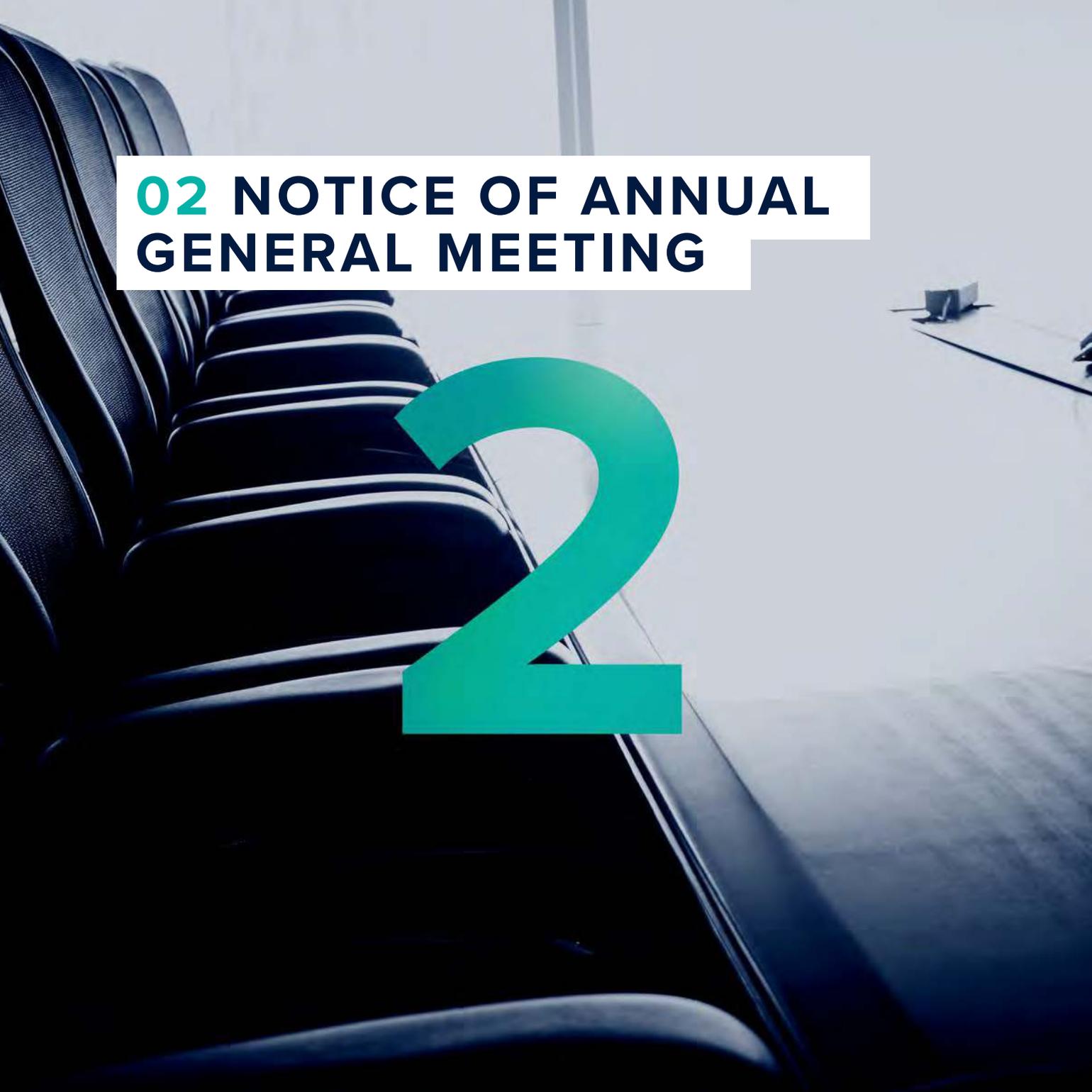
We blend **intel, innovation and insight with genuine interest in our communities**, helping us to create the results that best serve the heart of our business - our customers.

SMART

Simply put, we've built our team with the **best and brightest minds in the industry**.

GAME CHANGERS

Tech with the Human Touch... **that's our superpower.**



**02 NOTICE OF ANNUAL
GENERAL MEETING**

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Fourth Annual General Meeting of Barita Investments Limited (the “Company”) will be held on Friday, July 1, 2022 at 10:00 a.m., from the Spanish Court Hotel, 1 St. Lucia Avenue, Kingston 5, in the parish of Saint Andrew as a virtual-only meeting, to consider and if thought fit pass the following resolutions:

ORDINARY BUSINESS

Ordinary Resolutions

1. To receive and consider the Directors’ Report and Financial Statements for the year ended September 30, 2021, and the Report of the Auditors thereon.

Resolution 1

“THAT the Audited Accounts together with the Reports of the Directors and the Auditors circulated with the Notice convening the Meeting be and are hereby adopted.”

2. To approve and ratify the Interim Dividend Payments and declare them final.

Resolution 2

“THAT the interim dividends of \$2.216c paid on October 7, 2020 and \$0.746c paid on February 15, 2021 be treated on the recommendation of the Directors as the final dividends for the financial year ended September 30, 2021.”

3. Election of Directors.

(i) Article 93 of the Articles of Incorporation provides that one-third of the Board, or if the number of directors is not three or a multiple of three, then the number nearest to one-third, shall retire from office at each Annual General Meeting. The Directors retiring under this Article are Messrs. Mark Myers, Phillip Lee, and Duncan Stewart, who being eligible, offer themselves for re-election.

The proposed resolutions are therefore as follows:

Resolution 3 (i) (a)

“THAT Director Mark Myers who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company.”

Resolution 3 (i) (b)

“THAT Director Phillip Lee who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company.”

Resolution 3 (i) (c)

“THAT Director Duncan Stewart who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company.”

(ii) Article 91 of the Articles of Incorporation provides that Directors appointed by the Board to fill a vacancy or as an addition to the Board since the last Annual General Meeting shall retire from

office at the next Annual General Meeting. Mr. Hylton, having been appointed on March 9, 2021 retires at this meeting and, being eligible, offers himself for re-election.

Resolution 3 (ii)

“THAT Director Michael Hylton who retires under Article 91 and being eligible for re-election be and is hereby re-elected a Director of the Company.”

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

Resolution 4

“THAT BDO Jamaica, having agreed to continue to serve as auditors, be and are hereby appointed Auditors of Barita Investments Limited, to hold office until the next Annual General Meeting, at a remuneration to be fixed by the Directors of the Company.”

5. To approve Directors’ Remuneration

Resolution 5

“THAT the amount included in the Audited Accounts of the Company for the year ended September 30, 2021 as remuneration for their services as Directors be and is hereby approved.”

SPECIAL BUSINESS

Special Resolution

6. To approve amendments to the Articles of Incorporation of the Company

Whereas the Company has reviewed its constitutive documents and desires to adopt new Articles of Incorporation in replacement and substitution for its existing Articles of Incorporation.

The proposed resolution, intended to be passed as a special resolution, is as follows:

Resolution 6

“THAT the form of Articles of Incorporation set out in the Schedule accompanying the Notice of Annual General Meeting circulated to the members be and is hereby adopted by the Company in replacement and substitution for the existing Articles of Incorporation of the Company”.

7. To consider any other Resolution(s) in respect of any other business which can be transacted at an Annual General Meeting.

MEETING INSTRUCTIONS

1. Shareholders will not be able to attend the virtual-only meeting (E-AGM) in person.
2. In order to comply with the Companies Act and facilitate participation of its shareholders in the E-AGM Barita will be utilizing an electronic software platform (E-Platform). Shareholders will be asked to register in order to participate in the E-AGM and may do so by logging-on to the E-Platform using <https://iteneri.com/barita>. In addition to viewing the E-AGM and voting on resolutions raised during the E-AGM on the E-Platform, shareholders will also be able to send their questions and/or comments during the E-AGM.
3. Further information as to how to log on to the E-Platform and register for the E-AGM will be provided closer to the date of the meeting. Please check the Company’s website and social media pages and the Jamaica Stock Exchange’s website for information and updates leading up to the meeting.

4. All shareholders who intend to participate in the E-AGM are required to register using their JCSD account number on the E-Platform. Information on your JCSD account number can be requested from our Registrar at:
Jamaica Central Securities Depository
Email: jcsdrs@jamstockex.com
Telephone: (876) 967-3271
5. Please note that registration must be completed for you to be admitted into the E-AGM and we encourage shareholders to register early so that any registration issues can be resolved ahead of the E-AGM. Shareholders who are unable to participate in the E-AGM and wish to vote by proxy must complete a proxy form, to include the **Taxpayer Registration Number** for their proxy holder, and submit the proxy form to the Registrar: Jamaica Central Securities Depository Limited at 40 Harbour Street, Kingston at least 48 hours ahead of the E-AGM.

Dated this 12th day of April 2022

By Order of the Board



Malindo Wallace
Corporate Secretary

Registered Office
15 St. Lucia Way
Kingston 5

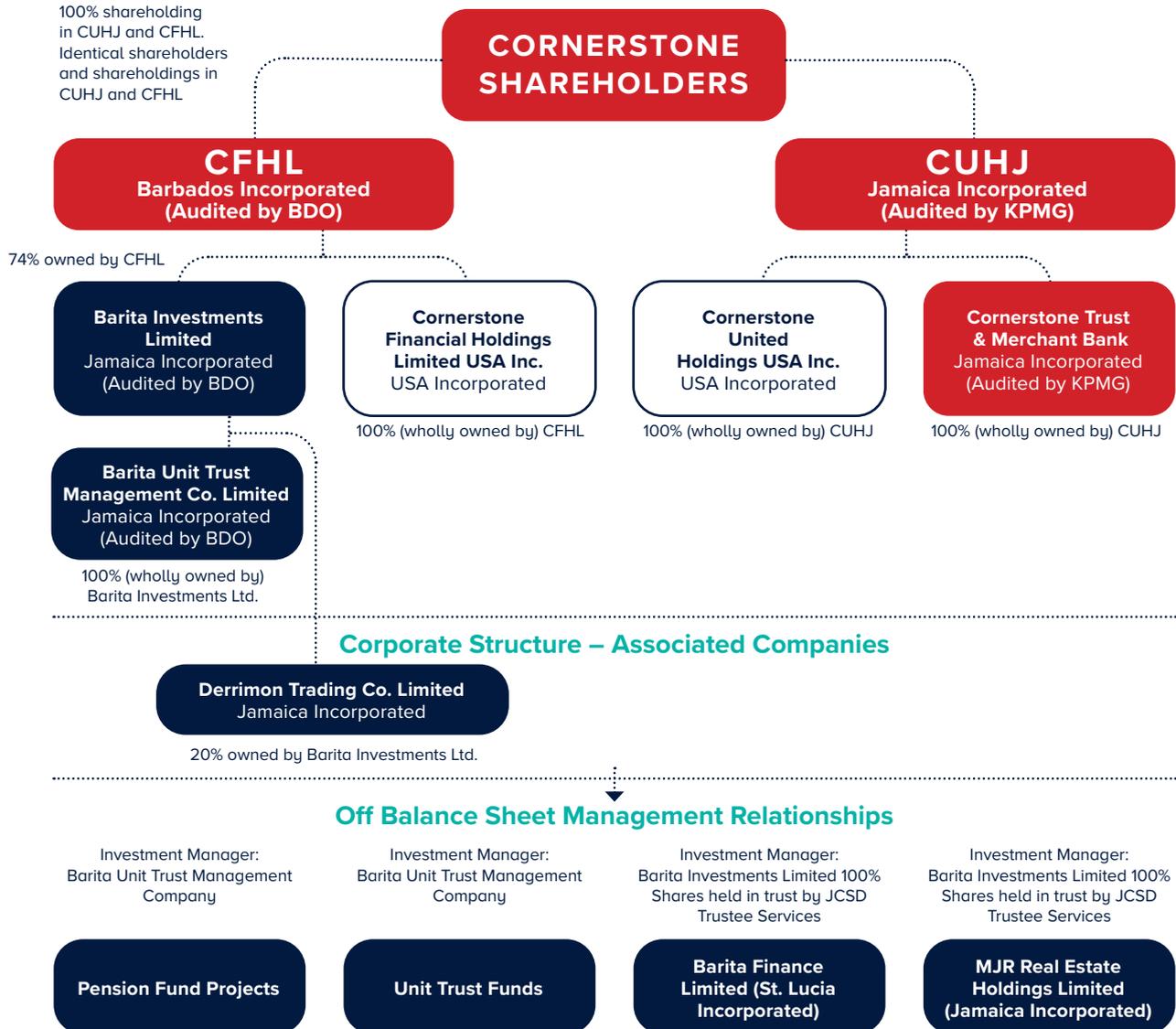
Please note - A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint one or more proxies to attend and on a poll to vote in his stead. Such proxy must be lodged at the Company's Registered Office no less than forty-eight hours before the time appointed for the meeting. The Proxy Form shall bear the stamp duty of J\$100.00. A proxy need not be a member. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy Form. A suitable form of proxy is enclosed for convenience.

**03 OUR BUSINESS
AT A GLANCE**

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CORNERSTONE GROUP CORPORATE STRUCTURE



OUR BUSINESS IN BRIEF

The Barita Group is made up of Barita Investments Limited and its subsidiary, Barita Unit Trusts Management Company Limited (BUTM). Founded by Rita Humphries-Lewin in 1977, Barita has the distinction of being one of the oldest stock brokerages in Jamaica. The Company is regulated by the Financial Services Commission (FSC), is a member of the JSE and is licensed as a Primary Dealer and Cambio Dealer by the Bank of Jamaica (BOJ or the Central Bank). In August 2018, Cornerstone Financial Holdings Limited (Cornerstone or CFHL) acquired majority shares in Barita and has supported the Company's mission and vision to be a premier investment force in Jamaica and the wider Caribbean.

OUR PRODUCTS AND SERVICES INCLUDE:

- ▶ **Stock Market investments on any of the three regional exchanges**
- ▶ **Fixed Income Trading**
- ▶ **Investment Banking Services**
- ▶ **Unit Trust Investments**
- ▶ **Currency Trading**
- ▶ **Structured Products**
- ▶ **Retirement Planning**
- ▶ **Wealth Planning**
- ▶ **Market Research**

BUTM currently offers six (6) unit trust products spanning fixed income, equities and real estate and is recognised as a strong player in the middle market retail segment and a leader in unit trust performance.

Barita serves its clients island-wide through its Head Office in Kingston and branches in Mandeville and Montego Bay with a team of 163 members across its operations island-wide.

ABOUT CORNERSTONE



Cornerstone, is a privately held investment holding company founded with the objective of building a sustainable investment platform, with a view to driving shareholder value and economic growth, thereby transforming lives and helping to shape the future.

Its shareholders are ‘captains of industry’ across the Caribbean, and relying on the insight borne of their collective expertise, they have assembled a Board of Directors for Cornerstone which charts and enables the execution of the strategic plans and direction of the group.

Cornerstone is obsessed with the creation of sustained differential value for its stakeholders through the effective deployment of human and financial capital throughout its portfolio companies. Its investment ethos involves prudent management of risk-adjusted returns by partnering with the principals of its target portfolio companies, and deployment of frictionless financial services products, companies and experiences propelled by innovation; this strategy has been accretive through added scale and synergies.

Cornerstone is the brainchild of Paul Simpson, who is the Founder, President and Chief Executive Officer. Mr. Simpson is an Investment Banker with over a decade of diverse experience across various senior executive and governance roles in organizations spanning the globe. He has a track record of driving transformational growth through entrepreneurship, value creation, mergers & acquisitions, founding and launching successful local and regional companies. He is also involved with several philanthropic engagements.

Cornerstone is involved in charting and enabling the strategic plans and direction of the Company. This has been made possible through the assistance of an exceptional team of skilled professionals who each bring specialized skills and expertise to their areas of responsibility. As Cornerstone seeks to achieve its mandate of developing an integrated financial services group, several roles have been consolidated within the Cornerstone group. These centralized roles include

Risk Management, Financial Reporting, Investment Management, Legal, Compliance, and Strategy.

The transformation that Cornerstone has engineered since its acquisition of Barita will be accelerated during the next financial year and will involve major organizational change. Cornerstone, with its affiliate company, Cornerstone United Holdings Jamaica Limited (CUHJL), the parent of Cornerstone Trust & Merchant Bank Limited (CTMB), through their common share ownership have put in train plans expected to result in a reorganization of both companies along with their subsidiaries, under a financial group. The restructuring is in accordance with the requirements of the Banking Services Act, 2014, subject to the approval of the BOJ. Pursuant to such reorganization, Barita will be constituted under a formal financial holding company along with CTMB.

In anticipation of the change the Cornerstone entities will remain focused on, inter alia, strengthening the talent pool, risk management framework and corporate governance and bolstering the delivery of services to clients across the group by deploying a digital first strategy using multiple channels in order to provide frictionless service to our clients.

CORNERSTONE SENIOR MANAGEMENT TEAM



CORNERSTONE SENIOR MANAGEMENT TEAM (CONT'D)



PAUL SIMPSON MBA

FOUNDER, PRESIDENT AND C.E.O.



Mr. Simpson is the Founder, President and CEO of Cornerstone. He is an Investment Banker with over 15 years' experience having worked in the Caribbean, the United States and Europe in various roles. He holds a double major in Computer Science and Geology and an MBA from the University of the West Indies. He has served on various government, private and charity boards including the Youth Arm of UNESCO, YMCA and the Jamaica Tourist Board, where he was the Chairman of the Finance and Audit committee.

JASON CHAMBERS msc.
CHIEF INVESTMENT OFFICER

Jason has over 21 years' of experience, spanning the range of Securities Trading, Investment and Treasury Management, Corporate Finance, and Corporate Banking. Most recently, Jason held the position of VP of Investment Management at the GraceKennedy Group. Jason also headed the Corporate Banking Unit within First Global Bank Limited where his functional responsibilities included the development, execution, and monitoring of business development strategies to grow the corporate banking business; management of credit structuring and assessment in accordance with the requirements of corporate clients within the parameters of the bank's lending policy; the upgrading of the credit policies of the bank to confirm with current and emerging risks, and management of the credit quality of the portfolio in conjunction with the credit risk management unit of the bank. Jason was also a member of the senior management teams of the securities dealing subsidiaries of Guardian Holdings and GraceKennedy where he led the Asset Liabilities Management Committee ("ALCO") of GK Capital and served as a member of the GK Group ALCO. Jason is a graduate of the University of the West Indies, where he obtained a Bachelor of Science degree in Economics and a Master of Science degree from the University of London.

GAVIN JORDAN msc., CPA
CHIEF OPERATING OFFICER

Gavin has over 20 years' of accounting and financial management experience, spanning the financial services, food manufacturing and distribution sectors. Prior to his role at Cornerstone, he was the CFO for GraceKennedy Foods (USA) and Divisional CFO, GK Foods before that. At GK Foods, Gavin provided financial leadership to the subsidiaries in the Foods Division both locally and internationally; supported the development of the division's strategy and the evaluation of various strategic initiatives. Gavin was also Finance Director and Company Secretary of Carreras and CFO of First Global Bank, where he was ultimately responsible for the day-to-day operations of the accounting and financial reporting functions. Gavin holds a BSc. in Accounting and Economics from the University of the West Indies, a Master of Science degree in Financial Management from the University of London and is also a Certified Public Accountant. He is a member of the American Institute of the Certified Public Accountants and the Colorado State Board of Accountancy.



DANE BRODBER CFA, CAIA, FRM, MBA
CHIEF RISK OFFICER

Dane has over 18 years' of experience in the financial services industry with extensive experience in Risk Management, as well as experience with Operational Risk, Strategy, Business Intelligence, and Financial Analysis. Most recently, Dane held the position of Regional Director, Market Risk Management at Scotiabank, where he had responsibility for the measurement, monitoring and governance of market risk exposures throughout the English-Speaking Caribbean. Dane earned undergraduate degrees in Mechanical Engineering and Economics & Business from Lafayette College and an MBA from the University of New Orleans. He earned the CFA Charter in 2006, the Financial Risk Manager (FRM) designation in 2007, and the Chartered Alternative Investments Analyst (CAIA) designation in 2019. Dane is the current President and former founding VP of CFA Society Jamaica. In his capacity as Chief Risk Officer he is responsible for the buildout, maintenance and oversight of the required risk management and supporting governance frameworks throughout the Cornerstone group.

MALINDO WALLACE MBA, LLB, LEC
GROUP LEGAL COUNSEL &
CHIEF COMPLIANCE OFFICER

Ms. Wallace has over 25 years' of experience spanning Legal, Treasury, Corporate Finance, and Investments. She joined the Cornerstone group as Legal Counsel on April 15, 2019 and was promoted to Group Legal Counsel and Chief Compliance Officer in 2020, where she has responsibility for the Legal, Compliance and Corporate Secretarial functions for the Group. Prior to joining Cornerstone, Ms. Wallace held several key roles at GraceKennedy Limited, including Legal Officer (Group), Senior Manager, Treasury and Corporate Finance, and Treasury Manager before that. She is credited with the establishment of the Asset and Liability Committee for GraceKennedy Limited in 2010. Prior to that, Ms. Wallace was at UDC as Investment Manager. Malindo has extensive banking experience with NCB as well as Capital and Credit Merchant Bank. Ms. Wallace holds an MBA in Finance from Manchester Business School. She also attained her LLB from the University of London and her LEC from the Norman Manley Law School.



WELDON MADDAN MBA, CFA
CHIEF STRATEGY & BUSINESS INTELLIGENCE OFFICER

Weldon has over 19 years' of banking experience spanning finance, marketing, risk, decision sciences and operations. He spent over 15 years at senior executive levels with Citigroup (Credit Cards, Consumer Lending, Consumer Finance and Retail Banking) with assignments in Canada, UK and Poland. He has held CFO responsibilities for Online Marketing, Citi Partners and the Customer Contact Leveraging business units at Citi Cards. He is the former Secretary of the Jamaica Bankers Association and Chairman of the Jamaica Institute of Financial Services. Weldon received a BSc. in Engineering from Boston University, an MBA in Finance from Columbia Business School and earned his Chartered Financial Analyst designation in 2007; He currently serves as Chairman on two statutory bodies, the National Resources Conservation Authority and the Town & Country Planning Authority.



STEPHEN PHILLIBERT MBA, CFA
CHIEF FINANCIAL OFFICER

Stephen has over 20 years' of experience in Finance & Accounting, General Management and Strategy, Mergers & Acquisitions and Financial Risk. He joined Cornerstone in 2020 from PanJam Investment Limited, where he held the title of Chief Financial Officer for six years, and prior to that spent approximately ten years at GraceKennedy Limited in various financial and strategic roles, ending as Head -Corporate Planning & Strategy for the group. In his capacity at Cornerstone, he is responsible for the financial operations of the group, including financial accounting and management, regulatory and financial reporting in accordance with regulatory requirements, capital and operational budgeting, tax planning and reporting, and oversight of the financial control environment. Stephen also provides support on projects of strategic significance. He holds an MBA from the University of Toronto, a BSc - Accounting from the University of the West Indies as well as the Chartered Financial Analyst designation.



STEPHANIE MURDOCK

MSC., PMP, SMC

SENIOR HR EXECUTIVE

Stephanie Murdock has over 20 years' experience in the areas of Strategic Human Resource Development, Change Management, Leadership Development and Industrial Relations. She joined the Group from the National Export Import Bank of Jamaica where she held the position of General Manager, Corporate Services with responsibility for Human Resources, Administrative Procurement and Information Technology. Stephanie was recently recognized as one of seven Jamaicans to participate in the Advanced Leadership Development, Caribbean Emerging Leaders Dialogue, sponsored by McGill University, held in Ottawa, Canada. She is also a Certified Project Manager. Stephanie pursued both undergraduate and graduate degrees at UWI and Post Graduate Certification in Public Policy from Peking University, Beijing China.



BARITA GROUP CORPORATE STRUCTURE



OFF BALANCE SHEET STRUCTURES

INVESTMENT MANAGER:

**Barita
Unit Trust
Management
Company**

INVESTMENT MANAGER:

**Barita
Unit Trust
Management
Company**

INVESTMENT MANAGER:

**Barita Investments
Limited 100%
Shares held in
trust by JCSD
Trustee Services**

INVESTMENT MANAGER:

**Barita Investments
Limited 100%
Shares held in
trust by JCSD
Trustee Services**

Pension Funds

**Unit Trust
Funds**

**Barita
Finance
Limited
(St. Lucia
Incorporated)**

**MJR Real
Estate Holdings
Limited
(Jamaica
Incorporated)**

PERFORMANCE HIGHLIGHTS



01/FORTIFIED EQUITY BASE:

Barita again raised an additional \$10.8 billion in equity from our APO in still challenging market conditions. This demonstrates the continued confidence our shareholders place in the Barita brand and the expertise of the Team.

02/SHAREHOLDER VALUE CONTINUES TO GROW:

For the 12 month period spanning October 1, 2020 to September 30, 2021, Barita's share price increased by 29% when compared to the JSE's Main Market, which increased by 10% during the financial year.

FINANCIAL HIGHLIGHTS

**TOTAL
ASSETS**

**J\$90.2 ↑
BILLION 28%**

**NET
PROFIT**

**J\$4.1
BILLION
↑ 47%**

**NET
OPERATING
REVENUE**

**J\$8.1
BILLION**

↑ 56%

**STOCKHOLDERS'
EQUITY ↑ 32%**

**J\$36.2
BILLION**

BVPS

J\$28.88

18% ↑

EPS J\$3.73 ↑ 12%

5-YEAR STATISTICAL REVIEW

Consolidated Income Statement	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000
Revenues					
Net interest income	286,871	422,288	650,999	882,589	1,541,340
Fees & commission income	475,726	505,210	693,273	1,827,376	3,378,654
Dividend income	20,590	31,779	30,670	8,677	1,054
Foreign exchange trading & translation gains	45,479	187,945	353,503	978,451	1,587,050
Gain on sale of investments and trading profits	259,320	136,454	1,873,298	1,412,958	1,580,546
Other income	21,996	20,987	378,031	103,918	27,618
Net Operating Revenue	1,109,982	1,304,663	3,979,774	5,213,969	8,116,262
Non-Interest Income	823,111	882,375	3,328,775	4,331,380	6,574,922
Non-Interest Income/Net Operating Revenue	74%	68%	84%	83%	81%
Operating Expenses					
Staff costs	340,584	385,410	553,550	846,090	1,254,306
Administration	337,504	375,566	896,738	1,151,116	1,790,780
Impairment of available-for-sale investment	100,159	-	75,162	110,794	6,447
Total expenses	778,247	760,976	1,525,450	2,108,000	3,051,533
Share of results of investment in associated company	-	-	-	-	57,144
Profit before tax	331,735	543,687	2,454,324	3,105,969	5,121,873
Taxation	128,715	180,446	741,543	347,440	1,063,276
Net Profit	203,020	363,241	1,712,781	2,758,529	4,058,597

Consolidated Statement of Financial Position Summary	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000
Assets					
Cash and bank balances	429,123	333,685	787,920	5,277,608	3,816,326
Resale agreements	3,387,706	3,935,491	14,678,974	8,039,603	8,872,136
Investment Securities	2,526,849	3,503,728	11,042,562	13,939,095	14,128,717
Pledged Assets	8,030,640	9,883,136	10,928,445	35,425,728	50,293,982
Investment in associates	-	-	-	-	2,053,423
Receivables	679,196	437,019	748,517	2,986,408	1,081,304
Taxation Recoverable	3,614	6,701	-	183,299	-
Loans receivables	354,558	403,064	751,846	1,717,229	5,911,713
Due from related parties	76,813	72,096	1,624,584	1,979,035	2,518,556
Property, plant and equipment	269,364	243,533	353,275	609,821	1,014,416
Intangible Assets	34,192	9,090	33,531	18,399	19,478
Investments	55,000	55,000	55,000	55,000	55,000
Investment Property	-	-	-	203,400	210,000
Right of use asset	-	-	-	256,588	233,974
Total Assets	15,847,055	18,882,543	41,004,654	70,691,213	90,209,025

Consolidated Statement of Financial Position Summary (Cntd.)	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000
Liabilities					
Bank overdraft	15,339	311	71,819	8,720	8,635
Short term loans	-	-	-	611,947	1,022,055
Repurchase agreements	12,030,842	14,362,540	24,092,810	34,446,619	45,592,518
Lease Liability	-	-	-	282,298	274,840
Payables	563,923	814,647	1,739,686	6,970,314	5,915,703
Due to related parties	5,776	8,348	77,711	273,744	144,013
Taxation payable	96,280	44,612	730,500	-	943,708
Deferred tax liabilities	358,983	586,014	622,850	616,891	61,237
Total Liabilities	13,071,143	15,816,472	27,335,376	43,210,533	53,962,709
Shareholders' Equity					
Share capital	736,304	740,427	10,699,381	24,146,554	33,135,904
Capital reserves	93,133	93,133	111,466	111,466	122,073
Fair value reserves	604,884	910,697	685,248	25,054	-256,512
Capital redemption reserve	220,127	220,127	220,127	220,127	220,127
Retained earnings	1,121,464	1,101,687	1,953,056	2,977,479	2,937,924
Stock option reserve	-	-	-	-	86,800
Total Shareholders' Equity	2,775,912	3,066,071	13,669,278	27,480,680	36,246,316
Total Liabilities and Shareholders' Equity	15,847,055	18,882,543	41,004,654	70,691,213	90,209,025

Ratios & Share Information	2017	2018	2019	2020	2021
Net profit margin	18.3%	27.8%	43.0%	52.9%	50.0%
Operating expense/Net operating revenue	70.0%	58.0%	38.0%	40.0%	38.0%
Effective tax rate	38.8%	33.2%	30.2%	11.2%	20.8%
Return on average equity	7.7%	12.4%	20.5%	17.8%	13.7%
Return on average assets	1.3%	2.1%	5.7%	4.9%	5.0%
Earnings per share	\$0.46	\$0.82	\$2.42	\$3.33	\$3.73
Book value per Share	\$6.28	\$6.94	\$15.56	\$24.39	\$28.88
Share price	\$7.75	\$18.69	\$86.46	\$95.87	\$108.08
Dividends Paid (\$'000)	49,046	114,117	399,216	877,090	2,624,495

04 GOVERNANCE

4

MESSAGE FROM OUR CHAIRMAN

Dear Shareholders,

September 2022 will mark the 45th anniversary of Barita while August 2022 will mark the fourth anniversary of the acquisition of the Company by Cornerstone. Also, importantly, March 2022 will mark the 2nd year of the World Health Organization (WHO) declaring COVID-19 a global pandemic. Therefore, for over half of the post-acquisition period, our team has been tasked with managing a complex set of challenges spanning unprecedented economic disruptions and the operational challenges associated with the pandemic. Notwithstanding those challenges, through fortitude, creativity, and hard work, we have delivered robust and sustained financial results for our shareholders.

STRONG FINANCIAL PERFORMANCE

Against this challenging backdrop, Barita, supported by Cornerstone, remained undaunted pushing the envelope to raise \$10.8 billion in additional equity, our second post pandemic offer, as it followed the previous successful \$13.5



MARK MYERS
CHAIRMAN

billion raise in 2020. Resulting from the net effects of our second APO, Barita's equity base closed the financial year at \$36.2 billion, thereby placing us in an industry leading position when measured by shareholders' equity. Moreover, these successful equity raises signal our deliberate approach to designing our capital structure in line with our long-term strategy of enabling Barita and by extension our customers where appropriate, to participate in a broader range of investment opportunities to include alternative investments.

So, while we prioritized raising additional equity, we also have been very good stewards of capital already under management. For financial year 2021 (FY21), we reported net profit after tax (NPAT) of \$4.1 billion as compared to \$2.8 billion in financial year 2020 (FY20), thereby showing a 47% increase year-over-year (YoY); basic earnings per share (EPS) also increased to \$3.73, as compared to \$3.33 in FY20. Additionally, we grew the Company's asset base from \$70.7 billion to \$90.2 billion or by 28%, with earning assets increasing by 34% and thereby accounting for most of the growth in total assets. The larger capital base also allowed us to expand our funding base by growing our repo liabilities by 32%, having grown the repo book from \$34.4 billion to \$45.6 billion in FY21.

As proud as we are of this financial performance, we believe there is much more to be achieved. In that regard, we are maintaining vigilance on the people, processes and governance that support our financial performance. But, in the new financial year, we will also be making some structural changes to the Cornerstone group.

STRUCTURE, PEOPLE, PROCESSES AND GOVERNANCE

As we have communicated before, we are in the process of re-organizing into a financial group as required by the Banking Services Act with the regulated entities being held by a financial holding company. This is not just a regulatory requirement but also a strategic move from which we expect to unlock synergies from within and between our various subsidiaries, as well as providing a more efficient mechanism to pursue external opportunities. This is an important step towards delivering on our strategy, as it is the lynchpin that will hold together our talent, our processes and governance architecture.

In furtherance of that financial group structure, we will continue to aim for having the best people, in the right roles, the best processes and best-in-class governance to deliver sustainable financial results and value for shareholders. Therefore during FY21, we took the opportunity to bolster our risk frameworks and governance processes. In terms of the latter, the Corporate Governance & Conduct Review Committee, chaired by Michael Hylton, Q.C., undertook

the work to strengthen our Corporate Governance Framework that included implementation of new policies and procedures, introducing new oversight committees, and increasing targeted training for directors and senior managers.

We also continued to invest in our risk management capabilities with the addition of senior talent to oversee financial and non-financial risk. Most importantly, our business continuity plan (BCP), having withstood an assortment of challenges from the pandemic, has also been enhanced. Having regard to the sometimes neglected psycho-social effects of the pandemic, our Human Resources team promptly implemented an Employee Assistance Programme, which is a health and wellness focused set of initiatives to help our team members with their mental health and social wellbeing.

These, in our view, are critical pillars to enable and support our sustainable financial performance.

CO-CREATORS OF A COMMON AND PROSPEROUS FUTURE

As we strengthen our internal capabilities, we are not oblivious to the external realities in which our businesses operate. Furthermore, we are cognizant of duties owed, given the raft of challenges besetting Jamaica and our regional societies. As a member of the financial sector community, it is a responsibility that we take seriously. In that regard, we will seek to enable impactful social and economic development to improve the lives of ordinary Jamaicans and Caribbean people. Specifically, we plan to participate in funding robust and sustainable infrastructure capable of addressing the challenges of climate change and enhancing energy security through investments in renewable energy instruments in the Caribbean region.

Additionally, we aim to improve access to areas of the investment universe that are typically outside the reach of ordinary Jamaicans. Another critical focus area over the coming years is the intentional and targeted support to the various communities that Barita serves. In the last financial year, we overhauled the Barita Foundation (the Foundation) with a new set of strategic focus areas, which will include youth and education, and entrepreneurship and innovation. Additionally, as we invest in the future, Cornerstone has launched its analyst program, through which five young, smart Jamaicans have been given the opportunity to understudy in the business over a 24-month period. We view this program as a mechanism to build talent and managerial depth throughout the entire Cornerstone group.

THE PATHWAY AHEAD

The WHO's Director General suggests that the acute phase of the pandemic could end this year, if 70% of the global population gets vaccinated by June or July 2022. While that would be a most welcomed outcome, many societies have started to imagine a future in which COVID-19 is 'managed', that is to say, it is endemic. Locally, the Prime Minister has also signaled such a possibility, given that the continued curtailment of economic activities to manage the virus could cause irreparable damage to economic livelihoods, which in turn could result in negative social outcomes.

Besides COVID-19, global and local inflation rates have increased sharply and appear not to be transitory; this could occasion a rising interest rate cycle. This is a critical concern for our business, and the uncertainty surrounding the decisions to be taken by influential central banks such as the US Federal Reserve (Fed) and European Central Bank (ECB), as well as our own, complicates our decision making.

Notwithstanding, our strategy over the near term will remain consistent with the plans outlined in our most recent APO prospectus:

- Continue to strengthen and bolster our investment banking unit, to include on-boarding additional capital; searching regionally for financing opportunities; and partnering locally with the Government through public private partnerships;
- Launch alternative investment strategies that are targeted at supporting critical areas of local and regional economic growth, which includes:
 - ▶ Funding for small, medium, and large enterprises through our private equity and private credit funds;
 - ▶ Addressing sectors that have been underinvested, such as infrastructure and renewable energy;
- Enable access by ordinary investors to alternative investment assets;
- Grow our regional footprint.

We are committed to these goals and we believe with the continued support of all our stakeholders, they will be achieved.

In that regard, we thank our Board, our staff, and clients for their continued support.

A handwritten signature in black ink, appearing to read 'M. Myers', with a horizontal line extending to the right.

Mark Myers
Chairman

CHIEF INVESTMENT OFFICER'S REPORT

ABOUT THE PARENT COMPANY

Cornerstone Financial Holdings Limited (CFHL) is a private investment holding company domiciled in Barbados. The company was formed in 2017. CFHL owns 74.3% of the ordinary shares of Barita. The principal activities of CFHL are the holding and trading of equity securities and other investments with certain specific investment horizons. CFHL intends to grow its asset composition through the acquisition of additional companies that conduct businesses complementary to its existing portfolio assets.

CFHL meets the criteria of an investment entity and has applied IFRS 10.31 not to consolidate its subsidiary or apply IFRS 3 'Business Combinations' when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9 'Financial Instruments'.

JASON CHAMBERS
CHIEF INVESTMENT OFFICER



OVERVIEW

At Cornerstone, our mantra is to continuously challenge the status quo. This philosophy holds true with respect to all areas of our business, to include how we view the purpose of our investment bank which at its core aims to provide value additive funding and investment solutions for its clients while producing sustainable risk adjusted returns for its shareholders. To that end we have set out since Barita's acquisition to build a platform with the necessary endowments to effectively execute the aforementioned purpose. This has informed:

- **The structure of our teams, to include our recruitment and retention strategies;**
- **The stratification of our various business lines;**
- **The Company's funding mix;**
- **The Company's capital allocation strategy; and**
- **The investment vehicles through which the Company's investment thesis and capital allocation strategies are expressed.**

The current and expected states of the operating environment and by extension financial markets, which are still heavily influenced by the far reaching and varied effects of the pandemic, coupled with our commitment to long term investing have led us to begin to implement a distinct investment strategy centred on alternative investments. This strategy we believe will effectively complement our continued allocations to traditional asset classes to which we are exposed by virtue of other areas of our core business.

INVESTMENT THESIS UNDERPINNING ALTERNATIVE INVESTMENT STRATEGY

As we articulated in the prospectus for our September 2020 APO our focus areas within the universe of alternative investments are Private Credit, Private Equity, Infrastructure and Real Estate. The Company's focus on alternative investments is informed by several factors to include the 'frontier' nature of broad infrastructural development across our region, which require extensive private capital investment to achieve sustained economic growth and development. We also believe that the present state of the global financial cycle, which is characterised by elevated prices in traditional asset classes (by historical standards), volatile interest rates and rising inflation expectations,

supports diversification into alternative assets which provide a natural hedge against certain market risks.

During the FY21, Barita seeded an alternative investment platform held in a special purpose vehicle (SPV), MJR Real Estate Holdings Limited (MJR). Barita is the investment manager of the real estate portfolio with the ordinary shares of the SPV being held in trust by the JCSD Trustee Services Limited and the board comprised of directors who are independent of Barita and the Cornerstone group for corporate governance best practices.

MJR therefore represents the seed platform from which the Company will establish a suite of real estate funds and vehicles via which both Barita and the investing public can gain varying forms of exposure to the targeted asset classes in an efficient manner. The foundational steps in this regard involved the sourcing, evaluation, and selection of seed portfolio assets as well as the structuring of investment vehicles and the attendant seed funding thereto. The first area of focus for our alternative investment thrust was the launch of our real estate investment strategy which saw us deploying seed funding amounting to approximately **\$8 billion** throughout the year (~9% of Total Assets). Barita's managed real estate platform acquired several assets well below intrinsic value, which fuelled the rise in portfolio values throughout the year, resulting in fee related revenue generation for the Company over the period. The combination of the establishment of the portfolio and its performance allowed Barita to earn corporate finance and management fees of ~**\$1.3 billion** in FY21 (~16% of Total Operating Revenue). We expect to recover Barita's seed funding over time through affording investors the opportunity to participate in the real estate investment strategy via several avenues to include:

- i. **Securitization:** Barita intends to offer direct and indirect exposure to the performance of the real estate portfolio to clients via securitization through unitized fund structures, being its Real Estate or Private Credit Funds (subject to the FSC's approval). We also intend to offer debt instruments secured by and supported by the economics from these real estate holdings to suitable investors.
- ii. **Outright Sale:** Greenfield type projects undertaken by the real estate vehicle, whether residential or commercial, will normally culminate in the outright sale of the majority of the finished product which will allow for a substantial or the entire recovery of the initial capital invested. This will facilitate the return of seed funds to Barita.
- iii. **Joint Venture & Partnership Arrangements:** The real estate portfolio will likely benefit from specific co-investments/strategic partnerships at the single asset level which may provide a return of seed funds to Barita during the development phase of certain investments.

- iv. **Public Listing:** Barita may arrange an Initial Public Offering of segments of its portfolio of Real Estate Investments to facilitate full or partial divestiture of the strategy.

Barita expects, on the back of the funds raised from the September 2021 APO, to increase allocations to funding the alternative investment platform over the ensuing quarters with an expanded focus on infrastructure, private equity, and private credit. We also expect to similarly seed these distinct strategies with the ultimate objective of providing exposures to these various lanes of opportunity to our clients and the market in general.

BARITA FINANCE LIMITED

Barita Finance Limited (BFL) was incorporated in St. Lucia on November 24, 2018 and is a structured notes issuance platform whose main activities are to raise funds through the issuance of debt instruments. BFL invests these funds in an investment portfolio consisting of quoted equities, fixed income investments, and credit assets. BFL's assets include a portfolio of over 30 listed equity shareholdings. The investment portfolio is managed by Barita, under an investment management agreement with a fee structure that is typically employed by investment managers globally.

Barita also serves as the company's broker, investment banker (for capital raises), fiscal, administrative, and paying agent. Material contracts entered into by BFL are authorized by its directors under the advice provided by the investment manager, Barita. The shares of BFL are held in trust by the JCSD Trustee Services Limited.

BFL allows Barita to provide relatively sophisticated high net worth investors with exposures to higher after-tax returns on short to medium term fixed income investments secured by suitable investment and credit assets being held by BFL.

STRENGTH OF CAPITAL

Our mandate of being an effective conduit through which investment opportunities are efficiently sourced and structured to serve as a key enabler to economic development even as we build capacity to satisfy the investment objectives of our customers, is a capital-intensive one and extends beyond the specific focus on alternative investments we have detailed herein. This strategy has been at the centre of the Company's decision to build a funding profile that is overweight in equity capital relative to the average broker dealer operating in Jamaica. Higher capital ratios complemented by lower leverage afford Barita greater capability to execute on its investment strategy including the prudent management of idiosyncratic risks related to alternative investments such as liquidity risk.

As at September 2021, Barita had a Total Leverage Ratio (Total Assets/Total Shareholders' Equity) of 2.5X less than half of the industry average as at June 2021 of 5.9X¹ while the Company registered a Capital to Risk Weighted Asset Ratio of 52.4% as at September 2021, more than twice the industry average of 22.3% as at June 2021. This is consistent with the Cornerstone group's prudent capital management strategy which is particularly pertinent in the current economic climate caused by the pandemic. Consequently, a similar prudent approach to capital adequacy has been adopted by Barita's affiliate, CTMB, which reports a robust capital to risk weighted asset ratio of 56.6%². We intend, on balance, to maintain a lower-than-average leverage ratio as a direct complement to our strategic focus on being effective market makers for funding/investment solutions.

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STRESS TESTING OF CAPITAL

Our endowment of equity capital also affords us significant loss absorbing capacity which is critical to withstand the negative effects of volatile markets on asset prices which can be a significant source of stress for financial institutions. This is particularly relevant in current market conditions characterized by the confluence of rising benchmark interest rates globally and widening credit risks which have placed significant downward pressure on traditional fixed income asset prices. Management has consequently subjected the capital adequacy of Barita to robust stress testing to include measuring the impact of full Basel III adoption and the consolidation of certain off-balance sheet special purpose vehicles, being MJR and BFL, into Barita's on-book portfolio.

¹ Source:

<http://www.fscjamaica.org/downloads.php?doc=ZG9jdW1lbnRzL3NlY3Rpb25zLzlxMTAwNzc5OTRfc2VjdXJpdGllcy1pbmR1c3RyeS1qdW5lTlwmjEtcXVhcnRlcmx5LXN1bW1hcnkucGRm>

² <https://boj.org.jm/statistics/financial-data/prudential-indicators/>

The results of the consolidation exercise as carried out by management revealed that the Capital to Risk Weighted Asset Ratio of 52.4% as at September 2021, would be modestly reduced to approximately 52%. This is still more than twice the industry average. Furthermore, stressing for full Basel III implementation on a consolidated basis, resulted in a Capital to Risk-Weighted Asset Ratio of approximately 30% which remains very robust.

In view of Barita's strength of equity capitalization combined with our significant underweight in high beta securities which carry above average levels of market risk, we anticipate any adverse movement in the fair value reserves of the Company in upcoming months to have minimal impact on our capital adequacy position.

We believe the funding of allocations to alternative assets will continue to be a critical part of our pursuit of long-term shareholder and client value creation, given the low relative beta and high alpha potential of these assets. We intend to spend the next several quarters effectively nurturing the pipeline of opportunities we have identified in the alternative investment and private equity universe while progressing the setup, structuring and distribution of these opportunities to our clients. Our core capital allocation to traditional asset classes which principally drive our net interest income and trading business lines will be actively managed for tactical opportunities to revise upwards our current underweight positioning should the opportunities inherent in those markets prove compelling on a risk adjusted basis.

GOVERNANCE AND STRUCTURE

The re-organization of the regulated financial services providers in the Cornerstone group under a financial holding company pursuant to the requirements of the Banking Services Act provides opportunities for optimization in governance, controls, risk management, operational efficiencies, and investment oversight across the Cornerstone group. We have placed particular focus over the last couple of years on governance, controls, and risk management across the Cornerstone group which has in part informed the boards' continued retention of BDO and KPMG (two of the "Big Five" accounting firms), providing strong independent oversight of our financial accounting and reporting.

Ernst & Young has full remit for conducting the internal audit function across the Barita Group providing critical global best-in-class oversight of our financial and operational risks as well as governance controls. We have also retained

the services of PwC for advice and consultancy as it relates to the application to the BOJ for a financial holding company licence. The Cornerstone group has therefore fully availed itself of world class external and internal audit as well as advisory services as we ensure that our business activities and structures together with our financial and operational controls matrices, reflect our will to continue to strengthen controls and risk management.

As we move forward towards the regulated entities being structured under a financial holding company, subject to shareholders' approval, we will utilize one of the 'Big Five' external audit firms across both the banking and investment subsidiaries together with their proposed parent, the financial holding company.

The overhaul of the existing information technology infrastructure of the Cornerstone group is a critical underpinning to our application for a financial holding company licence. Barita has started the implementation of a new core IT system. Additionally, CTMB is ready to move forward with its core system implementation pending the approval of an application that has been made to the BOJ.

As Barita approaches its 45th year of delivering on its commitment to make money work for its customers, the north star of the investment management function remains prudent management of portfolio related risks even as we expand and evolve the investment parameters of the Company in pursuit of optimizing the return possibilities for all stakeholders.



Jason Chambers
Chief Investment Officer

BOARD OF DIRECTORS



BOARD OF DIRECTORS (CONT'D)



MARK MYERS

CHAIRMAN

An astute businessman, Mr. Myers is the Managing Director of Restaurants of Jamaica Ltd. Mr. Myers holds a BSc. degree in Operations, Transportation and Distribution management from Syracuse University's School of Management. A believer in contributing to the development of his country, he has served on several boards to include the Bank of Jamaica, JAM PRO (Jamaica Trade and Invest) and the Jamaica Observer Limited.



PAUL SIMPSON

DEPUTY CHAIRMAN

Mr. Simpson is the Founder, President and CEO of Cornerstone. He is an Investment Banker with over 15 years' experience having worked in the Caribbean, the United States and Europe in various roles. He holds a double major in Computer Science and Geology and an MBA from the University of the West Indies. He has served on various government, private and charity boards including the Youth Arm of UNESCO, YMCA and the Jamaica Tourist Board, where he was the Chairman of the Finance and Audit committee.



MICHAEL HYLTON *Q.C.*

DIRECTOR

**CHAIRMAN - CORPORATE GOVERNANCE
& CONDUCT REVIEW COMMITTEE**

Mr. Hylton has practiced law for more than 40 years, primarily as a commercial litigator. After a very successful career at the private bar with the firm Myers, Fletcher & Gordon, he was appointed Solicitor General of Jamaica in January 2001, serving in that position until his return to private practice in late 2007. He has extensive experience and expertise in complex commercial matters, especially those involving financial institutions and instruments, constitutional and administrative law, taxation and intellectual property. He specializes in advocacy, with a particular focus on Privy Council appeals (having successfully argued more than 30 appeals). He has chaired numerous public and private sector companies and committees. Chambers & Partners Global in its 2022 edition lists Mr. Hylton as its sole “Star Individual” in business law dispute resolution, and describes him as “the gold standard”.



DUNCAN STEWART

DIRECTOR

CHAIRMAN - BOARD INVESTMENT COMMITTEE

Mr. Stewart is the General Manager of Stewart Motors Ltd. and he is also involved in leading related family businesses, Stewart's Auto Sales Ltd. and its affiliated companies, Stewart's Auto Paints Ltd., Tropic Island Trading Company Ltd. and Silver Star Motors Ltd. Mr. Stewart is also a director of the Automobile Dealers Association and the Richard and Diana Stewart Foundation. Currently, he is a sponsor of the family charity, Kind Hearts, which is run by his children and their cousins.



CARL DOMVILLE

DIRECTOR
CHAIRMAN - AUDIT COMMITTEE

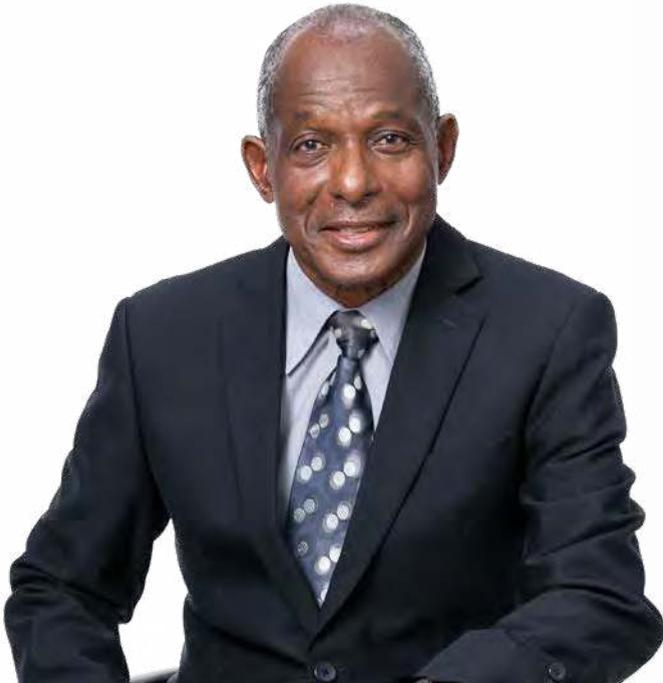
Mr. Domville is the former Chief Operating Officer and Group Treasurer of the Seprod Group of Companies.

A Chartered Accountant, he currently serves as a Director of Radio Jamaica Limited (RJR); The Gleaner Company Limited and is also a Trustee of the Seprod et al Superannuation Scheme. He is also a former President of the Jamaica Cooperative Credit Union League Limited.

PHILLIP LEE

DIRECTOR

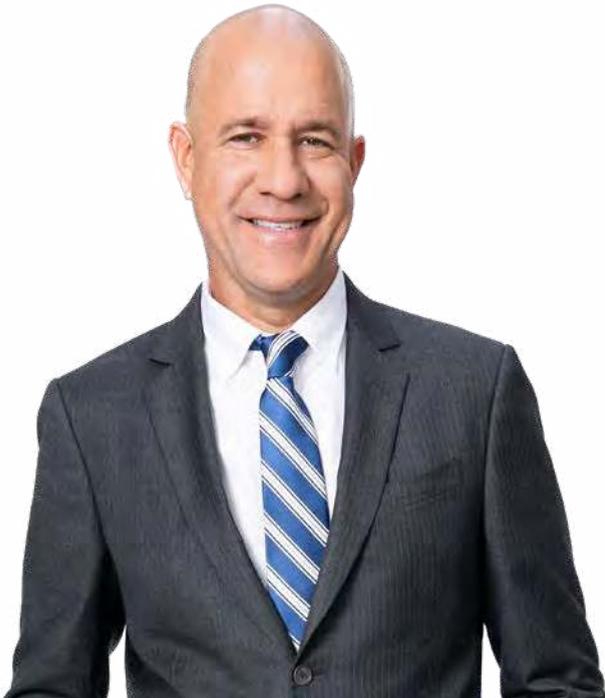
Mr. Lee is Group Managing Director for the companies owned and operated by the Lee family. These include Labels & Boxes Ltd. and Rotoflex Jamaica Ltd. which are the leading manufacturers of labels and packaging material in Jamaica. Mr. Lee has over 30 years of experience in the industry and his companies supply many of the largest Jamaican manufacturers including GraceKennedy Ltd., Red Stripe and Salada Foods Jamaica Ltd. He has been involved in numerous successful packaging projects for these companies and continues to be consulted by the owners of major brands for his expertise.



JAMES GODFREY

DIRECTOR

Mr. Godfrey is the Co-Founder and Managing Director of S&G Road Surfacing Materials Ltd. With over 30 years entrepreneurial experience, Mr. Godfrey has built the entity into one of Jamaica's leading asphalt manufacturing and road work solutions companies. Since its inception, S&G Road Surfacing Materials Ltd.'s portfolio of completed projects includes parking lots, driveways, multipurpose courts, roadways, roundabouts and related infrastructure projects in partnership with National Works Agency, Gore Development Limited and China Harbour Engineering Corporation.



ROBERT DRUMMOND

DIRECTOR

Mr. Drummond is a business executive and management consultant with over 30 years of experience leading and advising organizations through major strategic transformations. He has held executive appointments at prominent companies in Jamaica and the US, including First Global Financial Services Limited, NIKE, American Express and ITT Sheraton. As a strategy implementation specialist, he has contributed significantly through his research and publications including "Managing Resistance to Change" and "Organizational Turnarounds". He holds an MBA from Harvard Business School.



JASON CHAMBERS msc.

DIRECTOR

MANAGING DIRECTOR - BUTM

Jason has over 21 years' of experience, spanning the range of Securities Trading, Investment and Treasury Management, Corporate Finance, and Corporate Banking. Most recently, Jason held the position of VP of Investment Management at the GraceKennedy Group. Jason also headed the Corporate Banking Unit within First Global Bank Limited where his functional responsibilities included the development, execution, and monitoring of business development strategies to grow the corporate banking business; management of credit structuring and assessment in accordance with the requirements of corporate clients within the parameters of the bank's lending policy; the upgrading of the credit policies of the bank to confirm with current and emerging risks, and management of the credit quality of the portfolio in conjunction with the credit risk management unit of the bank. Jason was also a member of the senior management teams of the securities dealing subsidiaries of Guardian Holdings and GraceKennedy where he led the Asset Liabilities Management Committee ("ALCO") of GK Capital and served as a member of the GK Group ALCO. Jason is a graduate of the University of the West Indies, where he obtained a Bachelor of Science degree in Economics and a Master of Science degree from the University of London.



CORNERSTONE SENIOR MANAGEMENT TEAM



CORPORATE GOVERNANCE



A sound corporate governance framework is a critical enabler of Barita's strategic plans and vision, helping the Company to continue to effectively engage with its stakeholders.

The Directors continue to enhance the corporate governance framework even as Management focuses on building on the operational successes of the previous year and growing the business. The Board recognizes that sustainable value creation is possible only through the Company's observance of, and compliance with, applicable laws, regulations and international best practices.

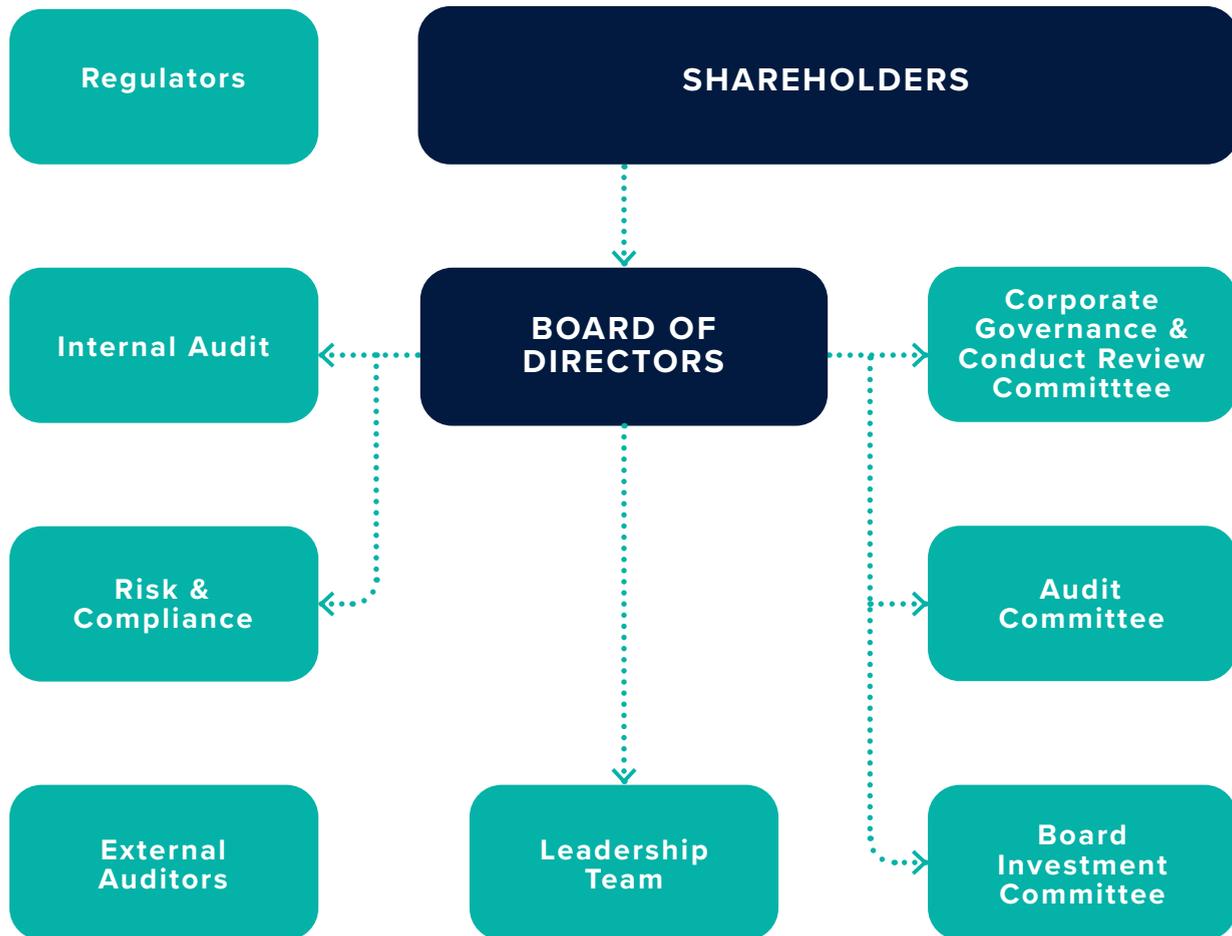
Barita, like most companies worldwide continued to experience operational challenges in unique and unprecedented ways as a result of the COVID-19 pandemic, testing the strength and resilience of risk management and corporate governance structures. We are pleased to note that even though tested in critical ways, our corporate governance framework withstood the challenges, with optimized enhancements introduced as needed. Through agile leadership and proactive responses, the Company was able to introduce new protocols that ensured the Company's critical capital and liquidity metrics remained strong along with our overall governance processes.

Even as the Company faced other challenges which threatened the mettle of its Management team, the team remained focused on its long term goals and objectives. The Company appreciates that as the operating environment changes new challenges will emerge and governance measures need to evolve in response. The Board remains unwavering in its commitment to maintaining a robust corporate governance structure given its importance to maintaining the trust and confidence of its shareholders, and other stakeholders, such as its regulators.

Our Evolving Governance Framework

The Board of Directors remains at the nerve centre of the Company's corporate governance framework providing critical guidance and direction to Management in the running of the business. Additionally, the Corporate Governance & Conduct Review Committee provides leadership in certain areas, including ensuring the development and implementation of certain crucial policies as well as overseeing the management of connected party dealings.

OUR GOVERNANCE FRAMEWORK



Key Activities of the Board

During the financial year the activities of the Board included the following:

01

Receiving and reviewing the Strategic Plan and Budget of the Company presented by Management;

02

Receiving, reviewing and/or approving various routine reports, including the following:

- a. General Manager's Reports;
 - b. Compliance Reports;
 - c. Management Reports;
 - d. Audited and Unaudited financial reports.
-

03

Approving the following Policies and Documents:

- a. Terms of Reference for Corporate Governance & Conduct Review Committee;
 - b. FATCA Compliance Policy;
 - c. Compliance Management Framework Policy;
 - d. New Products Initiatives and/or Material Business Changes Policy;
 - e. Data Retention Policy;
 - f. Conduct Review Guidelines;
 - g. JSE Direct Market Platform Facility;
 - h. IT Policy Standards & Procedures;
 - i. Business Continuity Policies & Procedures;
 - j. IT Change Management Policy & Procedures;
 - k. Corporate Data Security Policy;
 - l. Corporate Internet, Email and Cyber Security Policy;
 - m. IT Security Incident Management Standards Guidelines;
 - n. Data Classification Handling Guidelines.
-

04

Reviewing Trust Deed for, and approving establishment of, an Employee Share Trust.

05

Receiving and reviewing reports from Management on the impact of COVID-19 on the Company's operations, and approving initiatives to mitigate the impact as necessary.

06

Receiving and reviewing reports on the Net Promoter Score Index in which engagement of employees of the Company is assessed.

Definitions

Particulars	Definition
“Cornerstone Entities”	Cornerstone United Holdings Jamaica Limited and/or Cornerstone Financial Holdings Limited
“Director” or “Directors”	The person(s) who are member(s) of the Board of Directors of the Company
“Executive Director” or “ED”	A director who is part of the current management of the Barita Group, and/or Cornerstone Entities (including a company affiliated with the Cornerstone Entities).
“Independent Director” or “ID”	<p>A Director who:</p> <ul style="list-style-type: none"> • does not have control or a Substantial Shareholding; • is not an employee of the Barita Group or Cornerstone Entities and has not been within the last three (3) years; • is not a significant shareholder and is not a close relative of a shareholder with Substantial Shareholding; • has not received and does not receive additional remuneration from the Company apart from a Director’s compensation and does not participate in a performance related pay scheme; • does not represent a shareholder with Substantial Shareholding; • has not had, within the last three (3) years, a material business relationship with the Company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company.
“Non-Executive Director” or “NED”	A director who is not part of the current management of the Barita Group or that of the Cornerstone Entities.
“Substantial Shareholding”	Minimum shareholding of five percent (5%) held in the Company.

Responsibilities Of The Board Of Directors

The Board is the primary decision-making body of the Company charged statutorily with setting and directing the strategic course for the Company and advising, supervising and monitoring the work of the Management team against approved/agreed objectives and their effectiveness. The day-to-day management functions of the Company are delegated to the Management team, including implementing the key strategic objectives of the business. The Board also delegates some of its decision-making authority to its various committees, which are required to operate within prescribed terms of reference and parameters, to facilitate focus on technical or specialized matters. The Board remains ultimately responsible to stakeholders for the performance of the Company and for ensuring the Company operates within required laws and regulations and in-line with sound business practices.

IN ACCORDANCE WITH ITS MANDATE THE BOARD'S RESPONSIBILITIES INCLUDE THE FOLLOWING CRITICAL DUTIES AND FUNCTIONS:

BOARD RESPONSIBILITIES

Governance:

- Overseeing and approving the development of the Company's approach to corporate governance principles and guidelines consistent with regulatory requirements and international best practices;
- Ensuring adherence with corporate governance policies and guidelines and code of conduct as well as regulatory and statutory requirements.

Strategy:

- Assisting with the development of the Company's vision and mission;
- Overseeing the implementation of the Company's strategic plan, the organizational structure, and succession planning for senior management;
- Reviewing and approving the Company's business plans and forecasts and reviewing actual performance against forecasted/budgeted plans.

BOARD RESPONSIBILITIES (CONTINUED)

Financial Performance:

- Evaluating financial results and ensuring that they are produced in keeping with international standards so as to give a fair and accurate report of the Company's performance;
- Agreeing on the objectives of the Managing Director/ General Manager and reviewing their performance.

Human Resources:

- Retaining the authority to appoint and remove the Managing Director/General Manager as well as other executives;
- Ensuring the development of a succession plan for the Managing Director/General Manager and other senior executives.

Risk Management:

- Approving the Company's risk framework and policies and ensuring alignment with the Company's business strategy and goals;
- Identifying the principal business risks and ensuring the implementation of appropriate systems to mitigate and manage the key risks and to enable compliance with such policies.

Internal Controls:

- Assessing and reviewing the adequacy/integrity of internal systems and controls generally;
- Evaluating and reviewing the adequacy of the Company's compliance with applicable laws, rules and regulations.

Communications:

- Reviewing the Company's communications programme/framework to ensure the dissemination of information and required disclosures in a timely and fulsome manner with stakeholders;
- Ensuring the development of infrastructure to facilitate timely and accurate disclosure of information required to be disclosed.

Board Structure & Expertise

CHAIRMANSHIP

Mr. Mark Myers is the Chairman of the Company and in this role he has responsibility for the effective leadership of the Board and its committees and of their overall conduct and operations. He is an independent non-executive Chairman which allows him to bring a greater level of independent oversight to the role and allows for increased accountability from Management. He has years of experience crafting and implementing strategy at the highest level and is well equipped and qualified to lead the Board. In addition to chairing Board meetings, he also leads all general meetings of the shareholders.

COMPOSITION

As at September 30, 2021, the Board of Barita consists of nine (9) members, with six (6) of the directors being Independent Directors. The roles of the Chairman and executive leadership of the Company are undertaken by different individuals. Due to the high percentage of Independent Directors all of the Company's committees are chaired by Independent Directors. The Board has a good blend of expertise, experience, and skill sets to guide the decision making of the Board and to direct and counsel the Management team.

APPOINTMENT, TERM, ELECTION & RETIREMENT

Pursuant to the Company's Articles of Incorporation (Articles), Directors employed to the Company shall cease to hold such office upon termination of any employment contract with the Company. Further, under Article 93, at least one-third of the Directors are required to retire each year at the Annual General Meeting but are eligible for re-election by the shareholders on the recommendation of the Board. Directors Mr. Mark Myers, Mr. Phillip Lee and Mr. Duncan Stewart retire by rotation and are eligible for re-election. Additionally, Director Michael Hylton, who was appointed by the Board in March of 2021, is slated to retire and is eligible for re-election under Article 91.

EXPERTISE/EXPERIENCE

The Board believes that in order for a board to function effectively it requires a balance of skill set and expertise among its members so that members can bring diversity of thought, input and ideation to the Board's deliberations and decision-making process. As such, new directors are selected based on the needs of the Company and any gaps in skill sets and expertise identified relative to the existing talent available for the Board to draw on as driven by, inter alia, the strategic focus at the relevant point in time. Consideration is given as to their reputation in their respective professions, areas of discipline, proven skill, proficiency, their honesty and integrity, and the time commitment to devote to the Board and work of the Committees. The Board believes that the breadth of skill, knowledge and experience of the Directors is well balanced to provide the depth of critical thinking and relevant business acumen required to support the business' decision-making process.

BOARD EXPERIENCE & EXPERTISE	BOARD EXPERIENCE & EXPERTISE								
	Corporate Governance	Financial Literacy	Strategy	Financial Services	CEO Level Experience	Risk Management	Legal Expertise	Listed Company Experience	Information Technology
Mark Myers	✓	✓	✓		✓			✓	
Paul Simpson	✓	✓	✓	✓	✓	✓		✓	✓
Duncan Stewart	✓	✓	✓		✓	✓		✓	
Robert Drummond	✓	✓	✓	✓	✓	✓		✓	
Jason Chambers	✓	✓	✓	✓	✓	✓		✓	
Carl Domville	✓	✓	✓			✓		✓	
Phillip Lee	✓		✓		✓			✓	
James Godfrey	✓		✓		✓			✓	
Michael Hylton Q.C.	✓		✓			✓	✓		

DEFINITIONS:

Corporate Governance - having an understanding of basic governance principles

Strategy - demonstrated experience in developing, implementing and delivering strategic objectives

Financial Literacy - ability to analyse and interpret financial statements

Financial Services - experience in banking and/or securities industries

CEO Level Experience - demonstrated experience managing a business

Risk Management - proven ability in identifying, assessing and managing risks

Legal Expertise - proven ability and understanding in the application of legal principles

Listed Company Experience - at least one year's experience as a director of a listed company

Information Technology - experience in IT governance/technology strategies and innovation

Board and Committee Attendance Record

During the financial year the Board met on nine occasions with all meetings of both the Board and its various committees being held virtually in line with existing COVID-19 protocols. The attendance record of the Board of Directors continues to be exceptional with over 70% of the Directors attending all meetings.

BOARD MEMBERS' ATTENDANCE	Classification	Board Meetings Oct. 1, 2020 – Sept. 30, 2021	Audit Committee Oct. 1, 2020 – Sept. 30, 2021	Board Investment Committee Oct. 1, 2020 – Sept. 30, 2021	Corporate Governance & Conduct Review Committee Oct. 1, 2020 – Sept. 30, 2021
Number of Meetings		9	5	1	3
Mark Myers	ID/NED	9	N/A	N/A	N/A
Rita Humphries-Lewin*	NED	0	N/A	N/A	N/A
Carl Domville	ID/NED	9	5	N/A	3
Jason Chambers	ED	9	N/A	1	N/A
Robert Drummond	NED	9	5	N/A	N/A
Duncan Stewart	ID/NED	7	5	1	N/A
Paul Simpson	NED	9	N/A	1	N/A
James Godfrey	ID/NED	7	N/A	N/A	N/A
Phillip Lee	ID/NED	9	5	N/A	3
Matthew Hogarth**	ID/NED	3/5	N/A	N/A	1/1
Michael Hylton Q.C.***	ID/NED	6/6	N/A	N/A	2/2

*Mrs. Rita Humphries Lewin retired from the Board on January 27, 2021 | **Mr. Matthew Hogarth resigned from the Board effective March 31, 2021 and as at the same date is no longer a member of the Corporate Governance & Conduct Review Committee. | ***Mr. Michael Hylton Q.C. was appointed to the Board on March 9, 2021 and appointed a member and the Chairman of the Corporate Governance & Conduct Review Committee on March 25, 2021.

Board Committees

Pursuant to regulatory requirements and in recognition of the fact that the work of the Board needs to be supplemented by specialized sub-sets of the Board with a mandate to focus on particular areas, the Board delegated some of its responsibilities to the following committees, all of which are chaired by independent non-executive directors:

- **Audit Committee - Chaired by Carl Domville**
- **Corporate Governance & Conduct Review Committee - Chaired by Michael Hylton Q.C.**
- **Board Investment Committee - Chaired by Duncan Stewart**

Each committee has a board-approved charter, which sets out, inter alia, its mandate, authority and responsibilities. The Chairman of each committee is responsible for reporting to the Board on the activities of the respective committee and making recommendations, as necessary or required, at each Board meeting.

AUDIT COMMITTEE

The Audit Committee provides guidance and oversight on strategic issues in accordance with its terms of reference. The Audit Committee is responsible for assisting the Board in overseeing the financial and operational reporting process, assessing the effectiveness of the internal controls and risk management systems as well as overseeing the external and internal audit processes, including security and quality issues in relation to client audits. The Audit Committee also has responsibility for reviewing and approving policies and procedures which touch and concern its areas of responsibility as well as ensuring compliance with legal and regulatory requirements. It serves as a conduit between our internal auditors and the Board regarding the strengthening and maintenance of internal processes via internal controls and operating compliance.

Activities undertaken by the Committee over the Reporting Period

During the reporting period, the Audit Committee undertook the following activities (in brief):

- 01.** Reviewed quarterly unaudited financial statements and the audited financial statements with members of the Management team and recommended approval of their release to the JSE to the Board;

- 02.** Reviewed the external auditor's proposed audit strategy, scope and fees for the audit of the year end financial statements;
- 03.** Reviewed reports from the Internal Auditor (EY) on the Company's internal control environment, audit findings and Management's action plans for resolution;
- 04.** Reviewed reports from the Internal Auditor on the Company's regulatory compliance and human resource management systems;
- 05.** Receiving and reviewing the EY Audit Report to assess the functions of the Company's Operations Department and to test the design and operating effectiveness of internal controls surrounding the processes and to provide recommendations for improvements as necessary;
- 06.** Reviewed the following policies and products:
 - a. AML-CFT Policies & Procedures;
 - b. Outsourcing Policy;
 - c. FATCA Compliance Policy;
 - d. Compliance Management Framework Policy;
 - e. Risk Appetite;
 - f. Internal Audit Policy;
 - g. Expected Credit Loss Policy;
 - h. Anti-money Laundering Policy;
 - i. New Products and Initiatives and/or Material Business Changes Policy;
 - j. JSE Direct Market Platform Facility.

BOARD INVESTMENT COMMITTEE

The Board Investment Committee has strategic oversight of the investment and funding activities of the Company as well as the management of the various risks inherent in these activities. Its responsibilities include:

- overseeing the development and maintenance of the investment policy and to ensure alignment of the investment policy with the Group's risk appetite, as well as the prevailing and expected business and economic climates;
- ensuring the adequacy of the governance structure of the investment processes of the Company as well as the various systems and internal controls designed to ensure the investment portfolios are managed according to the investment policy as well as within various internal and regulatory limits and guidelines;
- periodically reviewing the organization, strategy and effectiveness of the Company's investment function;
- oversight of the Company's funding strategy and policies to include but not be limited to matters surrounding share issuance or repurchase, debt issuances, dividend policy setting and the initiation or amendment of terms of revolving credit facilities.

Activities undertaken by the Committee over the Reporting Period

During the reporting period, the Board Investment Committee undertook the following activities (in brief):

- 01.** Review and approval of amendments to risk limits:
 - a. Investment Policy Limits;
 - b. Risk Limits;
 - c. Counterparty Risk Limits.
- 02.** Review and approval of the following policies:
 - a. Foreign Exchange Risk Management Policy;
 - b. Treasury Liquidity Management Policy;
 - c. Credit Policy;
 - d. Expected Credit Loss Policy;
 - e. Internal Control Policy;
 - f. Investment Management Policy;
 - g. Limit Framework (Counterparty Framework and Updated Risk Limits);
 - h. Risk Appetite Framework (update).

03. Receive and review Risk Report.

04. Receive and review report on matters arising from the Management Investment Committee.

CORPORATE GOVERNANCE & CONDUCT REVIEW COMMITTEE

The following areas fall under the purview of the Corporate Governance & Conduct Review Committee pursuant to its terms of reference:

- Reviewing Board procedures to ensure compliance with international corporate governance best practices and business trends;
- Identifying and managing of conflicts of interest which may arise from transactions conducted with related parties;
- Engaging independent consultant to undertake board evaluation;
- Considering matters relating to the appointment, orientation, training, conduct, compensation and tenure of directors of the Board;
- Ensuring compliance with best practices of corporate governance.

Activities undertaken by the Committee over the Reporting Period

During the reporting period, the Corporate Governance & Conduct Review Committee undertook the following activities (in brief):

- 01.** Review and approval of the following policies:
- a. General & Insider Trading Policy;
 - b. Company Seal Policy;
 - c. Whistleblower Policy;
 - d. Code of Conduct Policy;
 - e. Antibribery & Corruption Policy;
 - f. Corporate Governance Charter;
 - g. Fit and Proper Standards and Evaluation Policy;
 - h. Conduct Review Guidelines.

02. Reviewing the results of the Board Evaluations conducted and agreeing resulting actions;
03. Conducting an analysis of the Company's 2020 Annual Report;
04. Establishing a reporting framework for Related Party transactions;
05. Overseeing Corporate Governance training for the Board;
06. Reviewing and approving proposed amendments to the Articles of Incorporation for the Company.

General Board Information

DIRECTOR TRAINING

In order to ensure that the Board of Directors continues to be effective in discharging its responsibilities it is important that the Board be up-to-date with current legal and regulatory developments and trends, as the Board believes that it will have implications for the success of the business operations as well as developments relating to the financial services industry generally. Through the Corporate Governance & Conduct Review Committee, the Directors are provided with continuous education and training on matters which have a direct bearing on their ability to effectively undertake their duties and responsibilities as well as about the business, products and macro-economic developments. Accordingly, the Directors were engaged by Management on key strategic initiatives, general economic, global and market affairs and international developments as well as emerging trends in addition to information relating to developments within the sector, business segments and products. The Directors were also exposed to training programmes arranged by the Corporate Governance & Conduct Review Committee on the following topics:

INSTITUTION	INSTRUCTOR	TITLE OF PROGRAMME	DATE
Change Solutions Limited	Virtual/Online Instruction	AML/CFT Training for Directors	June 17, 2021 to July 31, 2021
Jamaica Institute of Financial Services	Shirley-Ann Eaton - Attorney-at-Law	Effective Corporate Governance in a Financial Institution	March 26, 2021
Bennett Cooper Smith	Sidia Smith - Attorney-at-Law	Data Protection Act	July 2, 2021
Cube Corporate Support Limited	Julie Thompson James - Attorney-at-Law	Subsidiary Governance & Board Communication	July 13, 2021
Privacy & Legal Management Consultants Limited	Georgia Gibson Henlin Q.C. - Attorney-at-Law	Managing Conflict of Interest in the Public and Private Sector	July 13, 2021

BOARD EVALUATION

The success of the Company is directly tied to the performance of the Board of Directors and their effectiveness in guiding the Company, seeing to the implementation of the Company’s various strategic and other initiatives and managing the raft of risks that attend the business. Accordingly, the Board believes that it is important that it be evaluated on a frequent basis to assess the health of the Board and to ensure that it continues to perform at an optimal level and to be able to identify areas of weakness as early as possible so as to remediate any such issues at an early stage. To ensure an objective assessment and to bring transparency to the process the Board evaluation was facilitated by a well-respected external consultant.

The evaluation exercise assists Directors in reviewing and assessing their performance, the progress made over the last financial year and to identify development opportunities for the overall Board, Committees and individual Directors. The process involves:

- Conducting of a Director's Self Evaluation and a Peer Review in which each Director evaluates the other Directors as well as a Collective Board Review. An assessment is also conducted on each committee and their effectiveness.
- The independent consultant analyses the feedback and prepares a report which is submitted to the Board Chairman as well as the Committee Chairmen. Each Director receives a report on himself/herself and all Directors receive comments on overall observations, and the Chairman receives details of each Director's evaluation so he may determine whether any further steps are warranted or useful.

The evaluation covers a wide number of areas including the following:

- ▶ The size, composition, breadth and depth of competencies of the Board;
- ▶ The Board's participation in formulation of strategic plans and capital budgets;
- ▶ Formulation of policy to support critical areas of business management;
- ▶ The development of corporate governance policy, structures and processes;
- ▶ Supervision of the critical areas of the Company's operations;
- ▶ The Board's understanding of the Company's vision, strategy, plans and environment as well as its risk and how to mitigate.

DIRECTORS' COMPENSATION

The Directors' compensation is based on a set structure which includes a basic retainer and a fixed payment per meeting attended for both the Board and Committees. The fees paid to the Directors are not based on the performance of the Barita Group, neither do they receive share-based compensation, however the responsibilities and time commitment are taken into account. Additionally, Directors are compensated for travel and other expenses incurred in the performance of their role.

BOARD/ COMMITTEE	QUARTERLY RETAINER *	BOARD MEETING FEE **	AUDIT COMMITTEE MEETING FEE**	CORPORATE GOVERNANCE & CONDUCT REVIEW COMMITTEE MEETING FEE**	BOARD INVESTMENT COMMITTEE MEETING FEE**
Board Chairman	\$1,245,000	\$40,000/ meeting	N/A	N/A	N/A
Board Members	\$300,000	\$40,000/ meeting	N/A	N/A	N/A
Committee Chairman & Members	\$100,000	N/A	\$20,000/ meeting	\$20,000/meeting	\$20,000/ meeting

* Gross | ** Non taxable

SHAREHOLDER ENGAGEMENT AND COMMUNICATION

Shareholder engagement remains an important component of our governance ethos and the Company makes every effort to ensure that there are multiple avenues and channels for investors and shareholders to access information and communicate with the Company generally. In addition to the timely disclosure of information by way of uploads to the JSE's website, our website www.barita.com and various social media platforms allow shareholders and investors to engage and interact with the Company.

The Annual General Meeting provides another means by which shareholders have the opportunity of interacting directly with Directors. At the Annual General Meeting Management provides an overview of the Company's performance over the financial year as well as insight into its strategic plans and direction. Shareholders have the opportunity to directly address both Directors and Management on the Company's plans, performance and objectives. We also livestream our Annual General Meetings so that shareholders who are unable to physically attend can access the information provided despite their absence.

Shareholders can also express their views and ask questions generally by sending emails to question@barita.com.

05 BUSINESS LEADERSHIP AND OPERATIONS

5

TOGETHER



MESSAGE FROM OUR GENERAL MANAGER

Barita marched into 2020-2021, which is year 2 of the COVID-19 pandemic, determined to make it a successful year. We fearlessly executed our strategy and today we can undoubtedly stand as the Financial Services Industry Game Changer.

We are proud to share with all our stakeholders the following achievements for the year:

01

Total share capital increased from \$24.1 billion to \$33.1 billion and shareholder's equity increased from \$27.5 billion to \$36.2 billion through a successful additional public offer in September. New and existing shareholders demonstrated their confidence in the financial future of Barita by investing an additional \$10.8 billion in our entity. As a result, we now rank 3rd in the industry by capital.

02

The doors to a new location in Fairview, Montego Bay were opened in July and has been well received by the Western Region. Our well-trained, first-class team has served many new customers since its opening and looks forward to introducing our services to the wider community.

03

Barita BOSS (Baritaboss.com) launched in 2019, which was established primarily for public offerings, received 1,204 applications in our recent APO compared to 832 in the prior year's APO. This represents a leap in advancing our digital footprint and an overall improvement in our customer engagement.

04

Bari the Bot was successfully launched this financial year. This is our online digital customer assistant, that is always available to serve our clients. Over 13,000 digital conversations were had this year. This new customer digital channel has served our existing and prospective customers well.

05

We continue to dominate the social media space with over 40,000 followers.

06

Our customers gave us great feedback during the financial year! We consistently scored well above international standards in our customer engagement survey. Each year, we invest in training our team, improving our operational processes, and listening keenly to the voice of our customers as we strive to differentiate ourselves in the financial services sector.

07

Care of our valued team members remains critical as we navigate through the pandemic. We formalized and executed our work from home policy which has resulted in a significant number of our team members successfully working remotely. We also coordinated vaccines and easy access to COVID - 19 testing for our team members.

In addition to our business achievements and the impact we continue to have on the Jamaican landscape, we are particularly proud of our ability to “Give Back” to the people of Jamaica.

This year, we re-branded and relaunched our Foundation. Barita Education Foundation has successfully transitioned to The Barita Foundation (the Foundation). This name change allows us to widen our programs and impact a wider cross section of our society.

The Foundation’s reach extended to many well-deserving activities. Of note, we proudly supported the following:

- Our Front-line workers in the Health Sector
- The Council of Voluntary Social Services
- The Kingston YMCA
- Mary Bond Early Childhood Development Centre

For the year ahead we plan to continue our focus on youth and education, as well as the areas of entrepreneurship and health.

All the achievements of Barita redound to the strength of our team members. They are the backbone of this great Company, and we are grateful that they show up ready to serve each day.

We continue to be grateful for the guidance and direction of our parent company, Cornerstone, and our Board of Directors who consistently serve as the compass for Barita.

To our customers, and our shareholders, we are thankful for your business and your continued support year after year.

This year was indeed another game changing year! We look forward to making money work for you in the years ahead.

With thanks



Paula Barclay
General Manager



PAULA BARCLAY
General Manager

EXECUTIVE TEAM







JASON CHAMBERS **MSc.**
DIRECTOR
MANAGING DIRECTOR - BUTM

Jason has over 21 years' of experience, spanning the range of Securities Trading, Investment and Treasury Management, Corporate Finance, and Corporate Banking. Most recently, Jason held the position of VP of Investment Management at the GraceKennedy Group. Jason also headed the Corporate Banking Unit within First Global Bank Limited where his functional responsibilities included the development, execution, and monitoring of business development strategies to grow the corporate banking business; management of credit structuring and assessment in accordance with the requirements of corporate clients within the parameters of the bank's lending policy; the upgrading of the credit policies of the bank to confirm with current and emerging risks, and management of the credit quality of the portfolio in conjunction with the credit risk management unit of the bank. Jason was also a member of the senior management teams of the securities dealing subsidiaries of Guardian Holdings and GraceKennedy where he led the Asset Liabilities Management Committee ("ALCO") of GK Capital and served as a member of the GK Group ALCO. Jason is a graduate of the University of the West Indies, where he obtained a Bachelor of Science degree in Economics and a Master of Science degree from the University of London.



PAULA BARCLAY **MBA**
GENERAL MANAGER

Prior to joining the Group, Paula held several roles at the GraceKennedy Group including, Group Treasurer, Managing Director of First Global Leasing as well as General Manager, Chief Credit Risk Officer, Senior Vice President for Personal and Business Banking and Vice President of Corporate Banking at First Global Bank. At First Global Financial Services Limited she served in the Capacity of Vice President for Pension Fund Management and Vice President for Business Development. She also served on various boards and committees that governed the GraceKennedy Group. Paula holds a Bachelor of Science in Management Studies from the University of the West Indies as well as an MBA from Barry University and has completed The Leadership Journey at The Wharton Business School.



RAMON SMALL-FERGUSON

CFA, FRM, CAIA

EXECUTIVE VICE PRESIDENT,

ASSET MANAGEMENT & RESEARCH

Mr. Small-Ferguson is currently the Executive Vice President, Asset Management & Research at Barita Investments Limited where he has strategic oversight of the profitability and holistic management of the Company's Asset Management, Structured Products, Alternative Investments, Stockbrokerage & Investment Research functions. He joined the Cornerstone Group from the Jamaica National Group where he was Chief Investment Strategist and Head of Research at the Group's investment subsidiary. His professional background spans the areas of Investment Research, Treasury & Portfolio Management and Investment Banking. Mr. Small-Ferguson has earned the Chartered Financial Analyst (CFA), Chartered Alternative Investment Analyst (CAIA), and Certified Financial Risk Manager (FRM) designations. He also holds a Bachelor of Business Administration (BBA), Finance & Marketing (Hons) from the University of Technology, Jamaica and is currently a Graduate Student at NYU Stern Business School where he is pursuing a Masters of Science in Quantitative Management.



TERISE KETTLE MBA

VICE PRESIDENT,

INVESTMENT BANKING

Terise joined Barita on March 2, 2020 as Vice President, Investment Banking. Prior to joining Barita, Terise held key roles within the financial services sector including Assistant Vice President, Corporate & SME Banking and Team Lead – Relationship Manager (Corporate & Commercial Banking). Terise holds a Master of Business Administration in Banking and Finance with Distinction and a Bachelor's in Management Studies and Accounting with Honours from the University of the West Indies. Additionally, she has Project Management Certification from the University of the West Indies.



PERCIVAL HURDITT MSc.
HEAD, FINANCIAL RISK

Percival joined Barita on November 18, 2020 as Head, Financial Risk. He has honed his experience in Risk for over fifteen years which is complemented by years of experience as a Research Economist. Percival holds a MSc. and BSc. in Economics, both from the University of the West Indies.

ANMARIE WALKER-CATO
MBA, FCCA
VICE PRESIDENT, FINANCE

Anmarie has spent much of her life cultivating expertise across multiple areas of finance and accounting. Today she stands as our Group Financial Controller, having also held the positions of Assistant Vice President, Finance at Proven Wealth Limited, Senior Manager – Financial Control at First Global Bank Limited (FGB) and so many more. A highly-qualified businesswoman, Anmarie holds a BSc in Accounting and Management Studies from UWI, an MBA from Florida International University (FIU) and is an ACCA-certified Chartered Accountant.



IAN ANDERSON MBA
**HEAD, NON-FINANCIAL RISKS
 & ENTERPRISE RISK MANAGEMENT**

Ian joined Barita as Head, Non-Financial Risk & Enterprise Risk Management on June 1, 2020. Prior to his posting at Barita, Ian spent the majority of his career at Scotiabank Jamaica, where he served in varying capacities for over seventeen (17) years. Ian earned a MBA in Management Information Systems from the Mona School Business and a Bachelor of Science degree in Computer Science from the University of the West Indies.

CAROLYN KEAN CFA, MSC
**HEAD, STRATEGY,
 PLANNING AND ANALYSIS**

Carolyn joined Team Barita in November 2020 with 17 years of experience in the financial sector where she has held several management roles in Research, Strategy, Business Intelligence and Performance Measurement. She currently holds the position of Head, Strategy, Planning and Analysis. She holds MSc degrees from both the University of the West Indies and the University of Warwick as well as the Chartered Financial Analyst designation.



SONIA OWENS MBA
HEAD,
TREASURY AND FINANCIAL INSTITUTIONS

Sonia joined Barita Investments in 1984 and held several positions over the years including Trading and Investments Manager, culminating in her most recent promotion to Head, Treasury & Financial Institutions. She holds a Bachelor of Science Degree in Banking and Finance from the University of the West Indies, has attended several professional training courses with JIM, JIB, CI Financial and Euro Finance and has completed an MBA at Edinburgh Business School.

SARA YING HENRIQUES MBA
HEAD, OPERATIONS

Sara joined Barita on October 1, 2020 as Head, Operations. Prior to joining Barita, Sara garnered a wealth of experience in Treasury & Asset Management Operations within the financial services sector. She holds an MBA and Bachelor of Science (BSc.) degree in Business Administration from the University of Technology both with a major in Finance.



JUNIOR GRAHAM MBA, MSC., PMP
 VICE PRESIDENT,
 INFORMATION TECHNOLOGY

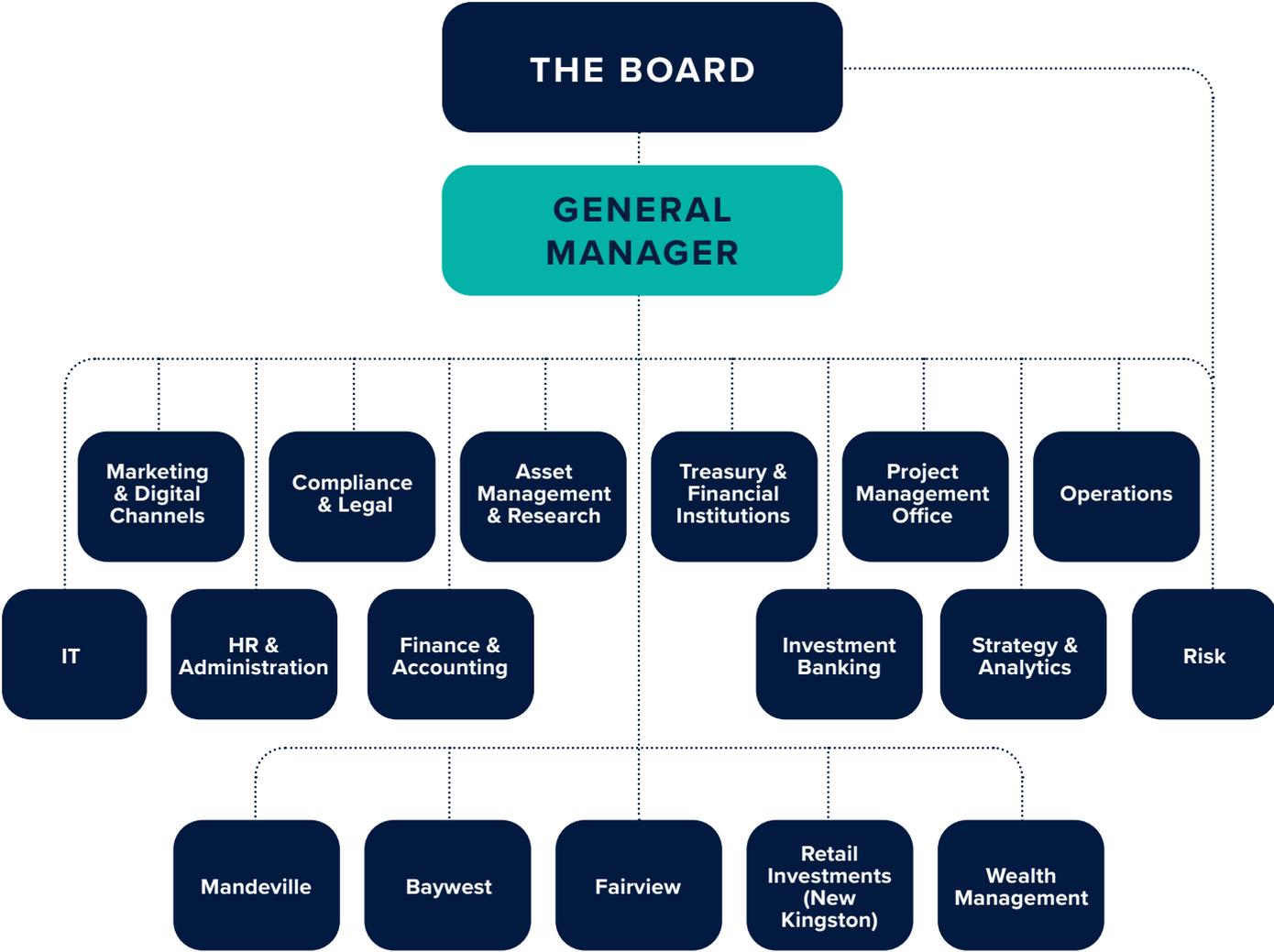
Junior is an Information Technology professional with over 15 years' experience managing Information Technology and Innovation. Prior to joining Barita he held the position of Group MIS Manager at the JMMB group. Junior has also held various positions at the GraceKennedy group including Project Management, Innovation and eBusiness. He is a certified Project Management Professional and holds an MBA In Finance from Manchester Business School and an MSc in network centred computing from Reading University.

JUDITH NAJAIR MBA
 HEAD PROJECT DEVELOPMENT & SPECIAL
 PROJECTS

Judith joined Barita on January 2, 2020 as V.P., Operations. Prior to joining Barita, Judith garnered a wealth of experience in the financial services sector spanning Customer Service, Sales Management and Operations. She holds an Executive Master of Business Administration (EMBA) degree from the University of the West Indies (UWI) and a Bachelor of Science (BSc.) degree in Business Administration from the University of Technology.



ORGANIZATIONAL CHART



06 MANAGEMENT DISCUSSION AND ANALYSIS



Global Market Review

This financial year's results were achieved in the context of a global economy that continues to be in recovery mode characterised by elevated levels of uncertainty. The COVID-19 pandemic remains a crippling force on global economic growth, and by the end of 2020, it was noted that the global economy contracted by 3.1% with advanced economies contracting by 4.5% and emerging and developing economies contracting by 2.1%. The effects of the fallout from the pandemic have been uneven within these categories themselves, with Latin America and the Caribbean, as well as the Middle East and Centra Asia regional grouping, being among the hardest hit. Consequently, these regions are also expected to be on track to return to pre-COVID levels much slower than advanced economies and other regional subgroupings based on International Monetary Fund (IMF) forecasts.

During the 2021 financial year (FY21), we witnessed a global shift in monetary policy as central banks around the world contemplated reducing the level of support offered to their respective economies in the wake of the pandemic. In large part, this was driven by heightened inflationary pressures globally due to both supply chain disruptions and greater consumer demand buoyed by a gradual reopening of economies and high levels of fiscal support offered to consumers during the downturn. This fiscal support culminated in debt-to-GDP for most

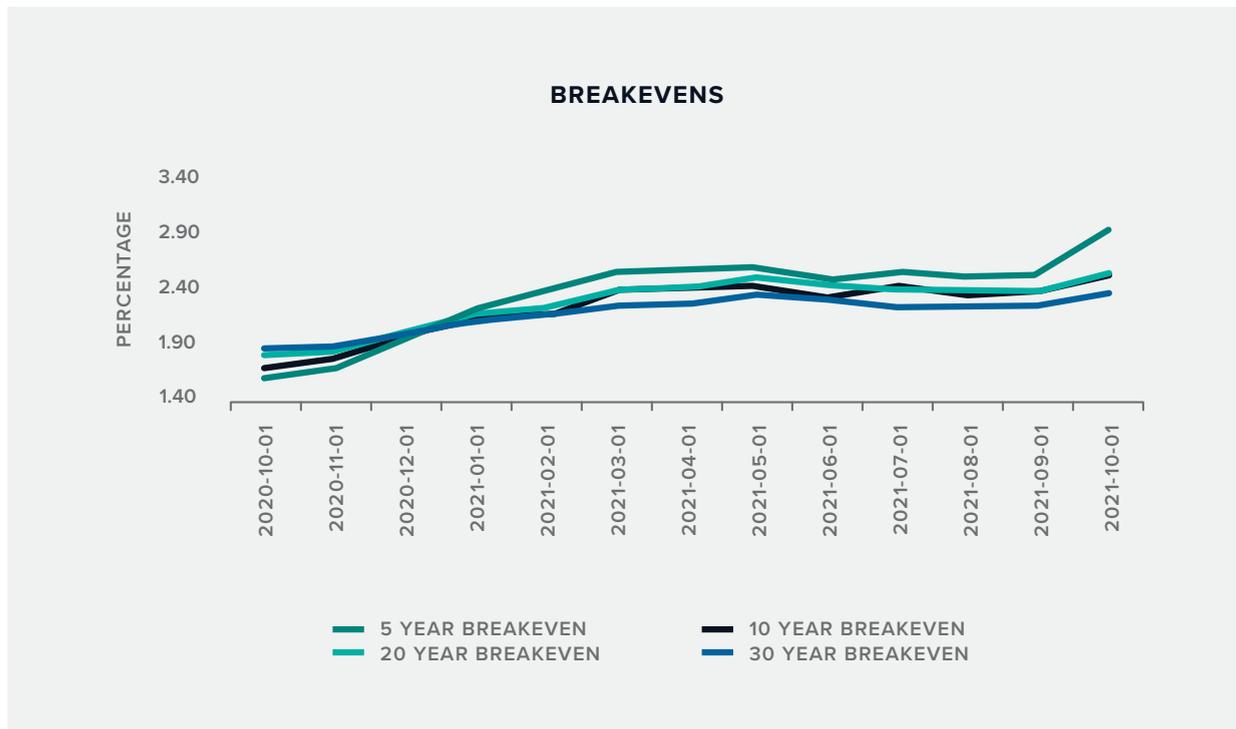
major economies growing substantially by the end of 2020. A few examples include the US, Canada, and the Euro area, which had increases in their gross debt-to-GDP from 108.5%, 86.8%, and 83.7% in 2019 to 133.9%, 117.5%, and 97.5% respectively by the end of 2020.

With record fiscal stimulus and supply chain disruptions, sustained inflationary trends have arisen. For example, all nine readings of US Consumer Price Index (CPI) figures leading up to November 2021 were higher than the Fed's target of 2% and historical averages. These heightened inflation readings and uncertainty as to their duration have led to increased uncertainty. This has led to the market pricing in higher inflation premiums particularly in the short run as evidenced by complete inversion of breakeven rates over the period (i.e. the difference between rates on treasury yields of a specific tenor and the rate of the treasury inflation protected instrument of a similar tenor; this effectively showing the inflation premium required by the market) with the 5-year breakeven rate being higher than that of the other tenors for the first time since the 5,10,15 and 30 year break-evens have been recorded. It is expected that some element of this will be the norm over the short to medium term. That is, heightened inflation risk premiums being priced into the shorter term (2-5 years) due to uncertainty as to how long higher inflation will last and the policy adjustments likely to be taken by the Fed.

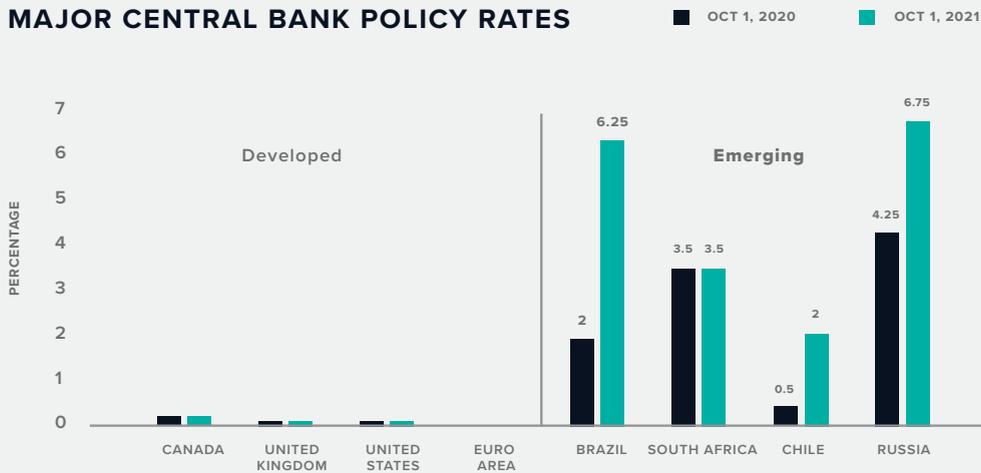
This change in policy stance was seen among developed markets central banks including the Fed, Bank of England, the ECB, and others that have already started to taper their rate of asset purchases/quantitative easing (QE). This was a measure that was utilized during the crisis to ensure markets had adequate liquidity. Partly as a result of this, we have seen an upward shift in shorter-term interest rates, for example in US government and UK 2-yr issued securities, from 0.14% and -.042%

respectively at the end of September 2020 to .27% and .401% at the end of September 2021.

Notably, while developed markets central banks have shown an inclination towards tightening relatively recently, the responses of emerging/developing markets were much earlier and stronger. These central banks were much quicker in increasing rates led by central banks of nations such as Brazil, South Africa, and Chile



MAJOR CENTRAL BANK POLICY RATES



and several other emerging markets as well as our central bank, the Bank of Jamaica (BOJ or the Central Bank). The most cited reasons for the quick responses from emerging markets central banks, based on their policy announcements, included fears of imported inflation exacerbated by depreciation pressures facing domestic currencies and the more general impact of the global supply chain challenges reinforcing higher domestic inflation expectations.

Global Markets

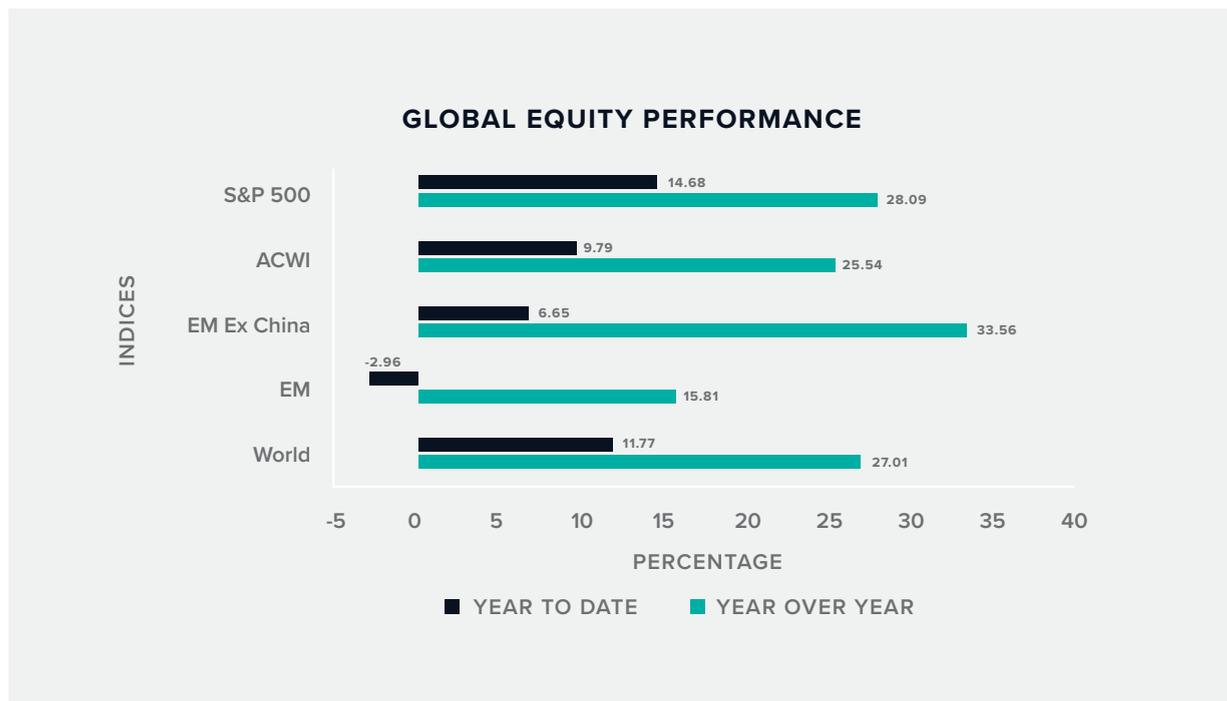
The uncertainty in the macroeconomic environment concerning primarily inflation, monetary policy, the pace of economic growth, and global recovery has set the backdrop for the global market. Most noticeably, as mentioned previously, in the fixed income space, treasury yields have been trending higher over the period with heightened volatility. This is reflective of



the uncertainty of short-term inflation expectations and the pace and timing of monetary tightening by the Fed. Notwithstanding, in the latter part of 2021, there was a relative flattening of the yield curve, reversing much of the steepening we would have seen earlier in the year, which was aided in part by the fiscal and monetary policy stimuli. Despite these uncertainties and shifting market sentiments on the part of interest rates, the market remains in a relative risk-on mode. This was evidenced by the continued compression in yield spreads on both high yield and investment-grade US corporate securities trending downwards during the

period, thereby reversing the significant widening in spreads that were seen during the peak of the crisis (with spreads of 10.87% and 4.01% for high yield and investment-grade bonds, during March 2020 to now 3.15% and 0.89%, respectively, as at end September 2021).

There was a similar positive story regarding the performance of global equities. The S&P 500 YoY, as at end of September 2021, returned approximately 28%. For the 2021 calendar year, the index had a return of 27% as the market displayed a “risk-on” sentiment,



despite the volatility in fixed income markets and the uncertainties surrounding inflation. Dissecting global asset returns along the lines of emerging and developing economies, we have seen mixed performances for the review period. Noticeably, emerging markets equity, as measured by the MSCI emerging market index (USD), which captures large and mid-cap equities in twenty-seven (27) emerging market countries returned 15.81% up to the end of September 2021 on a YoY basis. This index is however highly weighted towards China, which was affected by government clampdowns on several sectors such as the education and tech sectors as well

as the current housing market uncertainty caused by the Chinese property giant Evergrande, failing to meet payments to international investors. Hence the MSCI emerging markets index excluding China showed a better performance with YoY returns of 33.56%. This compares to developed markets as indicated by MSCI's world index which encapsulates large and medium equity exchanges across 23 developed markets, which was up by 27.01% for the YoY period. Therefore, it is evident that by accounting for China's share in the MSCI emerging markets index, the performance returns from developed and emerging markets equities were very close.

DOMESTIC MARKETS

The Jamaican economy grew by approximately 5.8% in the third quarter of 2021. This compares to a decline of 10.6% for the same quarter in 2020. Notably, specific industries such as construction, agriculture, and wholesale have already rebounded to their pre-pandemic levels while, the Jamaican economy is projected to rebound to pre-COVID levels by the end of 2022. In line with the general recovery that has been unfolding, the unemployment rate over the period declined from a high of 10.7% as of October 2020 to 8.5% as of the latest July 2021 labour force survey, which also shows drastic improvements from the pandemic driven high of 12.7% in July 2020.

DOMESTIC RATES AND FIXED INCOME

The BOJ, similar to central banks in several other developing markets, displayed concern about the trends being experienced in inflation, which remained relatively elevated above the upper bound of the BOJ's 4-6% target range. Furthermore, this is exacerbated by rising local inflation expectations. This was measured through the results of the Central Bank's inflation expectations survey conducted amongst businesses, and which showed that the latest reading for September came in at 8.2%, far above the 6.0% upper bound. To manage expectations as well as imported inflation due to a depreciating Jamaican dollar (JMD), the Central Bank therefore raised its policy rate, which is the rate it

pays on the overnight balances of commercial banks at the Central Bank, by 100 basis points to 1.50% effective October 1, 2021.

Admittedly, even before this rate increase, there was already upward pressure being applied to domestic rates due to sparse JMD liquidity. This was evidenced by the rate paid on Government treasury bills (T-Bills) moving up during the review period from lows of 0.74%, 0.81%, and 0.99% for the 3-month, 6-month, and 9-month T-Bills in January 2021 as the market remained buoyant due to the liquidity earlier provided by the BOJ in its monetary policy action to aid pandemic recovery. The rates as at the last auctions during the period were 1.41% and 1.66% as at the end of September 2021, for the 3-month and 6-month tenors, respectively. (Of note the first auction after the Central Bank's policy rate increase in October recorded rates of 2.17%, 2.57%, and 3.69%, representing basis points increases of 75, and 92 respectively for the 3-month and 6-month T-Bills). This upward trend was also seen in both 30-day certificate of deposit rates and the rate on the BOJ's 14-Day repo facility. Both of which ended the review period at rates of 3.96% and 4.91% up from lows seen within the period of 0.50% and 1.25% respectively. This coincided with the BOJ reducing Jamaican dollar liquidity over the period (partly to neutralize excess liquidity from maturing GOJ notes) by expanding their stock of open market operation (OMO) instruments from \$76.6 billion at end of September 2020 to \$133.4 billion end at the end of September 2021.



LOCAL EQUITIES

Domestic equities continued to recover, albeit quite unevenly. The JSE main index (Main Market) over the review period Oct 2020 to Sept 2021 was up 10%, while the Junior Market index was up 24%. For the calendar year, the Main Market and Junior Market indices were up 0.1% and 30%, respectively. Hence, the Junior Market has outperformed the Main Market Index by a significant margin. Further, disaggregating local equities by sector, we see that the Financial Sector index YoY was up 3% but down 0.4% for the year to date (YTD) October 2021.

In contrast, the Manufacturing and Distribution index was up 27% YoY and 39% YTD.

Financial services companies would have been particularly hard hit by the pandemic. This is primarily due to two reasons: the first is the weaker economy necessitating more provisions for expected credit losses on loans and secondly the global and domestic downturn in asset prices. The latter led to a downturn in investment income and losses on financial securities. There has however been some amount of recovery in the world economies as stated previously. This

has led to some amount of turnaround in the income of several domestic banks and financial services companies. This has not yet been reflected in the prices of these securities as evidenced by the relatively weak performance of the financial sector index. On the other hand, the Manufacturing and Distribution sector which was characterized by greater resilience since the onset of the pandemic, continued to show strong gains over the review period as companies produced strong results due mainly to increased cost efficiencies.

FOREIGN EXCHANGE

FY21 saw the JMD trading at \$147.24 to US\$1.00. This represents a depreciation of 8.44%. During this period, despite the slow recovery of the Tourism sector, foreign exchange earnings continued to be aided by strong remittance inflows. The BOJ also sought to ensure US dollar liquidity through the continued use of its B-FXITT intervention tool. The Net International Reserves (NIR) as at September 2021 was US\$3.96 billion which represents an increase of approximately US\$1.22 billion or 44% YoY. The NIR as at the end of September 2021 represented 33.3 weeks of goods and services imports.

Revenue

Net operating revenue for FY21 increased by 56%, driven by growth in the Company's main business lines, inclusive of net interest income (+75%), fees and commission income (+85%), foreign exchange trading &



translation gains (+62%) and fair value and realized gains on investments (+12%). The double-digit revenue growth was softened slightly by marginal declines in dividend income of \$8 million and other income of \$76 million.

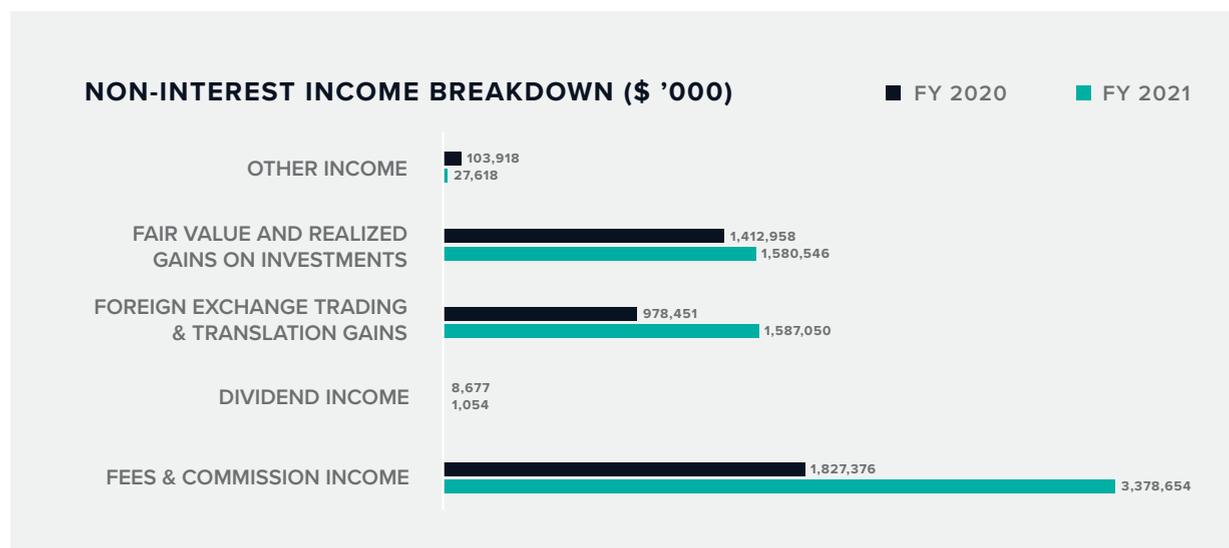
Revenue Summary	FY 2021 \$000	FY 2020 \$000	% Change
Net Interest Income	1,541,340	882,589	75%
Fees & Commission Income	3,378,654	1,827,376	85%
Dividend Income	1,054	8,677	-88%
Foreign Exchange Trading & Translation Gains	1,587,050	978,451	62%
Fair Value and Realized Gains On Investments	1,580,546	1,412,958	12%
Other Income	27,618	103,918	-73%
Net Operating Revenue	8,116,262	5,213,969	56%

Net Interest Income

The increase in net interest income as shown in the table above mirrors the 34% growth in earning assets, while managing interest costs amidst rising funding costs. Given the prevailing low interest rate environment throughout FY21, coupled with increasing funding costs, the net interest income outturn continues to reflect our prudent approach to spread management, and opportunistic yield-enhancing asset purchases.

Non - Interest Income

Non-interest income also grew by 52% YoY, from \$4.3 billion to \$6.6 billion. Fees & commission income and foreign exchange trading & translation gains were the main drivers of this positive change, adding \$1.6 billion and \$609 million, respectively, in revenue relative to the prior year.



Operating Expenses

Operating expenses rose 45% YoY from approximately \$2.1 billion to \$3.1 billion. This change in operating expenses is underpinned by the following:

- **Staff Costs:** Grew 48% YoY from \$846 million to \$1.3 billion which reflects the Company's strategic effort to recruit and retain staff with the experience and expertise to drive future shareholder value creation.
- **Administrative Costs:** Grew 56% YoY from \$1.2 billion to \$1.8 billion, resulting from the continued investments in the transformation of the processes required to support further growth and value creation.

- **Impairment of Financial Assets:** YoY, impairment of financial assets declined by \$104 million to \$6 million. This decline is reflective of the reduced risk associated with financial assets, which is in line with the improvement of the economy over the FY21, compared to FY20.

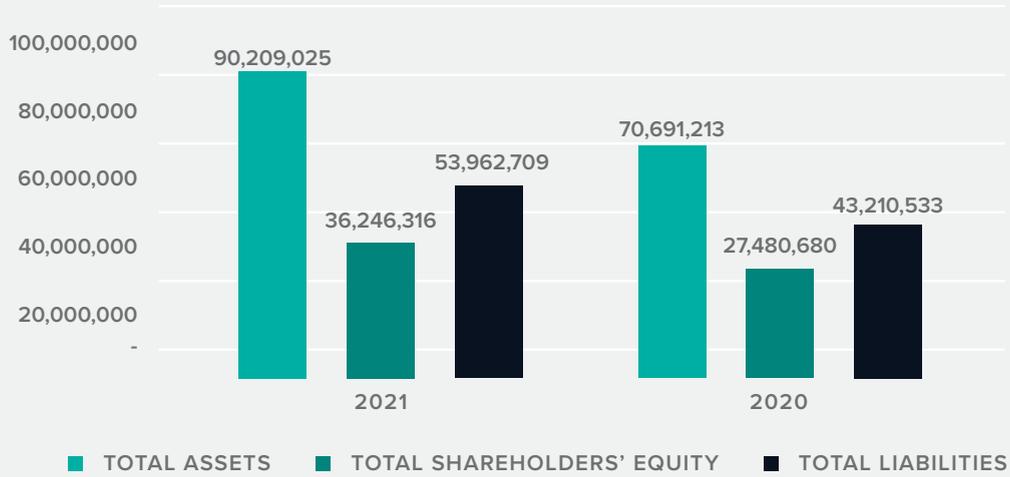
Net Profit

Net profit for FY21 amounted to \$4.1 billion, an increase of approximately \$1.3 billion (47%) relative to FY20. The Company's improved net profit was driven primarily by growth in our core and non-core revenue lines, which resulted in a 56% increase in net operating revenue with operating expenses being held to a slower (45%) rate of growth. During the period Barita made the decision to acquire a stake of 20% in Derrimon Trading Company Limited (DTL or Derrimon), following DTL's successful APO. Derrimon's strong performance over the year added \$57.14 million in share of profits, which further enhanced shareholder value. We expect Derrimon will continue to add value to Barita and its shareholders. On an EPS basis, Barita delivered growth of 12% to shareholders notwithstanding an increase in the weighted average number of shares outstanding following the Company's two APOs.

Statement of Financial Position

There was an outsized growth in the Barita Group's balance sheet this financial year, with total assets growing 28% YoY from \$70.7 billion to \$90.2 billion. The main contributors to this growth include pledged assets (+\$14.9 billion), loans receivable (+\$4.2 billion), and investment in DTL of \$2.1 billion.

Similar to total assets, our funding base also expanded considerably YoY. Specifically, total liabilities increased by \$10.8 billion (25%) from \$43.2 billion to \$54 billion, primarily fuelled by an additional \$11.1 billion in repurchase agreements. Total shareholders' equity improved by \$8.8 billion (32%), growing from \$27.5 billion to \$36.2 billion with a net of \$9.0 billion having been added to share capital, being \$10.5 billion from the APO less \$1.5 billion going to treasury shares.

FINANCIAL POSITION J\$ '000

07 RISK MANAGEMENT



The objective of Barita's risk management programme is to ensure that risk-taking activities are aligned with its strategy and consistent with its risk appetite. Through an active and effective Risk Management process, Barita's Board of Directors commits to ensuring:

- The right risks are taken;
- The right amount of risk is taken;
- There is an appropriate reward for the risks being taken; and
- Risks that are inherent to the strategy, as well as those that could threaten the strategy, are proactively identified and appropriately managed.

RISK MANAGEMENT FRAMEWORK

Barita's Enterprise Risk Management (ERM) Framework is multi-dimensional and aims to provide a suite of policies, limits and tools to identify, assess and manage risks. It is underpinned by developing a risk culture through active involvement and training of the various risk owners across all the functional areas of the organization. The framework, including the governance structure through which it is executed, is continually reviewed and designed to ensure the confidence of Barita's clients, shareholders, employees and other stakeholders as the Company executes on its strategy and takes advantage of opportunities.

Governance

The Board has ultimate responsibility for risk management within Barita and delegates this function to the Audit Committee and Board Investment Committee. The Board, through these committees, reviews and approves the associated policies, limits and risk appetite levels, based on the advice and counsel of various management committees.

The Management Investment Committee is responsible for the oversight of Barita's asset and liability management and trading activities and the associated risk exposures, including any contingent exposures from off-balance sheet activities; and provides advice and counsel on financial risk related policies and limits.

Cornerstone has also established a Non-Financial Risk Committee, which is mandated to elevate the awareness of existing and emerging risks across the organization and highlight their effect on the ability to achieve strategic objectives and carry on daily operations. The Committee, which comprises senior team members from the functional areas of the businesses, provides advice and counsel on non-financial risk related policies and new product or initiative proposals.

Risk Appetite Framework

Barita's Risk Appetite Framework (RAF) articulates the amount of risk it is willing to take to meet its strategic

objectives. The RAF includes risk tolerances, targets, measures and limits. This, along with the broader suite of Key Risk Indicators, are a key component in the cultivation of Barita's risk culture and ensures that Barita remains within appropriate risk boundaries and efficiently manages risk to find the optimal balance between risk and return. The risk appetite is continuously reviewed and updated as the Company's strategy and operations evolve.

Policies and Procedures

A critical dimension of the Risk Management Framework is the establishment of robust and appropriate policies and procedures. These include, but are not limited to, policies related to various financial risk exposures, internal control, compliance, information technology, business continuity and product development. In particular, having been given a real world test through the pandemic, Barita has developed its business continuity policy and updated its business continuity plans, tested them and made improvements where necessary ahead of operationalization in preparation for potential weather related threats and other business disruptions during the year.

Risk Management Tools

Having identified and prioritized existing and emerging risks several risk tools have been built and deployed within the organization to manage these risks. These

include our third-party risk assessment framework, which will be a necessary complement to our strategic priorities for the coming financial year. Our tools are regularly reviewed and updated to ensure effectiveness and relevance to Barita's business and financial strategies.

STRONG AND PERVASIVE RISK CULTURE

Strengthening Barita's risk function also includes cultivating a strong risk culture where risk is an enabler to strategy through the collective understanding, engagement, and accountability for the key risks relevant to Barita's strategic objectives and the corresponding risk appetite throughout the organization.

The culture will be supported by Barita's risk governance structure. Risks are managed within the framework of policies and limits that are approved by the Board of Directors. At least on a quarterly basis, the Board reviews key current and emerging risk exposures and performance against approved limits and the Board's Risk Appetite. Senior management committees, including the Management Investment Committee and Non-Financial Risk Committee meet more frequently to review the state of the various risks; while the Risk function provides independent oversight of the significant risks of the Barita Group on a continuous basis.

The culture is also supported by the Three-lines-of-Defence model. Within this model:

- **The various business lines** that actively take these risks, and the units that support them are the risk owners and act as the First Line of Defence by actively managing these risks. This is the primary conduit through which the risk culture is cultivated.
- **Risk and other control functions** act as the Second Line of Defence by objectively challenging the First Line; providing independent oversight over risk taking activities; and developing and executing the frameworks to measure, monitor, report and control risk.
- **Internal Audit** acts as the Third Line of Defence by testing to provide assurance of the effectiveness of the First and Second Lines of Defence.

PRINCIPAL RISKS

01

Market Risk

Market risk is the risk of loss from changes in market prices and rates (including interest rates, credit spreads, equity prices, and foreign exchange rates), the correlations among them, and their levels of volatility.

Market risk exposures primarily come from Barita's investment, funding, underwriting and trading activities. In its investment and funding activities, Barita primarily invests in various fixed income instruments and funds these with repurchase agreements and capital. In its underwriting activities, Barita will from time to time purchase some or all the investment banking issuances it arranges for further distribution to its client base. In its trading activities, the Barita Group primarily buys and sells currencies, equities and bonds for its customers and its own proprietary trading portfolios.

These activities are controlled through the Management Investment Committee, which has oversight for Barita's asset-liability management and trading processes. The exposures are managed through policies, processes, limits and controls designed to achieve a balance between earning net interest income, pursuing profitable trading and investment banking opportunities; and managing the resulting exposures and their potential impact on earnings and capital.

02

Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to Barita.

Credit risk arises in Barita's margin lending operations, and in its investment and trading activities where counterparties have repayment or other obligations to Barita.

The risk management function develops the programs, policies and limits that govern the exposure to various counterparties, and the credit quality of its assets whether to bond issuers, clients, or institutional counterparties. The Credit Risk Policy and key related limits are subject to review and approval by the Board.

03

Liquidity Risk

Liquidity risk is the risk that Barita, although solvent, either does not have sufficient available resources to enable it to meet its obligations as they fall due or can secure them only at excessive cost resulting in financial losses, loss of customer confidence and regulatory penalties.

Effective liquidity risk management is critical in order to maintain the confidence of clients and counterparties and ensure that Barita remains able to perform its core functions under adverse circumstances.

Barita manages its liquidity risk by:

- Forecasting cash inflows and outflows by currency to anticipate emerging liquidity needs; and conducting regular stress tests to assess the vulnerabilities inherent in its balance sheet structure and the adequacy of liquidity resources under stressed conditions.
- Maintaining a pool of highly liquid, unencumbered assets that can be readily sold, or pledged to secure borrowings, under stressed conditions.
- Managing the structure of its funding relative to its liquidity position to ensure that it is sufficiently diversified by term and type of client.
- Maintaining, testing and updating its Contingency Funding Plan, which outlines the necessary responses to varying levels and stages of stressed conditions.
- Proactively identifying, building and securing alternative sources of funding to ensure the adequacy of its contingency options and position itself to take advantage of material opportunities.

04

Operational Risk

Operational risk is the risk of loss, resulting from people, inadequate or failed internal processes and systems, or from external events. These events can result in financial loss, regulatory sanctions and reputational damage to Barita.

Barita has a detailed Enterprise Risk Assessment process that enables it to identify the most important risks facing the organization and ensures focus on the key activities necessary to manage those risks. These are supported by various tools designed to enable the monitoring of controls and the management of various risks, including those surrounding new initiatives and third-party engagements. The exposures are highlighted and tracked by the Non-Financial Risk Committee; and key risk indicators are tracked to identify emerging risks.

05

Information Technology Risk

IT risk refers to the likelihood of deficiencies related to the IT environment including security, data governance and integrity, reliability and necessary supporting infrastructure to handle business requirements.

IT risks arise from the technology driven nature of Barita's business, from online interfaces with clients to system capabilities to handle growing volumes. This includes cyber security risks, which continues to be a growing and ever evolving phenomenon for financial institutions locally and worldwide.

Through Barita's IT Steering Committee, robust technology planning and development processes ensure that technological capabilities are sufficient to support the strategic requirements of the organization; with execution capability further assured by the addition of our Project Management Office.

Continuous and proactive evaluation and update of the security environment serve to minimize exposure to cyber-attacks and other current and potential IT security exposures. Employees and customers are consistently sensitized to ensure understanding of current and evolving IT security risks and to reinforce the desired behaviours.

06

People Risk

People risk refers to the likelihood that Barita does not adequately attract, retain and develop employees with the requisite knowledge and aptitude to meet the strategic needs of the organization and fill key roles as they emerge or become vacant. People risk also includes the risk that the culture does not sufficiently instill the desired performance and conduct.

Barita is focused on building its talent pool to support its growth. In particular, there is a focus on ensuring the development of resources to fill key current roles, should they become vacant; execute on strategic projects; and to fill roles that will emerge in the future. The people strategy is augmented by a continuous focus on cultivating a culture that makes excellence, innovation and teamwork habitual, and is supported by various engagement activities and the design of the appraisal and compensation structure.

07

Strategic Risk

Strategic risk is the risk that Barita makes strategic choices that are not sufficiently resilient to changes in the business and competitive environment; or that cause other material risk exposures that are not adequately identified or managed. This risk also includes the failure of the governance and performance management environment to execute its strategy.

The Cornerstone group and, by extension, Barita has a robust process for Strategy formulation and execution. This includes processes surrounding the identification of opportunities in the context of the competitive environment, current and prospective market developments, and lifestyle trends. The strategy is approved by the Board of Directors; and ownership and accountability for strategy implementation is supported by communication of the strategy to all employees and the alignment of strategy to individual objectives through key performance indicators. The addition of the Project Management Office has served as a key enabler to our strategy formulation and execution. Strategy implementation is closely monitored and managed at the Barita and Cornerstone Executive levels, with quarterly updates provided to the Board. The Cornerstone group has an active and engaged Board, which is available on a continuing basis to opine on key strategic decisions.



Reputational Risk

Reputational risk is the risk that Barita does not recognize or appropriately manage reputation threats as perceived by members, providers, customers, employees, brokers, shareholders, and other key stakeholders, which may result in negative publicity and inhibit the Company's ability to perform and grow.

Barita manages its reputational risk through its code of conduct, governance practices, risk management programs, and policies and procedures. Reputational risk, including the active development of Barita's desired reputation, is also a key consideration in the Strategy formulation process and in its day to day operation; particularly including its Investment Banking and Investment Advisory activities.

08 HUMAN RESOURCES



OVERVIEW

The expanded role of the Human Resources function (HR) for FY21 was critical to the success of the business as Barita continued to navigate the effects of COVID-19, having to figure out how employees could productively work from home, providing extra mental and physical support and working closely with senior Management on strategies to grow the business.

For the period under review, HR cemented its position as a key business partner and redefined its role through its ability to remain agile during periods of uncertainty.

During the period HR had many engagement activities and development programmes which emphasized the Human in HR. As a result, Barita recorded its highest engagement scores amongst staff.

Talent Acquisition

Barita's staff count as of September 30, 2021, stood at one hundred and sixty-three (163), with forty-nine (49) new hires for this financial year. This reflected a 43% increase in head count when compared to the corresponding period in 2020. The success of our sourcing strategy for the year resulted in several key hires, namely, VP Information Technology, Regional Head of Sales and Head of Operations.

Further, through our recruiting efforts, two (2) new business units were created, our Project Management Office and our Strategy Management Office.

Performance Management

One of the major projects for HR for FY21 was the introduction of a new performance management framework, including a performance management tool and a merit-based incentive programme. The framework was curated to support the high-performing ethos of the Company as well as the core competencies of Professionalism, Innovation, Collaboration and Communication.

To support the sensitization and indoctrination of the new framework, the HR team introduced a new rewards and recognition "platinum" star programme. This programme allowed team members to celebrate their colleagues for accomplishments aligned to our core competencies.

Training and Development

A target of twenty-one (21) training hours per employee was set for FY21 and we met this target by introducing a blended learning approach to the development of our team members; eLearning through UDEMY business and instructor-led sessions.

This financial year, Barita introduced its first sustained sales training programme for not only Sales team members and leaders, but Client Services as well.

We are continuously working with each business unit to ensure training interventions are tracked and monitored which enables HR to continue to be a strategic driver and create a work environment that is conducive to high levels of employee productivity.

Pandemic Care

Barita introduced a remote work policy during FY21 to formally structure the work from home activities that were ongoing due to the pandemic. This policy symbolizes the Company's commitment to creating a flexible work environment for all staff by providing a hybrid work option to meet their needs. By the end of September 2021, Barita had over 50% of staff on a hybrid work arrangement. In support of this, there were increased procurement activities to ensure that staff were equipped to function efficiently from home with the necessary tools.

In keeping with the Government of Jamaica's vaccination mandate, Barita partnered with the Private Sector Vaccine Initiative to facilitate a smooth vaccination process for staff. This intervention was successful, resulting in many of our team members being vaccinated without long queues and wait times.

In addition to the above, the Company: maintained its staff transportation to get staff to and from work during quarantine; enhanced cleaning of all office spaces; maintained social distancing; focused on mental health programmes; and placed increased focus on engagement activities for team members.

Given the constraints created by COVID-19 which contributed to the transitory nature of staff relationships as many persons worked from home, engagement activities required a level of creativity to engender participation by all. The spirit of teamwork and collaboration permeated the year, ending with the successful APO which saw 'all hands on deck'.

HR has become a key driver in designing the new look workforce as we move to a post pandemic environment. This year saw the redefining and expansion of a progressive people agenda where HR played a central role in addition to navigating the organization through the uncertainties brought on by the COVID-19 pandemic.

TEAM LEADS



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OUR WEALTH TEAM



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SUCCESSION PLANNING

EXECUTIVES IN PROFILE - DANE BRODBER

Dane continued his work throughout the year of building a risk team and framework to steer the business to achieve its best outcomes within the context of its risk appetite. Through his unique insights on the workings and drivers of the business he has positioned risk as a strategic enabler, ensuring that the business remains conscious of both its risk exposure and risk capacity, and how best to optimize the use of the latter. Conversely the broad reach of the risk function has also served to amplify his contribution to the business.



The Non-Financial Risk Committee was established during the year, which, in the context of the strategic plans, maintains awareness of the organization's highest priority exposures and ensures the appropriate management of risks associated with new product or material changes. Meanwhile, in order to complement the ongoing monitoring of risk, a framework was established to monitor the state of control execution to ensure that previously established key controls maintain their effectiveness in managing the associated inherent risks

The team was strengthened through the addition of a Head of Financial Risk and Senior Risk Analyst during the year. These resources have served to streamline the design and execution of the various risk models and monitoring mechanisms and were instrumental in the design of the credit rating and counterparty risk frameworks.

Policy development continued to be critical to support the risk management activities for the Company and several risk related policies were finalized and approved for the year including liquidity management and credit policies.

As the unit enters its third year of operation its capabilities and coverage will continue to broaden as the scope of the business and its operations evolve.

EXECUTIVES IN PROFILE

RAMON SMALL-FERGUSON

As Executive Vice President, Asset Management & Research at Barita, throughout financial year 2021 (FY21) Ramon led the Company's focus on objectives related to expanding Barita's capacity in the alternative investments arena, broadening the scope of Barita's product offerings through expanding the structured notes program, optimizing the performance of the Company's off-balance sheet portfolios, and improving client engagement around investment research through the utilization of new distribution channels and tools.



Through his leadership, Barita's total assets under management (AUM) grew by 28% to \$316 billion from \$246 billion in FY20; a \$70 billion year over year growth. The growth in AUM was complemented by a sharp uptick in revenues generated by the asset management and structured finance business lines which rose by 85% or \$997 million to \$2.2 billion in FY21, respectively. Much of the expansion in revenue was generated through the addition of off-balance sheet vehicles to the scope of AUM, which includes the seeding of our alternative investments platform during the financial year which was telegraphed in the prospectus for Barita's 2020 Additional Public Offering (APO). During the year Ramon led the addition of significant capacity to the Company's Alternative Investments platform, which was seeded with over \$6 billion during the year to focus on investments in Private Equity, Private Credit, Infrastructure, Energy, and Real Estate.

In his role Ramon also led Barita's equity brokerage business to 2nd in 2021 by value traded across all the markets on the Jamaica Stock Exchange (JSE) while also placing 1st by value traded on the JSE United States Dollar (USD) equity market. This placement represents a significant improvement in BIL's performance in this area versus the pre-Cornerstone period when BIL was ranked 6th in all the markets on the JSE in 2018.

Ramon also had great effectiveness throughout the year in charging the Investment Research & Strategy team to diversify its investment research content as well as its delivery channels to include: the launch of Barita's podcast, long-form discussions on social media channels including YouTube and Instagram and public interaction seminars which were held through the 'Twitter Spaces' platform. The investment research team was also instrumental in providing substantial underwriting and analytical support to the execution of several strategic and investment

banking transactions including Barita's acquisition of a 20% stake in Derrimon Trading Company Limited, a publicly listed company on the JSE.

Further, Ramon closed the 2021 financial year, overseeing the effort related to the successful execution of the oversubscribed Barita September 2021 APO which raised approximately \$10.8 billion from over 3,000 subscribers. As Barita enters the new financial year, the Asset Management and Research functions will continue to focus on the growth of both on and off-balance sheet AUM, increasing the organization's capabilities in alternative investments, particularly infrastructure, green energy, and private equity investments, and continuing to support the effectiveness of Barita's client engagement and effectiveness.

09 CORPORATE SOCIAL RESPONSIBILITY



Barita believes in building a better Jamaica. To us, that means being a part of connecting more Jamaicans to more opportunities. The Barita Education Foundation recently transitioned into The Barita Foundation, with special focus on youth and education, health and wellbeing and entrepreneurship. Under these banners, this financial year saw us continuing to support initiatives for students of all ages and capabilities. We have also contributed to organisations that support safety and wellness, areas in which we anticipate an ongoing commitment. Serving our customers' communities is important to us, and it is our honour to work within these spheres as caring, responsible corporate citizens.



1. Together Apart Program TV special (Ministry of Health) \$1,500,000. In keeping with our commitment to our frontline heroes, we contributed \$1.5 million to the Christmas Special that the Ministry of Health and Wellness hosted on Television Jamaica in December 2020.



2. Norman Manley Law School Students' Association – Children Outreach Project. We were pleased to partner with the Norman Manley Law School Students' Association in their Children Outreach Project to the tune of \$100,000 as they continue their mission to serve the needs of youth across the country. **3. Donation to Jamaica Veterinary Medical Association.** Barita donated \$100,000 to the Jamaica Veterinary Medical Association. **4. Kiwanis Club of Montego Freeport.** With our passion for making education accessible, it was our joy to support the Kiwanis Club of Montego Freeport's Learning Disabilities Awareness Programme with a contribution of \$120,000. This will help their partnership with The Sam Sharpe Diagnostic and Early Intervention Center to diagnose and treat students with learning disabilities who are most disadvantaged during this pandemic.



5. Donation to The Council of Voluntary Social Services (CVSS). CVSS galvanises the volunteer efforts of individuals and institutions alike to serve and support a wide range of needs across the country. Barita was pleased to donate \$500,000 to bolster their ongoing efforts. **6. Rotary Club of St. Andrew North.** Combining accessibility and wellness intervention, the Rotary Club of St. Andrew North's initiative to provide computer equipment to the Gender-Based Violence Shelter was an important one to Barita. We were honoured to contribute \$100,000 to their efforts. **7. Tablet Donation to The Queens School.** Barita was pleased to contribute to the Queens School's academic efforts by donating several tablets to the institution. It remains our hope that access to technology can help students navigate the learning process in these challenging circumstances.



8. Mary Bond Early Childhood Development Centre Renovation of the school. Counting the Deputy Chairman of Barita, Paul Simpson, among its past students, the Mary Bond Early Childhood Development Centre was the recipient of a Barita renovation endowment of \$2.8 million. The donation was used to create safer classrooms in the context of the pandemic, and to enhance academic supplies and personal protection equipment.

10 DIRECTORS' REPORT



The Directors present their Report and the Audited Financial Statements for the year ended September 30, 2021.

Financial Results

Full details of our results are set out in pages 143-231. We however highlight the following:

PROFIT BEFORE INCOME TAX	J\$5.1 BILLION
PROFIT AFTER TAX	J\$4.1 BILLION

Dividend

The following dividends were paid during the year:

- J\$2.216 per ordinary stock unit was paid in October 2020
- J\$0.746 per ordinary stock unit was paid in February 2021

Retiring Directors

Mark Myers
Phillip Lee
Duncan Stewart
Michael Hylton

Company Secretary

The Company Secretary is Ms. Malindo Wallace

Auditors

Messrs. BDO have signified their willingness to continue in office as Auditors in accordance with the provisions of Section 154(2) of the Companies Act.

By order of the Board,

April 12, 2022

Signed  _____

Malindo Wallace
Company Secretary

11 AUDITED FINANCIAL STATEMENTS



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INDEPENDENT AUDITORS' REPORT

To the Members of
Barita Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Barita Investments Limited and its subsidiary (the group) and the financial statements of Barita Investments Limited standing alone (the company) set out on pages 143-231, which comprise the group's and the company's statement of financial position as at 30 September 2021, and the group's and the company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at 30 September 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 requirements of 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 group and 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.

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.

Partners: S. M. McFarlane, K.A. Wilson, J. Hibbert, D. Hobson, B. Vanriel

Associate Partners: D. Brown

Offices in Montego Bay, Mandeville and Ocho Rios

BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Barita Investments Limited

Key Audit Matters (cont'd)

Key Audit Matters

Expected credit losses in relation to financial assets

See notes 3(f), 4(b)(v) and 5(a) to the financial statements for management's related policies and disclosures.

The determination of expected credit losses ('ECL') on financial assets is highly subjective and requires management to make significant judgement and estimates involving the application of a forward looking ECL impairment model, which takes into account reasonable and supportable forward looking information and will result in the earlier recognition of impairment provisions. These estimates involve increased judgement as a result of the economic impact of COVID-19 on the group's financial assets. The most significant impact of the implementation of the impairment model is to the provisioning policy for the group's investment securities.

The group makes judgements regarding the recoverability of investment securities making certain assumptions and judgements in arriving at the provision for impairment. The group estimates ECL on debt securities using a transition matrix based on historical default rates for each rating grade apart from AAA. Debt securities were placed in categories based on the class and ratings and loss given default arrived at using the historical recovery rates based on government and corporate defaults.

How our audit addressed the Key Audit Matter

- The group's accounting policy as it relates to the impairment provisioning for debt securities was obtained and the reasonableness of the impairment provision assessed in relation to the requirements of the standard.
- We established an understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the public historical data.
- We evaluated the appropriateness of management's assumptions and judgement in arriving at the loss given default percentage by assessing the factors used in establishing the weighting assigned by management. The main macro factors used were compared to external public information and calculations tested through re-computation.
- We determined whether the default risk percentage was accurately calculated and correctly applied to the relevant grade of each debt security.
- We assessed the adequacy of the disclosures of the key assumptions and judgements as well as the details of the transition adjustment for compliance with IFRS 9.

Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Barita Investments Limited

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

Management is responsible for preparation of financial statements that give a true and fair view in accordance with IFRS and the requirements of 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 group's and 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 group and the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the group's and the company's financial reporting process.

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 consolidated and stand-alone 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 consolidated and stand-alone financial statements do not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone 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 consolidated and stand-alone financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Barita Investments Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and 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 group and 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 presents a true and fair view.
- 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 the Board of Directors 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.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Barita Investments Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate to 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.

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 kept, 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 Balvin Vanriel.

A handwritten signature in blue ink, appearing to be 'BDO'.

Chartered Accountants

20 December 2021

BARITA INVESTMENTS LIMITED
Consolidated Statement of Comprehensive Income
Year Ended 30 September 2021

	<u>Note</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
Net interest income		1,541,340	882,589
Fees and commission income		3,378,654	1,827,376
Dividend income		1,054	8,677
Foreign exchange trading and translation gains		1,587,050	978,451
Fair value and realized gains on investments		1,580,546	1,412,958
Other		<u>27,618</u>	<u>103,918</u>
Net operating revenue		<u>8,116,262</u>	<u>5,213,969</u>
Operating Expenses			
Staff costs	7	(1,254,306)	(846,090)
Administration costs		(1,790,780)	(1,151,116)
Impairment of financial assets		<u>(6,447)</u>	<u>(110,794)</u>
	8	<u>(3,051,533)</u>	<u>(2,108,000)</u>
Share of profit from associate	24	<u>57,144</u>	<u>-</u>
Profit before Taxation		5,121,873	3,105,969
Taxation	9	<u>(1,063,276)</u>	<u>(347,440)</u>
PROFIT FOR THE YEAR	10	<u>4,058,597</u>	<u>2,758,529</u>
OTHER COMPREHENSIVE INCOME:			
<i>Items that may subsequently be reclassified to profit or loss</i>			
Realised (losses)/gains on securities at FVOCI, net of taxes	9(c)	(864,009)	521,028
ECL adjustment on securities at FVOCI, net of taxes	9(c)	81,000	4,226
Unrealised gain/(losses) on securities at FVOCI, net of taxes	9(c)	501,443	(1,096,347)
Fair value gain on property, plant and equipment, net of taxes	9(c)	10,607	-
Share based payment expenses, net of taxes	9(c)	<u>86,800</u>	<u>-</u>
Total other comprehensive income		<u>(184,159)</u>	<u>(571,093)</u>
TOTAL COMPREHENSIVE INCOME		<u>3,874,438</u>	<u>2,187,436</u>
BASIC EARNINGS PER SHARE	16	<u>\$3.73</u>	<u>\$3.33</u>

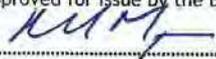
BARITA INVESTMENTS LIMITED

Consolidated Statement of Financial Position

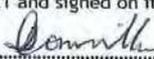
30 September 2021

	<u>Note</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
<u>ASSETS</u>			
Cash and bank balances	11	3,816,326	5,277,608
Securities purchased under resale agreements	12	8,872,136	8,039,603
Investment securities	13	14,128,717	13,939,095
Pledged assets	14	50,293,982	35,425,728
Receivables	15	1,081,304	2,986,408
Loans receivable		5,911,713	1,717,229
Taxation recoverable		-	183,299
Due from related parties	17(b)	2,518,556	1,979,035
Property, plant and equipment	18	1,014,416	609,821
Intangible assets	19	19,478	18,399
Investment	20	55,000	55,000
Investment property	21	210,000	203,400
Right-of-use assets	22(a)	233,974	256,588
Investment in associate	24	<u>2,053,423</u>	<u>-</u>
Total assets		<u>90,209,025</u>	<u>70,691,213</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
LIABILITIES:			
Bank overdraft	11	8,635	8,720
Secured investment notes	25	1,022,055	611,947
Securities sold under repurchase agreements		45,592,518	34,446,619
Payables	26	5,915,703	6,970,314
Due to related parties	17(b)	144,013	273,744
Taxation		943,708	-
Deferred tax liabilities	27	61,237	616,891
Lease liability	22(b)	<u>274,840</u>	<u>282,298</u>
Total liabilities		<u>53,962,709</u>	<u>43,210,533</u>
Stockholders' Equity:			
Share capital	28	33,135,904	24,146,554
Capital reserve	29	122,073	111,466
Fair value reserve	30	(256,512)	25,054
Capital redemption reserve	31	220,127	220,127
Retained earnings		2,937,924	2,977,479
Stock option reserve	32	<u>86,800</u>	<u>-</u>
Total stockholders' equity		<u>36,246,316</u>	<u>27,480,680</u>
Total liabilities and stockholders' equity		<u>90,209,025</u>	<u>70,691,213</u>

Approved for issue by the Board of Directors on 20 December 2021 and signed on its behalf by:



 Mark Myers Chairman



 Carl D. Domville Director

BARITA INVESTMENTS LIMITED

Consolidated Statement of Changes in Equity

Year Ended 30 September 2021

	Share Capital \$'000	Treasury Shares \$'000	Capital Reserve \$'000	Fair Value Reserve \$'000	Stock Option Reserve \$'000	Capital Redemption Reserve \$'000	Retained Earnings \$'000	Total \$'000
BALANCE AT 30 SEPTEMBER 2019	10,887,680	(188,299)	111,466	685,248	-	220,127	1,953,056	13,669,278
Effects of change in accounting policy (IFRS 16 Leases)	-	-	-	-	-	-	(8,572)	(8,572)
Balance at 1 October 2019	<u>10,887,680</u>	<u>(188,299)</u>	<u>111,466</u>	<u>685,248</u>	<u>-</u>	<u>220,127</u>	<u>1,944,484</u>	<u>13,660,706</u>
TOTAL COMPREHENSIVE INCOME								
Profit for the year	-	-	-	-	-	-	2,758,529	2,758,529
Other comprehensive income	-	-	-	(571,093)	-	-	-	(571,093)
Realised gain transferred to retained earnings	-	-	-	(89,101)	-	-	89,101	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(660,194)</u>	<u>-</u>	<u>-</u>	<u>2,847,630</u>	<u>2,187,436</u>
TRANSACTION WITH OWNERS								
Issue of shares, net of transaction cost (Note 28)	13,260,146	-	-	-	-	-	-	13,260,146
Treasury shares sold	-	187,027	-	-	-	-	-	187,027
Dividends proposed (Note 33)	-	-	-	-	-	-	(1,814,635)	(1,814,635)
	<u>13,260,146</u>	<u>187,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,814,635)</u>	<u>11,632,538</u>
BALANCE AT 30 SEPTEMBER 2020	<u>24,147,826</u>	<u>(1,272)</u>	<u>111,466</u>	<u>25,054</u>	<u>-</u>	<u>220,127</u>	<u>2,977,479</u>	<u>27,480,680</u>
TOTAL COMPREHENSIVE INCOME								
Profit for the year	-	-	-	-	-	-	4,058,597	4,058,597
Other comprehensive income	-	-	10,607	(281,566)	86,800	-	-	(184,159)
	<u>-</u>	<u>-</u>	<u>10,607</u>	<u>(281,566)</u>	<u>86,800</u>	<u>-</u>	<u>4,058,597</u>	<u>3,874,438</u>
TRANSACTION WITH OWNERS								
Issue of shares, net of transaction cost (Note 28)	10,520,398	-	-	-	-	-	-	10,520,398
Dividends paid (Note 33)	-	-	-	-	-	-	(809,860)	(809,860)
Dividends proposed (Note 33)	-	-	-	-	-	-	(3,288,292)	(3,288,292)
Treasury shares purchased (Note 28)	-	(1,531,048)	-	-	-	-	-	(1,531,048)
	<u>10,520,398</u>	<u>(1,531,048)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,098,152)</u>	<u>4,891,198</u>
BALANCE AT 30 SEPTEMBER 2021	<u>34,668,224</u>	<u>(1,532,320)</u>	<u>122,073</u>	<u>(256,512)</u>	<u>86,800</u>	<u>220,127</u>	<u>2,937,924</u>	<u>36,246,316</u>

BARITA INVESTMENTS LIMITED

Consolidated Statement of Cash Flows

Year Ended 30 September 2021

	<u>Note</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		4,058,597	2,758,529
Items not affecting cash resources:			
Depreciation and amortisation		88,795	62,144
Effect of exchange gain on foreign balances		(352,489)	(967,165)
Fair value gain on investment property		(6,600)	(37,903)
Unrealised gain on investment FVTPL		(151,943)	(25,083)
Interest income		(2,926,953)	(1,765,000)
Interest expense		1,385,613	882,411
Effect of exchange rate on lease modified		(872)	-
Taxation expense	9	1,063,276	347,440
Lease liability interest expense		20,362	15,948
Right-of-use assets amortisation		33,303	23,337
Share of profit from associate		(57,144)	-
Share option expense		<u>130,200</u>	<u>-</u>
		3,284,145	1,294,658
Changes in operating assets and liabilities:			
Securities purchased under resale agreements, net		(721,840)	6,714,901
Securities sold under repurchase agreements, net		10,375,994	9,972,871
Receivables		1,905,104	(2,237,891)
Loans receivables, net		(4,235,375)	(970,952)
Payables		(2,716,039)	4,495,626
Related companies		(481,481)	359,022
Secured investment notes		<u>410,108</u>	<u>611,947</u>
		7,820,616	20,240,182
Interest received		2,777,261	1,465,684
Interest paid		(1,786,831)	(821,417)
Lease payments		(39,381)	(22,150)
Tax paid		<u>(399,073)</u>	<u>(959,666)</u>
Cash provided by operating activities		<u>8,372,592</u>	<u>19,902,633</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	18	(468,900)	(285,363)
Purchase of intangible assets	19	(10,226)	(18,164)
Proceeds from disposal of property, plant and equipment		567	-
Purchase of investment property		-	(165,497)
Investment securities including pledged assets, net		(13,746,633)	(27,376,425)
Investment in associate	24	<u>(1,996,279)</u>	<u>-</u>
Cash used in investing activities		<u>(16,221,471)</u>	<u>(27,845,449)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		(2,624,495)	(877,090)
Issued ordinary shares		10,520,398	13,260,146
Treasury shares purchased		<u>(1,532,320)</u>	<u>-</u>
Cash provided by financing activities		<u>6,363,583</u>	<u>12,383,056</u>
Effect of exchange rate on cash and cash equivalents		<u>24,099</u>	<u>112,547</u>
(Decrease)/increase in net cash and equivalents		(1,461,197)	4,552,787
Cash and cash equivalents at beginning of year		<u>5,268,888</u>	<u>716,101</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	<u>3,807,691</u>	<u>5,268,888</u>

BARITA INVESTMENTS LIMITED

Statement of Profit or Loss and Other Comprehensive Income

Year Ended 30 September 2021

	<u>Note</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
Net interest income		1,516,314	865,196
Fees and commission income		2,826,915	1,338,577
Dividend income		1,036	5,663
Foreign exchange trading and translation gains		1,578,262	963,786
Fair value and realized gains on investments		1,580,014	1,403,431
Other		<u>96,126</u>	<u>102,616</u>
Net operating revenue		<u>7,598,667</u>	<u>4,679,269</u>
Operating Expenses			
Staff costs	7	(1,203,316)	(830,401)
Administration costs		(1,756,643)	(1,016,379)
Impairment of financial assets		<u>(5,113)</u>	<u>(8,278)</u>
	8	<u>(2,965,072)</u>	<u>(1,855,058)</u>
Share of profit from associate		<u>57,144</u>	<u>-</u>
Profit before Taxation		4,690,739	2,824,211
Taxation	9	<u>(937,212)</u>	<u>(228,630)</u>
Profit for the Year	10	<u>3,753,527</u>	<u>2,595,581</u>
OTHER COMPREHENSIVE INCOME:			
<i>Items that may subsequently be reclassified to profit or loss</i>			
Realised (losses)/gains on securities at FVOCI, net of taxes	9(c)	(863,881)	518,088
Unrealised gain/(losses) on securities at FVOCI, net of taxes	9(c)	497,041	(1,188,787)
Fair value gain on property, plant and equipment, net of taxes	9(c)	10,607	-
ECL adjustment on securities at FVOCI, net of taxes	9(c)	81,000	13,759
Share based payment expenses, net of taxes	9(c)	<u>86,800</u>	<u>-</u>
Total other comprehensive income		<u>(188,433)</u>	<u>(656,940)</u>
TOTAL COMPREHENSIVE INCOME		<u>3,565,094</u>	<u>1,938,641</u>

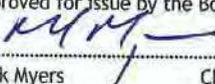
BARITA INVESTMENTS LIMITED

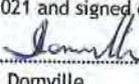
Statement of Financial Position

30 September 2021

	<u>Note</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
<u>ASSETS</u>			
Cash and bank balances	11	3,618,746	5,179,013
Securities purchased under resale agreements	12	8,872,136	8,039,603
Investment securities	13	13,943,573	13,759,726
Pledged assets	14	50,293,982	35,425,728
Receivables	15	1,061,843	2,969,487
Loans receivable		5,911,713	1,717,229
Tax recoverable		-	273,130
Due from related parties	17(b)	2,523,040	1,729,171
Property, plant and equipment	18	1,013,441	608,682
Intangible assets	19	19,478	18,399
Investment	20	55,000	55,000
Investment in subsidiaries	23(b)	1,116,071	85,700
Investment property	21	210,000	203,400
Right-of-use assets	22(a)	233,974	256,588
Investment in associate	24	<u>2,053,423</u>	<u>-</u>
Total assets		<u>90,926,420</u>	<u>70,320,856</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
LIABILITIES:			
Bank overdraft	11	7,725	8,720
Secured investment notes	25	1,415,234	611,947
Securities sold under repurchase agreements		45,664,870	34,540,980
Payables	26	5,866,515	7,120,704
Due to related parties	17(b)	5,589	397,308
Taxation		901,522	-
Deferred tax liabilities	27	50,494	606,608
Lease liability	22(b)	<u>274,840</u>	<u>282,298</u>
Total liabilities		<u>54,186,789</u>	<u>43,568,565</u>
Stockholders' Equity:			
Share capital	28	34,668,224	24,147,826
Capital reserve	29	183,928	173,321
Fair value reserve	30	(271,002)	14,838
Capital redemption reserve	31	313,590	313,590
Retained earnings		1,758,091	2,102,716
Stock option reserve	32	<u>86,800</u>	<u>-</u>
Total stockholders' equity		<u>36,739,631</u>	<u>26,752,291</u>
Total liabilities and shareholders' equity		<u>90,926,420</u>	<u>70,320,856</u>

Approved for issue by the Board of Directors on 20 December 2021 and signed on its behalf by:

Mark Myers  Chairman

Carl D. Domville  Director

BARITA INVESTMENTS LIMITED

Statement of Changes in Equity

Year Ended 30 September 2021

	Share Capital \$'000	Capital Reserve \$'000	Fair Value Reserve \$'000	Stock Option Reserve \$'000	Capital Redemption Reserve \$'000	Retained Earnings \$'000	Total \$'000
BALANCE AT 30 SEPTEMBER 2019	10,887,680	173,321	671,778	-	313,590	1,343,914	13,390,283
Effects of change in accounting policy (IFRS 16 Leases)	-	-	-	-	-	(8,572)	(8,572)
BALANCE AT 1 OCTOBER 2019	<u>10,887,680</u>	<u>173,321</u>	<u>671,778</u>	<u>-</u>	<u>313,590</u>	<u>1,335,342</u>	<u>13,381,711</u>
TOTAL COMPREHENSIVE INCOME							
Profit for the year	-	-	-	-	-	2,595,581	2,595,581
Other comprehensive income	-	-	(656,940)	-	-	-	(656,940)
	<u>-</u>	<u>-</u>	<u>(656,940)</u>	<u>-</u>	<u>-</u>	<u>2,595,581</u>	<u>1,938,641</u>
TRANSACTION WITH OWNERS							
Issue of shares, net of transaction cost (Note 28)	13,260,146	-	-	-	-	-	13,260,146
Dividends proposed (Note 33)	-	-	-	-	-	(1,828,207)	(1,828,207)
	<u>13,260,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,828,207)</u>	<u>11,431,939</u>
BALANCE AT 30 SEPTEMBER 2020	<u>24,147,826</u>	<u>173,321</u>	<u>14,838</u>	<u>-</u>	<u>313,590</u>	<u>2,102,716</u>	<u>26,752,291</u>
TOTAL COMPREHENSIVE INCOME							
Profit for the year	-	-	-	-	-	3,753,527	3,753,527
Other comprehensive income	-	10,607	(285,840)	86,800	-	-	(188,433)
	<u>-</u>	<u>10,607</u>	<u>(285,840)</u>	<u>86,800</u>	<u>-</u>	<u>3,753,527</u>	<u>3,565,094</u>
TRANSACTION WITH OWNERS							
Issue of shares, net of transaction cost (Note 28)	10,520,398	-	-	-	-	-	10,520,398
Dividends paid (Note 33)	-	-	-	-	-	(809,860)	(809,860)
Dividends proposed (Note 33)	-	-	-	-	-	(3,288,292)	(3,288,292)
	<u>10,520,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,098,152)</u>	<u>6,422,246</u>
BALANCE AT 30 SEPTEMBER 2021	<u>34,668,224</u>	<u>183,928</u>	<u>(271,002)</u>	<u>86,800</u>	<u>313,590</u>	<u>1,758,091</u>	<u>36,739,631</u>

BARITA INVESTMENTS LIMITED

Statement of Cash Flows

Year Ended 30 September 2021

	Note	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		3,753,527	2,595,581
Items not affecting cash resources:			
Depreciation and amortisation		88,631	61,980
Effect of exchange gain on foreign balances		(352,489)	(967,165)
Unrealised gain on investment FVTPL		(151,411)	(19,174)
Interest income		(2,901,927)	(1,746,261)
Interest expense		1,385,613	881,065
Fair value gains on investment property		(6,600)	(37,903)
Effect of exchange rate on lease modified		(872)	-
Income tax expense	9	937,212	228,630
Lease liability interest expense		20,362	15,948
Right-of-use assets amortisation		33,303	23,337
Share of profit from associate		(57,144)	-
Share option expense		<u>130,200</u>	<u>-</u>
		2,878,405	1,036,038
Changes in operating assets and liabilities:			
Securities purchased under resale agreements, net		(721,840)	6,714,901
Securities sold under repurchase agreements, net		10,375,994	9,972,871
Receivables		1,907,644	(2,235,272)
Loans receivables, net		(4,235,375)	(970,952)
Payables		(2,714,274)	4,509,706
Related companies, net		(1,185,588)	917,218
Secured investment notes	25	<u>803,287</u>	<u>611,947</u>
		7,108,253	20,556,457
Interest received		2,754,764	1,450,225
Interest paid		(1,786,831)	(821,417)
Lease payments		(39,381)	(22,150)
Tax paid		(224,456)	(676,394)
Cash provided by operating activities		<u>7,812,349</u>	<u>20,486,721</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	18	(468,900)	(285,363)
Purchase of intangible assets	19	(10,226)	(18,164)
Proceeds from disposal of property, plant and equipment	18	567	-
Purchase of investment property		-	(165,497)
Investment securities including pledged assets, net		(13,772,842)	(27,908,970)
Investment in associate	24	(1,996,279)	-
Investment in subsidiary	23	(1,030,371)	-
Cash used in investing activities		<u>(17,278,051)</u>	<u>(28,377,994)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		(2,638,067)	(891,862)
Issued ordinary shares		<u>10,520,398</u>	<u>13,260,146</u>
Cash provided by financing activities		<u>7,882,331</u>	<u>12,368,284</u>
Effect of exchange rate on cash and cash equivalents		<u>24,099</u>	<u>112,547</u>
(Decrease)/increase in net cash and equivalents		(1,559,272)	4,589,558
Net cash and cash equivalents at beginning of year		<u>5,170,293</u>	<u>580,735</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	<u>3,611,021</u>	<u>5,170,293</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

1. IDENTIFICATION, REGULATION AND LICENCE:

Barita Investments Limited (Barita or the company) is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 15 St. Lucia Way, Kingston 5. The controlling party of the company is Cornerstone Financial Holdings Limited with a 74% ownership as at year end. The registered office of Cornerstone Financial Holdings is located at Suite 1, Ground Floor, The Financial Services Centre, Bishop's Court Hill, Barbados.

The company is a licensed securities dealer, investment manager, pension administrator and cambio operator and has primary dealer status from the Bank of Jamaica (BOJ). It is licensed under the Securities Act and regulated by the Financial Services Commission (FSC). The company's ordinary shares are listed on the Jamaica Stock Exchange (JSE).

During the year, the company founded the Cornerstone Group Employee Trust, a special purpose entity, by contributing 10,000,000 shares for the establishment of the Trust. The Trust acts as holding agent of shares within the company's Employee Stock Option Plan.

The principal activities of the company and its wholly owned subsidiary, Barita Unit Trusts Management Company Limited (BUTM), are securities brokerage, money market activities, cambio operations, investment banking and funds management.

The company acquired 20% of the shareholding of Derrimon Trading Company Limited (DTC). DTC is incorporated and registered in Jamaica. DTC is an associated company of Barita Investments Limited (see Note 24.)

"The Group" refers collectively to the company, its subsidiary and the employee trust.

2. REPORTING CURRENCY:

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the group operates 'the functional currency'. These financial statements are presented in Jamaican dollars, which is considered the group's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES:

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

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of fair value through other comprehensive income and fair value through profit or loss investment securities, and certain items of property, plant and equipment. They are also prepared in accordance with requirements of the Jamaican Companies Act.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant for the financial statements are disclosed in Note 4.

New, revised and amended standards and interpretations that became effective during the year

Certain new standards and interpretations of and amendments to existing standards have been published that became effective during the current financial year. The group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standards, interpretations and amendments are relevant to its operations:

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2020). These amendments and consequential amendments to other IFRSs result in the use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework Reporting. They clarify the explanation of material and also incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IFRS 9, 'Financial Instruments' IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosures', IFRS 16 Leases, (effective for accounting periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.

The adoption of the above standards and interpretations did not have any material impact on the group's financial statements.

New standards, amendments and interpretation not yet effective and not early adopted

The following amendments to standards which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements:

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New standards, amendments and interpretation not yet effective and not early adopted (cont'd)

Amendments to IAS 1, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2022). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments also classify what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of these amendments is not expected to have a significant impact on the group.

Amendment to IAS 16, 'Property, plant and equipment' (effective for accounting periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognise such sales proceeds and related cost in profit or loss. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The group is currently assessing the impact of this amendment.

Amendments to IFRS 3, 'Business combinations' (effective for accounting periods beginning on or after 1 January 2022). Minor amendments were made to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The adoption of these amendments is not expected to have a significant impact on the group.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' (effective for accounting periods beginning on or after 1 January 2022). This amendment specifies which costs a company includes when assessing whether a contract will be loss making. It clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The group is currently assessing the impact of this amendment.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New standards, amendments and interpretation not yet effective and not early adopted (cont'd)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective for accounting periods beginning on or after 1 January 2021). These address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark (replacement issues). Major changes:

- Adds a practical expedient that enables a company to account for a change in the contractual cash flows that are required by the reform by updating the effective interest rates to reflect, for example, the change in an interest rate benchmark from IBOR to an alternative benchmark rate.
- Provides relief from specific hedge accounting requirements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

(b) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The Group recognizes Cornerstone Group Employee Share Trust as a special purpose entity. The subsidiaries consolidated are Barita Unit Trusts Management Company Limited which is 100% owned and Cornerstone Group Employee Share Trust.

Acquisitions from third parties

Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases. The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquirees either at fair value or at the non-controlling interests proportionate share of the acquirees' net assets.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) Basis of consolidation (cont'd)

Acquisitions involving entities under common control

The predecessor method of accounting is used to account for acquisitions involving entities under common control, as such acquisitions are outside of the scope of IFRS 3. Under the predecessor method of accounting, the acquiring entity consolidates the results and net assets of the acquired entity either from the date of acquisition, or as if the acquisition had always taken place, and the current structure had always been in existence. In electing to utilize the latter option, the prior year's comparatives are restated.

In applying the predecessor method, the purchase consideration for the acquisition is eliminated against the book value of net assets acquired (adjusted for inconsistencies in accounting policies) with any resulting difference being dealt with as an adjustment to equity. There is no goodwill created, nor is there any negative goodwill recognized.

The group has elected to treat all such acquisitions as if the acquisition had taken place in previous years.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The accounting policies of the subsidiary are consistent with those adopted by the group.

(c) Investment in associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% and the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investee's share of profit or loss after the date of acquisition.

The group share of its associates post-acquisition profits or losses is recognized in the income statements. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize for losses unless it has incurred obligations or made payments on behalf of the associate.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) Investment in associates (cont'd)

The results of associates with financial reporting year-ends that are different from the group are determined by prorating the results for the audited period as well as the period covered by management accounts to ensure that a year's result is accounted for, as applicable.

(d) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Operating segments are reported in a manner consistent with internal reporting to the group's chief operating decision maker.

(e) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the mid-point of the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are recognized in other comprehensive income.

(f) Financial instruments

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

Financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- At fair value (either through OCI or through profit or loss); and
- At amortised cost

The classification is based on the group's business model for managing the financial assets and the contractual terms of the cash flows.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Financial instruments (cont'd)

Financial assets (cont'd)

(i) Classification (cont'd)

For assets measured at fair value, gains and losses are recorded in profit or loss or OCI.

The group will reclassify debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Purchases and sales of financial assets are recognized on the date at which the group becomes a party to the contractual provisions of the instrument, i.e. the date they originated. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVPL are expensed in 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.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Financial instruments (cont'd)

Financial assets (cont'd)

(iii) Measurement (cont'd)

Debt instruments (cont'd)

- Amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gains or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.
- FVOCI - Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movement in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.
- FVPL - Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the group's right to receive payment is established.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Financial instruments (cont'd)

Financial assets (cont'd)

(iii) Measurement (cont'd)

Equity instruments (cont'd)

Changes in fair value of financial assets at FVPL are recognized in gains/(losses) in the profit or loss statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial liabilities

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: securities sold under repurchase agreements, bank overdraft, due to related company, lease liability, short term loan and trade payables.

(g) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(g) Leases (cont'd)

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially calculated at an amount equal to the initial value of the lease obligation. For leases entered into on or after 1 January 2019, the right-of-use assets have been calculated at an amount equal to the initial value of the lease liability, adjusted for the following items:

- i) Any lease payments made at or before the commencement date, less any lease incentives received;
- ii) Any initial direct costs incurred by the group;
- iii) An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

For short-term leases that have a lease term of 12 months or less and low-value assets, the group has elected to not recognize a lease obligation and right-of-use assets and instead will recognize a lease expense as permitted under IFRS 16.

The right-of-use assets will be depreciated using the straight-line method from the date of adoption to the earlier of the end of the useful life of the asset or end of the lease term as determined under IFRS 16. For lease entered into after 1 October 2019, the right-of-use assets will be depreciated from the date of commencement to the earlier of the end of the useful life of the asset or end of the lease term.

Under IFRS 16, the right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of assets which replaced the previous requirement to recognize a provision for onerous lease contracts under IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(g) Leases (cont'd)

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) Revenue recognition

Interest income

Interest income and expense are recognized in profit or loss for all interest bearing instruments on an accrual basis using the effective interest rate method. Interest income includes coupons earned on fixed income investments and accrued discounts or premiums on treasury bills and other discounted instruments.

Fees and commission income

Fees and commission income are recognized on an accrual basis when the service has been provided. Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognized on completion of the underlying transaction.

Dividend income

Dividends are recognized when the right to receive payments is established.

Gain or loss on sale of investment

Gain or loss on the disposal or maturity of investments, is determined by comparing sale proceeds with the carrying amount of the investment. The amount is recognized in profit or loss for the year.

When investment securities are disposed of the related accumulated unrealised gains or losses included in the fair value reserve are recognized by recycling those gains or losses through other comprehensive income.

(j) Current and deferred income taxes

Taxation expense in profit or loss comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(j) Current and deferred income taxes (cont'd)

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

(k) Property plant and equipment

Items of property, plant and equipment are initially recorded at historical or deemed cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the capital reserve except to the extent that any decrease in value in excess of the credit balance on the capital reserve, or reversal of such a transaction, is recognised in profit or loss.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(k) Property plant and equipment (cont'd)

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Land is not depreciated. The expected useful lives of the other property, plant and equipment are as follows:

Buildings	40 years
Leasehold improvements	Life of lease
Office furniture, machines and equipment	10 years
Computer equipment	2 - 10 years
Motor vehicles	3 - 5 years

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

(l) Receivables

Receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Impairment of receivables is determined using the simplified approach based on the requirements of IFRS 9.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in profit or loss.

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralized financing transactions.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) Repurchase and reverse repurchase agreements

The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the repurchase agreements using the effective yield method.

Securities purchased under agreements to resell and sold under agreements to repurchase are carried on the statement of financial position at amortised cost.

(n) Short term loans

Loan note payable are recognized initially at the proceeds received net of transaction costs incurred. Short term loans are subsequently measured at amortised cost.

(o) Payables

Payables are initially recognized at fair value and are subsequently measured at amortised cost.

(p) Fiduciary activities

The group commonly acts as a trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts and other institutions. These assets and income arising thereon are excluded from these financial statements as they are not assets of the group.

(q) Employee benefits

Defined contribution plans

The group maintains a pension plan for its eligible employees and agents. The pension plan is a defined contribution plan, the assets of which are held in a separate trustee administered fund. The plan is generally funded by basic employee contributions of 5% of pensionable salary and voluntary contributions up to a maximum of an additional 5%. This is matched by the group, once the group's contributions have been paid the group has no further payment obligations. The group contributions to the plan are charged to profit or loss in the year to which they relate.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(q) Employee benefits (cont'd)

Other

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the projected unit credit method and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement.

Share based compensation benefits

The group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense, with corresponding increase in equity, over the period in which the employee becomes vested to the group. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At the end of each reporting period, the group revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the statement of profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

(r) Intangible assets

Intangible assets, which represents computer software, are deemed to have a finite useful life of three years and are measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

(s) Related party balances and transactions

Parties are considered to be related if directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the entity (this includes parents, subsidiaries and fellow subsidiaries) has significant influence over the entity or has joint control over the entity. Related party balance and transactions are disclosed for the following:

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(s) Related party balances and transactions (cont'd)

- (i) Enterprises and individuals owning, directly or indirectly, a significant interest in voting power of the group and /or having significant influence over the Group's affairs and close members of the family of these individuals.
- (ii) Key management personnel, that is those persons having authority and responsibility for planning directing and controlling the activities of the group, including directors, officers and close members of the families of these individuals.

(t) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(u) Investment property

Investment property, comprising principally land and building, is held for rental yields and capital appreciation and is treated as long term investments. It is measured initially at cost, including related transaction costs and subsequently measured at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

The fair value reflects, on a similar basis, expected cash outflows in respect of the property. Fair value is determined every two years by an independent registered valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognized in profit or loss.

(v) Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

Judgement and estimates are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(a) Critical judgement in applying the Group's accounting policies

In the process of applying the group's accounting policies, management has made the following judgement that could cause a significant impact on the amounts recognized in the financial statements.

Determination of whether the group acts as principal or agent in the management of various managed funds.

IFRS 10, Consolidated Financial Statements, which was adopted by the group on October 1, 2016, resulted in the group assessing its relationship (to determine whether it acts as principal or agent) with various managed funds. These include a number of segregated pension funds, unit trusts and structured entities (collectively, the "managed funds"), managed either by the company or by BUTM.

In determining whether to consolidate managed funds, the Group considers its ability to direct the relevant activities of the entities. Ability to direct the relevant activities is generally evidenced through a unilateral right to liquidate the entities, investment in the securities issued by the entities that gives rise to control or where the Group holds specific subordinate securities that embody certain controlling rights. The Group may further consider relevant activities embedded within contractual arrangements such as call options which give the practical ability to direct the entities, special relationships between the entities and investors, and whether a single investor has a large exposure to variable returns of the entities.

Judgement is required in determining control over managed funds. The purpose and design of the entities are considered, along with a determination of what the relevant activities are of each entity and who directs them. Further judgements are made around which investor is exposed to, and absorbs the variable returns of the entities. The Group weighs all of these facts in considering whether it is acting as a principal in its own right or as an agent on behalf of others. Judgement is further required in the ongoing assessment of control over managed funds, specifically if market conditions have an effect on the variable return exposure of different investors.

The group has therefore concluded that it acts in relation to the managed funds in the capacity of agent, with limitations on its scope of authority, ability to be terminated as fund manager and levels of direct interests and remuneration that are appropriate for the services provided and consistent with industry practices.

BARITA INVESTMENTS LIMITED

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4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(b) Key sources of estimation uncertainty

The group makes certain estimates and assumptions regarding the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts assets and liabilities within the next financial year are discussed below:

(i) Fair value estimation

A number of assets and liabilities included in the group's financial statements require measurement at, and/or disclosure of, fair value.

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

The fair value measurement of the group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are; the 'fair value hierarchy:

- Level 1 Quoted prices in active markets for identical assets or liabilities. (unadjusted)
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

The fair value of financial instruments traded in active markets, such as investments fair value either through OCI or through profit or loss, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1 and comprise equity instruments traded on the JSE.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(b) Key sources of estimation uncertainty (cont'd)

(i) Fair value estimation (cont'd)

The fair values of financial instruments that are not traded in an active market are deemed to be/determined as follows:

The carrying values less any impairment provision of financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values due to the short term maturity of these instruments. These financial assets and liabilities are cash and cash equivalents, trade receivables, trade payables, related company balances and unquoted investments.

(ii) Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognizes assets and liabilities for possible tax issues based on estimates of whether additional taxes will become recoverable or will become due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Expected maturity dates for financial assets and liabilities

In disclosing its financial risk management, and considering its management of liquidity risk, the group discloses the expected maturity of its financial assets and financial liabilities. It is management's experience that the contractual maturity of these assets and liabilities differ from the liquidation of these assets and liabilities, which makes the disclosure of expected maturity more meaningful to the users of the financial statements. The actual liquidation of the assets and liabilities may differ from management's estimates.

(iv) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The group applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(b) Key sources of estimation uncertainty (cont'd)

(v) Measurement of the expected credit loss allowance

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers and debt issuers defaulting and the resulting losses). Significant judgement is also required in applying the accounting requirements for measuring ECL, such as:

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

5. FINANCIAL RISK MANAGEMENT:

The group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on group's financial performance.

The group's risk management policies are designed 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 group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Foreign exchange risk
- Fair value or cash flow interest rate risk and
- Other market price

The Board of Directors is ultimately responsible for the establishment and oversight of the group's risk management framework. The Board, through the Asset and Liability Management Committee, Treasury Department, Audit Committee and Risk Manager, manages and monitors risks as follows:

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Notes to the Financial Statements

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5. FINANCIAL RISK MANGEMENT (CONT'D):

(i) Assets and Liabilities Management Committee

This committee is responsible for monitoring the profile of the group's assets and liabilities. This includes monitoring policies and procedures that are established to ensure that there is sufficient liquidity and that interest rate risk, currency risk and capital adequacy is also monitored.

(ii) Treasury Department

This department is responsible for monitoring the profile of the group's assets and liabilities. It is also primarily responsible for managing the funding and liquidity risks of the group. It manages these risks by monitoring the statement of financial position and ensuring that business strategies are consistent with liquidity requirements measuring the capital adequacy for regulatory and business requirements and monitoring the composition of the assets and liabilities of the group.

(iii) Audit Committee

The Audit Committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The Audit Committee is assisted in its oversight role by internal Audit, which is outsourced. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iv) Risk Manager

The Risk manager inspects the group's operations by reviewing new ventures and projects, new lines of business, and new and existing products for risk exposure. The Risk Manager also ensures compliance with regulations and policies. Periodic reports are prepared by the Risk Manager and presented to senior management and the Board of Directors.

The most important types of financial risk faced by the group are credit risk, liquidity risk and market risk. Market risk includes currency risk and interest rate risk.

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Notes to the Financial Statements

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5. FINANCIAL RISK MANGEMENT (CONT'D):

(a) Credit risk

The group takes on exposure to credit risk, which is the risk that its clients or counterparties will cause a financial loss for the group by failing to discharge their contractual obligations. Credit risk is a significant risk for the group business; management therefore carefully manages its exposure to credit risk. Credit exposure arises principally in lending and investment activities. The group structures the levels of credit risk it undertakes as documented below. The group's and the company's maximum exposure to credit risk equals the carrying amounts on the statements of financial position, for the financial assets which expose the group and company to credit risk.

The overall objective of the group is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility.

Concentration of credit risk

There is no significant concentration of credit risk in the loans issued by the group. In addition to assessment of earnings and cash flows, management obtains collateral in the form of hypothecated securities sold under repurchase agreement, or units held in any of the trusts managed by BUTM. The group seeks to ensure that the value of hypothecated securities exceeds the loan amount.

Exposure to credit risk is managed through regular analysis of the ability of the customers and other counter-parties to meet repayment obligations. These are monitored regularly to ensure payments are received in accordance with the agreed terms.

The group measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk and not a longer period, even if contract extension or renewal is common practice.

The gross carrying amount of financial assets below also represents the group's maximum exposure to credit risk on these assets.

The following tables contains an analysis of the credit risk exposure of financial instruments for which it was concluded that an ECL allowance is required. The gross carrying amount of financial assets below also represents the group's maximum exposure to credit risk on these assets and are due within five year.

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5. FINANCIAL RISK MANGEMENT (CONT'D):

(a) Credit risk (cont'd)

Concentration of credit risk (cont'd)

Loans receivables

	<u>The Group and the Company</u>	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Aging of loans receivables:		
Current	5,992,056	1,722,798
Less: impairment	(80,843)	(5,569)
	<u>5,911,713</u>	<u>1,717,229</u>

Investment and cash

The group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality, and Government of Jamaica and Bank of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations. The concentration of credit risk associated with the group's investments portfolio is shown below, under the heading; **Debt Securities Concentration**.

Collateral and other credit enhancements

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 are as follows:

- (i) For loans receivables - investment securities and properties
- (ii) For securities purchased under resale agreements - GOJ or BOJ investment securities

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANGEMENT (CONT'D):

(a) Credit risk (cont'd)

Concentration of credit risk (cont'd)

Collateral and other credit enhancements (cont'd)

Management monitors the market value of collateral held and requests additional collateral in accordance with the underlying agreements when additional collateral is required.

Impairment

Significant increase in credit risk

- Qualitative assessment - credit ratings are associated with ranges of default probabilities based on historical information. Rating outlooks, which are inherently forward-looking, are used to determine the probability of default to be applied to a specific security within its respective range. Issuer-specific default risk estimates incorporate forward-looking information directly. In calculating the probability of default, the group uses credit ratings along with rating outlooks from recognized rating agencies, as well as issuer-specific default risk estimates where available and appropriate. The ratings and risk estimates are mapped to an internal credit risk grading model in order to standardize across different rating systems and to clearly demarcate significant increase in credit risk over time.

A qualitative assessment is done at initial recognition and subsequently at each statement of financial position date and where it is determined that there is a significant increase in the probability of default the security is categorized as 'Stage 2' for the purpose of calculating the ECL. If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3'. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

- Quantitative assessment - Investment securities are considered to have experienced a significant increase in credit risk if it is more than 30 days past due on its contractual payments.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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5. FINANCIAL RISK MANGEMENT (CONT'D):

(a) Credit risk (cont'd)

Impairment (cont'd)

Expected credit loss measurement

IFRS 9 outlined a 'three stage' model for impairment based on changes in the credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1'.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3'.
- 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 pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

The group assesses on a forward-looking basis the ECL associated with debt investments. The ECL recognized by the group reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost at the reporting date. The ECL is the product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The PD presents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months or over the remaining lifetime of the obligation.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANGEMENT (CONT'D):

(a) Credit risk (cont'd)

Impairment (cont'd)

Expected credit loss measurement (cont'd)

EAD is based on the amounts the group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

LGD represents the group's expectation of the extent of loss on a defaulted exposure. LGD is calculated on a 12 month or a lifetime basis, where 12 month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is a percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

All of the group's debt investments at amortised cost and FVOCI are considered to have low credit risk and the loss allowance recognized during the period was therefore limited to 12 months expected losses. Management considers 'low credit risk' for bonds to be those with an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The loss allowance for debt investments at FVOCI is recognized in profit or loss and reduces the fair value loss otherwise recognized in OCI.

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Opening loss allowance as at				
1 October 2020 calculated under IFRS 9	293,607	287,268	292,734	272,095
Increase in loss allowance recognized in the income statement during the year	121,500	27,868	121,500	35,305
Loss allowance utilized during the year	-	(21,529)	-	(14,666)
	<u>415,107</u>	<u>293,607</u>	<u>414,234</u>	<u>292,734</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Credit risk (cont'd)

Impairment (cont'd)

Debt securities concentration

The following table summarises the group's and company's credit exposure for debt securities at their carrying amounts, as categorized by issuer:

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Government of Jamaica and Bank of Jamaica	19,421,300	20,517,105	19,421,300	20,517,105
Financial Institutions	17,922,423	19,170,537	17,922,423	19,170,537
Corporate and other bonds	<u>30,196,697</u>	<u>15,319,656</u>	<u>30,087,321</u>	<u>15,211,791</u>
	67,540,420	55,007,298	67,431,044	54,899,433
Accrued interest	<u>663,268</u>	<u>516,373</u>	<u>661,276</u>	<u>514,127</u>
	<u>68,203,688</u>	<u>55,523,671</u>	<u>68,092,320</u>	<u>55,413,560</u>

(b) Liquidity risk

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

Liquidity risk management process

The group's liquidity management process, as carried out within the group and monitored by the Treasury Department, includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of 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.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Liquidity risk (cont'd)

Liquidity risk management process (cont'd)

- (iii) Maintaining committed lines of credit
- (iv) Optimising cash returns on investments
- (v) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements
- (vi) 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, 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 matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

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.

Financial assets and liabilities cash flows

The tables below present the undiscounted cash flows (both interest and principal cash flows) of the group's and company's financial liabilities based on contractual rights and obligations as well as expected maturity and also shows the undiscounted cash flows of the group's and company's financial assets based on expected maturity. The group and company expect that many customers will not request repayment on the earliest date the group and company could be required to pay.

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Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Liquidity risk (cont'd)

Financial assets and liabilities cash flows (cont'd)

	The Group					
	2021					
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 years \$'000	Total \$'000
Based on contractual maturity						
Bank overdraft	8,635	-	-	-	-	8,635
Due to related parties	144,013	-	-	-	-	144,013
Securities sold under repurchase agreements	16,713,667	17,508,725	11,625,257	73,995	-	45,921,644
Secured investment notes	414,096	607,959	-	-	-	1,022,055
Payables	5,915,703	-	-	-	-	5,915,703
Lease liability	<u>3,566</u>	<u>7,124</u>	<u>32,139</u>	<u>161,660</u>	<u>70,351</u>	<u>274,840</u>
Total financial liabilities	<u>23,199,680</u>	<u>18,123,808</u>	<u>11,657,396</u>	<u>235,655</u>	<u>70,351</u>	<u>53,286,890</u>
Based on expected maturity -						
Total financial liabilities	<u>17,127,763</u>	<u>18,116,684</u>	<u>11,625,257</u>	<u>73,995</u>	<u>-</u>	<u>46,943,699</u>
Total financial assets	<u>16,447,108</u>	<u>3,113,541</u>	<u>10,574,121</u>	<u>23,537,827</u>	<u>49,021,874</u>	<u>102,694,471</u>
	2020					
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 years \$'000	Total \$'000
Based on contractual maturity						
Bank overdraft	8,720	-	-	-	-	8,720
Due to related parties	273,744	-	-	-	-	273,744
Securities sold under repurchase agreements	14,131,290	14,824,811	5,631,980	23,312	-	34,611,393
Secured investment notes	611,947	-	-	-	-	611,947
Payables	6,970,314	-	-	-	-	6,970,314
Lease liability	<u>1,528</u>	<u>3,084</u>	<u>17,575</u>	<u>114,698</u>	<u>145,413</u>	<u>282,298</u>
Total financial liabilities	<u>21,997,543</u>	<u>14,827,895</u>	<u>5,649,555</u>	<u>138,010</u>	<u>145,413</u>	<u>42,758,416</u>
Based on expected maturity -						
Total financial liabilities	<u>14,743,237</u>	<u>14,824,811</u>	<u>5,631,980</u>	<u>23,312</u>	<u>-</u>	<u>35,223,340</u>
Total financial assets	<u>11,074,926</u>	<u>8,821,101</u>	<u>3,630,490</u>	<u>20,445,175</u>	<u>32,309,129</u>	<u>76,280,821</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Liquidity risk (cont'd)

Financial assets and liabilities cash flows (cont'd)

	The Company					
	2021					
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 years \$'000	Total \$'000
Based on contractual maturity						
Bank overdraft	7,725	-	-	-	-	7,725
Due to related parties	5,589	-	-	-	-	5,589
Securities sold under						
repurchase agreements	16,713,667	17,578,696	11,625,257	73,995	-	45,991,615
Secured investment notes	755,493	659,741	-	-	-	1,415,234
Payables	5,866,515	-	-	-	-	5,866,515
Lease liability	3,566	7,124	32,139	161,660	70,351	274,840
Total financial liabilities	23,352,555	18,245,561	11,657,396	235,655	70,351	53,561,518
Based on expected maturity -						
Total financial liabilities	17,469,160	18,238,437	11,625,257	73,995	-	47,406,849
Total financial assets	16,447,108	3,113,541	10,574,121	23,414,316	49,002,086	102,551,172
	2020					
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 years \$'000	Total \$'000
Based on contractual maturity						
Bank overdraft	8,720	-	-	-	-	8,720
Due to related parties	397,308	-	-	-	-	397,308
Securities sold under						
repurchase agreements	14,188,010	14,862,187	5,631,980	23,312	-	34,705,489
Secured investment notes	611,947	-	-	-	-	611,947
Payables	7,120,704	-	-	-	-	7,120,704
Lease liability	1,528	3,084	17,575	114,698	145,413	282,298
Total financial liabilities	22,328,217	14,865,271	5,649,555	138,010	145,413	43,126,466
Based on expected maturity -						
Total financial liabilities	14,799,957	14,862,187	5,631,980	23,312	-	35,317,436
Total financial assets	11,074,926	8,821,101	3,630,490	20,445,175	32,309,129	76,280,821

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Liquidity risk (cont'd)

Financial assets and liabilities cash flows (cont'd)

Assets available to meet all of the liabilities include cash, securities purchased under resale agreements and marketable securities. The group and company are also able to meet unexpected net cash outflows by selling securities.

The carrying amount for securities sold under repurchase agreement due within twelve months equals \$45,917,620,000 (2020 - \$34,611,393,000) for the group and \$45,847,649,000 (2020 - \$34,705,489,000) for the company.

(c) Market risk

The group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arises from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Risk Manager in conjunction with the Treasury manager, who carries out extensive research and monitors the price movement of financial assets on local and international markets. Generally, the group has a low to medium risk profile and invests primarily in Government of Jamaica securities. Market risk exposures are measured using sensitivity analysis.

(i) Currency risk

The group incurs foreign currency risk on transactions that are denominated in a currency other than Jamaican dollar.

The group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

The main currencies giving rise to this risk are the United States dollar, Canadian dollar and British pound. The group sets limits on the level of exposure by currency and in total for both overnight and intra-day positions which are monitored daily.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

	The Group				
	CAD J\$'000	US\$ J\$'000	GBP J\$'000	Jamaican J\$'000	Total J\$'000
	2021				
Financial Assets					
Investments in associate	-	-	-	2,053,423	2,053,423
Cash and bank balances	289	1,377,090	1,486	2,437,461	3,816,326
Securities purchased under resale agreements	-	5,255,459	-	3,616,677	8,872,136
Marketable securities and pledged assets	-	22,384,037	51,984	41,986,678	64,422,699
Receivables	-	250,995	-	830,309	1,081,304
Loans receivables	-	-	-	5,911,713	5,911,713
Due from related parties	-	-	-	2,518,556	2,518,556
Total financial assets	289	29,267,581	53,470	59,354,817	88,709,157
Financial Liabilities					
Bank overdraft	-	-	-	8,635	8,635
Securities sold under repurchase agreement	-	18,752,774	-	26,839,744	45,592,518
Secured investment notes	-	607,146	-	414,909	1,022,055
Payables	-	455,925	-	5,459,778	5,915,703
Due to related parties	-	-	-	144,013	144,013
Lease liability	-	68,120	-	206,720	274,840
Total financial liabilities	-	19,883,965	-	33,073,799	52,957,764
Net financial position	289	9,383,616	53,470	26,281,018	35,751,393

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Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

	The Group				
	CAD J\$'000	US\$ J\$'000	GBP J\$'000	Jamaican J\$'000	Total J\$'000
	2020				
Financial Assets					
Cash and bank balances	834	2,558,498	3,642	2,714,634	5,277,608
Securities purchased under resale agreements	-	1,520,926	-	6,518,677	8,039,603
Marketable securities and pledged assets	-	15,505,750	39,729	33,819,344	49,364,823
Receivables	-	1,023,605	-	1,962,803	2,986,408
Loans receivables	-	-	-	1,717,229	1,717,229
Due from related parties	-	-	-	1,979,035	1,979,035
Total financial assets	834	20,608,779	43,371	48,711,722	69,364,706
Financial Liabilities					
Bank overdraft	-	-	-	8,720	8,720
Securities sold under repurchase agreement	-	11,419,021	-	23,027,598	34,446,619
Secured investment notes	-	30,847	-	581,100	611,947
Payables	-	635,435	-	6,334,879	6,970,314
Due to related parties	-	115,548	-	158,196	273,744
Lease liability	-	71,421	-	210,877	282,298
Total financial liabilities	-	12,272,272	-	30,321,370	42,593,642
Net financial position	834	8,336,507	43,371	18,390,352	26,771,064

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Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

	The Company				
	CAD J\$'000	US\$ J\$'000	GBP J\$'000	Jamaican J\$'000	Total J\$'000
	2021				
Financial Assets					
Investment in associate	-	-	-	2,053,423	2,053,423
Cash and bank balances	289	1,327,151	1,486	2,289,820	3,618,746
Securities purchased under resale agreements	-	5,255,459	-	3,616,677	8,872,136
Marketable securities and pledged assets	-	22,244,122	51,984	41,941,449	64,237,555
Receivables	-	225,442	-	855,862	1,081,304
Loans receivables	-	-	-	5,911,713	5,911,713
Due from related parties	-	197	-	2,522,843	2,523,040
Total financial assets	<u>289</u>	<u>29,052,371</u>	<u>53,470</u>	<u>59,191,887</u>	<u>88,297,917</u>
Financial Liabilities					
Bank overdraft	-	-	-	7,725	7,725
Securities sold under repurchase agreement	-	18,782,267	-	26,882,603	45,664,870
Secured investment notes	-	983,909	-	431,325	1,415,234
Payables	-	455,925	-	5,410,590	5,866,515
Due to related parties	-	-	-	5,589	5,589
Lease liability	-	68,120	-	206,720	274,840
Total financial liabilities	<u>-</u>	<u>20,290,221</u>	<u>-</u>	<u>32,944,552</u>	<u>52,234,773</u>
Net financial position	<u>289</u>	<u>8,762,150</u>	<u>53,470</u>	<u>26,247,335</u>	<u>36,063,144</u>

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Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

	The Company				
	CAD	US\$	GBP	Jamaican	Total
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
	2020				
Financial Assets					
Cash and bank balances	834	2,481,762	3,642	2,692,775	5,179,013
Securities purchased under resale agreements	-	1,520,926	-	6,518,677	8,039,603
Marketable securities and pledged assets	-	15,373,922	39,729	33,771,803	49,185,454
Receivables	-	1,023,605	-	1,945,882	2,969,487
Loans receivables	-	-	-	1,717,229	1,717,229
Due from related parties	-	-	-	1,729,171	1,729,171
Total financial assets	<u>834</u>	<u>20,400,215</u>	<u>43,371</u>	<u>48,375,537</u>	<u>68,819,957</u>
Financial Liabilities					
Bank overdraft	-	-	-	8,720	8,720
Securities sold under repurchase agreement	-	11,513,117	-	23,027,863	34,540,980
Secured investment notes	-	30,847	-	581,100	611,947
Payables	-	635,435	-	6,485,269	7,120,704
Due to related parties	-	-	-	397,308	397,308
Lease liability	-	71,421	-	210,877	282,298
Total financial liabilities	<u>-</u>	<u>12,250,820</u>	<u>-</u>	<u>30,711,137</u>	<u>42,961,957</u>
Net financial position	<u>834</u>	<u>8,149,395</u>	<u>43,371</u>	<u>17,664,400</u>	<u>25,858,000</u>

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Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

Foreign currency sensitivity

The following indicate the currencies to which the group and company had significant exposure on their monetary assets and liabilities and their forecast cash flows. The changes in currency rates below represent management's assessment of reasonably possible changes in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 8% devaluation and 2% revaluation in the value of the Jamaican dollar (JMD) (2020 - 6% devaluation and 2% revaluation). The sensitivity analysis includes cash and bank balances, securities purchased under resale agreements, marketable securities and securities sold under repurchase agreements.

Currency	The Group and Company					
	% Change In Currency Rate 2021	Effect on Profit before Tax 2021	Effect on other components of Equity 2021	% Change in Currency Rate 2020	Effect on Profit before Tax 2020	Effect on Other components of Equity 2020
		\$'000	\$'000		\$'000	\$'000
CAD (devaluation of JMD)	8	23	-	6	50	-
CAD (revaluation of JMD)	(2)	(6)	-	(2)	(17)	-
USD (devaluation of JMD)	8	750,689	-	6	500,190	3,289,511
USD (revaluation of JMD)	(2)	(187,672)	(1,308,118)	(2)	(166,730)	(1,096,504)
GBP (devaluation of JMD)	8	4,278	-	6	2,602	-
GBP (revaluation of JMD)	(2)	(1,069)	-	(2)	(867)	-

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Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(ii) Interest rate risk

Interest rate risk is the risk that the value of 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 group's interest rate policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires the group to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. The Board sets limits on the level of mismatch of interest rate re-opening that may be unknown, which is monitored daily by the Treasury Department.

The following tables summarize the group's and company's exposure to interest rate risk. It includes financial instruments at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

	The Group						
	2021						
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non-rate sensitive \$'000	Total \$'000
Financial Assets							
Cash and bank balances	3,816,326	-	-	-	-	-	3,816,326
Securities purchased under resale agreements	6,412,007	2,402,151	57,978	-	-	-	8,872,136
Marketable securities and pledged assets	9,979,393	685,987	6,653,613	18,586,860	23,414,920	5,101,926	64,422,699
Receivables	-	-	-	-	-	1,081,304	1,081,304
Loan receivables	5,911,713	-	-	-	-	-	5,911,713
Due from related parties	-	-	-	-	-	2,518,556	2,518,556
Investment in associate	-	-	-	-	-	2,053,423	2,053,423
Total financial assets	26,119,439	3,088,138	6,711,591	18,586,860	23,414,920	10,755,209	88,676,157
Financial Liabilities							
Bank overdraft	8,635	-	-	-	-	-	8,635
Securities sold under repurchase agreements	16,878,473	17,317,736	11,325,320	70,989	-	-	45,592,518
Secured investment notes	419,291	602,764	-	-	-	-	1,022,055
Payables	-	-	-	-	-	5,915,703	5,915,703
Due to related parties	-	-	-	-	-	144,013	144,013
Lease liability	3,566	7,124	32,139	161,660	70,351	-	274,840
Total financial liabilities	17,309,965	17,927,624	11,357,459	232,649	70,351	6,059,716	52,957,764
Total interest repricing gap	8,809,474	(14,839,486)	(4,645,268)	18,354,211	23,344,569	4,695,493	35,718,393
Cumulative gap	8,809,474	(6,030,012)	(10,675,880)	7,678,331	31,022,900	35,718,393	

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Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

	The Group						
	2020						
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non-rate sensitive \$'000	Total \$'000
Financial Assets							
Cash and bank balances	5,277,608	-	-	-	-	-	5,277,608
Securities purchased under resale agreements	5,233,378	2,319,903	486,322	-	-	-	8,039,603
Marketable securities and pledged assets	5,361,307	8,294,699	2,823,870	15,107,384	17,777,563	-	49,364,823
Receivables	-	-	-	-	-	2,986,408	2,986,408
Loan receivables	1,717,229	-	-	-	-	-	1,717,229
Due from related parties	-	-	-	-	-	1,979,035	1,979,035
Total financial assets	17,589,522	10,614,602	3,310,192	15,107,384	17,777,563	4,965,443	69,364,706
Financial Liabilities							
Bank overdraft	8,720	-	-	-	-	-	8,720
Securities sold under repurchase agreements	14,118,597	14,756,221	5,549,291	22,510	-	-	34,446,619
Secured investment notes	611,947	-	-	-	-	-	611,947
Payables	-	-	-	-	-	6,970,314	6,970,314
Due to related parties	-	-	-	-	-	273,744	273,744
Lease liability	1,528	3,084	17,575	114,698	145,413	-	282,298
Total financial liabilities	14,740,792	14,759,305	5,566,866	137,208	145,413	7,244,058	42,593,642
Total interest repricing gap	2,848,730	(4,144,703)	(2,256,674)	14,970,176	17,632,150	(2,278,615)	26,771,064
Cumulative gap	2,848,730	(1,295,973)	(3,552,647)	11,417,529	29,049,679	26,771,064	-

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

	The Company						
	2021						
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non-rate sensitive \$'000	Total \$'000
Financial Assets							
Cash and bank balances	3,618,746	-	-	-	-	-	3,618,746
Securities purchased under resale agreements	6,412,007	2,402,152	57,977	-	-	-	8,872,136
Marketable securities and pledged assets	9,979,393	685,986	6,653,614	18,500,887	23,400,285	5,017,390	64,237,555
Receivables	-	-	-	-	-	1,061,843	1,061,843
Loan receivables	5,911,713	-	-	-	-	-	5,911,713
Due from related parties	-	-	-	-	-	2,523,040	2,523,040
Investment in associate	-	-	-	-	-	2,053,423	2,053,423
Total financial assets	25,921,859	3,088,138	6,711,591	18,500,887	23,400,285	10,655,696	88,278,456
Financial Liabilities							
Bank overdraft	7,725	-	-	-	-	-	7,725
Securities sold under Repurchase agreements	16,881,258	17,387,303	11,325,320	70,989	-	-	45,664,870
Secured investment notes	763,448	651,786	-	-	-	-	1,415,234
Payables	-	-	-	-	-	5,866,515	5,866,515
Due to related parties	-	-	-	-	-	5,589	5,589
Lease liability	3,566	7,124	32,139	161,660	70,351	-	274,840
Total financial liabilities	17,655,997	18,046,213	11,357,459	232,649	70,351	5,872,104	53,234,773
Total interest repricing gap	8,265,862	(14,958,075)	(4,645,868)	18,268,238	23,329,934	4,783,592	35,043,683
Cumulative gap	8,265,862	(6,692,213)	(11,338,081)	6,930,157	30,260,091	35,043,683	

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

	The Company						
	2020						
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non-rate sensitive \$'000	Total \$'000
Financial Assets							
Cash and bank balances	5,179,013	-	-	-	-	-	5,179,013
Securities purchased under resale agreements	5,233,378	2,319,903	486,322	-	-	-	8,039,603
Marketable securities and pledged assets	5,361,307	8,294,699	2,823,870	15,029,765	17,675,813	-	49,185,454
Receivables	-	-	-	-	-	2,969,487	2,969,487
Loan receivables	1,717,229	-	-	-	-	-	1,717,229
Due from related parties	-	-	-	-	-	1,729,171	1,729,171
Total financial assets	17,490,927	10,614,602	3,310,192	15,029,765	17,675,813	4,698,658	68,819,957
Financial Liabilities							
Bank overdraft	8,720	-	-	-	-	-	8,720
Securities sold under Repurchase agreements	14,175,582	14,793,597	5,549,291	22,510	-	-	34,540,980
Secured investment notes	611,947	-	-	-	-	-	611,947
Payables	-	-	-	-	-	7,120,704	7,120,704
Due to related parties	-	-	-	-	-	397,308	397,308
Lease liability	1,528	3,084	17,575	114,698	145,413	-	282,298
Total financial liabilities	14,797,777	14,796,681	5,566,866	137,208	145,413	7,518,012	42,961,957
Total interest repricing gap	2,693,150	(4,182,079)	(2,256,674)	14,892,557	17,530,400	(2,819,354)	25,858,000
Cumulative gap	2,693,150	(1,488,929)	(3,745,603)	11,146,954	28,677,354	25,858,000	-

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Average effective yields by the earlier of the contractual repricing or maturity dates:

	The Group and Company					
	2021					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Average
	%	%	%	%	%	%
Marketable securities						
-denominated in JA\$	-	2.22	4.89	6.06	8.06	5.31
-denominated in US\$	-	4.56	5.42	2.14	6.77	4.72
-denominated in GBP	-	-	-	3.12	-	3.12
Securities purchased under resale agreements						
-denominated in JA\$	-	3.25	4.06	4.00	-	3.77
-denominated in US\$	-	2.89	-	-	-	2.89
Securities sold under repurchase agreements						
-denominated in JA\$	-	2.83	3.09	4.25	-	3.39
-denominated in US\$	-	3.15	3.62	4.13	-	3.63
-denominated in GBP	-	2.00	-	-	-	2.00
Loan note						
-denominated in US\$	-	3.50	-	-	-	3.50
-denominated in JA\$	-	0.50	-	-	-	0.50

Yields are based on book value and contractual interest rate adjusted for amortization of premium and discounts.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Average effective yields by the earlier of the contractual repricing or maturity dates:

	The Group and Company					
	2020					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Average
	%	%	%	%	%	%
Marketable securities						
-denominated in JAS	-	2.11	3.99	5.91	8.11	5.03
-denominated in US\$	-	-	9.59	3.31	8.00	6.10
-denominated in GBP	-	-	-	10.00	5.75	7.88
Securities purchased under resale agreements						
-denominated in JAS	-	1.67	2.99	-	-	2.33
-denominated in US\$	-	2.37	-	-	-	2.37
-denominated in JAS	-	2.33	2.92	3.00	-	2.75
Securities sold under resale agreements						
-denominated in US\$	-	2.53	2.97	1.80	-	2.43
-denominated in GBP	-	-	-	-	-	0.50
Loan note						
-denominated in US\$	-	2.00	-	-	-	2.00
-denominated in JAS	-	2.00	-	-	-	2.00

Yields are based on book value and contractual interest rate adjusted for amortization of premium and discounts.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant on the group's and company's profit or loss and shareholders' equity.

The sensitivity of the profit or loss for the year is the effect of the assumed changes in interest rates on profit before taxation based on the floating rate non-trading financial assets and financial liabilities. The sensitivity of shareholders' equity is calculated by revaluing fixed rate FVOCI and FVPL financial assets for the effects of the assumed changes in interest rates. The change in the interest rates will impact the financial assets and liabilities differently. Consequently, individual analyses were performed. The effect on profit before taxation and other components of equity below is the total of the individual sensitivities done for each of the assets and liabilities.

	Effect on Profit before Taxation 2021 \$'000	Effect on Other Components of Equity 2021 \$'000	Effect on Profit before Taxation 2020 \$'000	Effect on Other Components of Equity 2020 \$'000
	The Group			
Change in basis points				
-300/-50 (2020: -100/-100)	64,036	549,773	26,287	(127,677)
+300/+50 (2020: +100/+100)	(64,036)	(549,773)	(26,287)	127,677
	The Company			
Change in basis points				
-300/-50 (2020: -100/-100)	64,036	546,492	26,287	(127,600)
+300/+50 (2020: +100/+100)	(64,036)	(546,492)	(26,287)	127,600

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Market risk (cont'd)

(iii) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instruments or their issuers or factors affecting all instruments traded in the market. The group and the company are exposed to equity securities price risk because of certain equity and unit investments which they hold.

The table below summarizes the impact of increases/decreases on the group's and company's net other comprehensive income (before taxation) resulting from a reasonably possible change in market prices. The analysis is based on the assumption that the equity and unit trust prices had increased by 5% (2020 - +7%) and decreased by 5% (2020 - 12.5%).

	Effect on Other Comprehensive Income before Taxation 2021 \$'000	Effect on Other Comprehensive Income before Taxation 2020 \$'000
	<u>The Group</u>	
Changes in index		
+5% (2020: +7%)	181,798	32,246
-5% (2020: -12.5%)	<u>(181,798)</u>	<u>(53,744)</u>
	<u>The Company</u>	
Changes in index		
+5% (2020: +7%)	178,000	27,067
-5% (2020: -12.5%)	<u>(178,000)</u>	<u>(45,111)</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Capital management

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

- (i) To comply with the capital requirements set by the regulators of the markets where the group provides returns for shareholders and benefits for other stakeholders.
- (ii) To safeguard the group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- (iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored by the group's management employing techniques based on the guidelines developed by the FSC. The required information is filed with the FSC on a monthly basis.

The company and its subsidiary, BUTM are both regulated by the FSC.

The FSC requires each regulated entity to:

- (i) Hold the minimum level of tier 1 capital as a percentage of total capital base.
- (ii) Maintain a ratio of total regulatory capital to the risk-weighted assets.

The group's regulatory capital is managed by its Treasury Department and Risk Manager and is divided into two tiers:

- (i) Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill, if any, is deducted in arriving at Tier 1 capital; and
- (ii) Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealized gains arising on the fair valuation of equity instruments held as available for sale.

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

As at the reporting date, the group was in compliance with all of the externally imposed capital requirements to which it is subject.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Fair values of financial instruments

The following table presents the group's and company's financial assets that are measured at fair value. There are no liabilities that are measured at fair value at the year end and the group has no instruments classified in Level 3 during the year. There were no transfers between levels during the year.

	The Group		
	Level 1	Level 2	Total
	\$'000	\$'000	\$'000
2021			
Investment securities fair value through profit or loss			
Equity securities	1,843,951	625,285	2,469,236
Investment securities fair value through other comprehensive income			
Debt securities	-	59,329,374	59,329,374
Equity securities	<u>1,166,720</u>	<u>-</u>	<u>1,166,720</u>
	<u>3,010,671</u>	<u>59,954,659</u>	<u>62,965,330</u>
2020			
Investment securities fair value through profit or loss			
Equity securities	172,377	257,175	429,552
Investment securities fair value through other comprehensive income			
Debt securities	<u>-</u>	<u>47,476,821</u>	<u>47,476,821</u>
	<u>172,377</u>	<u>47,733,996</u>	<u>47,906,373</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Fair values of financial instruments (cont'd)

	The Company		
	2021		
	Level 1 \$'000	Level 2 \$'000	Total \$'000
Investment securities fair value through profit or loss			
Equity securities	1,843,371	549,912	2,393,283
Investment securities fair value through other comprehensive income			
Debt securities	-	59,220,183	59,220,183
Equity securities	<u>1,166,720</u>	<u>-</u>	<u>1,166,720</u>
	<u>3,010,091</u>	<u>59,770,095</u>	<u>62,780,186</u>
	2020		
	Level 1 \$'000	Level 2 \$'000	Total \$'000
Investment securities fair value through profit or loss			
Equity securities	172,377	188,512	360,889
Investment securities fair value through other comprehensive income			
Debt securities	<u>-</u>	<u>47,366,115</u>	<u>47,366,115</u>
	<u>172,377</u>	<u>47,554,627</u>	<u>47,727,004</u>

The fair value of financial instruments that are traded in an active market for which there are no quoted market prices, is determined by using valuation techniques. When using valuation techniques, the group uses a variety of methods and makes assumptions that are based on market conditions existing at year end. The following methods and assumptions have been used.

- (i) Investments securities classified as fair value through profit or loss and fair value through other comprehensive income are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values are estimated on the basis of pricing models or other recognized valuation techniques.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Fair values of financial instruments (cont'd)

- (ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. The assumption is applied to liquid assets and the short term elements of all other financial instruments.
- (iii) The fair value of variable rate financial instruments is assumed to approximate their carrying value.
- (iv) The fair value of securities sold under agreements to repurchase is approximately their carrying amounts, due to short term maturity on these instruments.
- (v) Equity securities for which fair values cannot be measured reliably are recognized at cost less impairment.

6. SEGMENT REPORTING:

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The group is organized and managed in business segments based on its business activities which are all located in Jamaica. The designated segments are as follows:

- (a) Fixed income - this includes money market activities and securities broking
- (b) Funds management - this includes the administration of a number of managed funds
- (c) Other operations - this includes the operation of foreign exchange cambio, investment banking, stock broking and any other income.

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted profit before tax. The segment information provided to the Board of Directors for the reportable segments for the year is as follows:

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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6. SEGMENT REPORTING (CONT'D):

	The Group			
	2021			
	Fixed Income \$'000	Funds Management \$'000	Other \$'000	Group \$'000
Total segment revenue	4,354,765	3,366,790	1,946,665	9,668,220
Inter-segment revenue	(17,263)	(70,667)	-	(87,930)
Total gross external revenue	<u>4,337,502</u>	<u>3,296,123</u>	<u>1,946,665</u>	<u>9,580,290</u>
Total expenses	(1,424,147)	(70,667)	-	(1,494,814)
Inter-segment expense	<u>17,263</u>	<u>70,667</u>	-	<u>87,930</u>
	(1,406,884)	-	-	(1,406,884)
Segment results	<u>2,930,618</u>	<u>3,296,123</u>	<u>1,946,665</u>	<u>8,173,406</u>
Unallocated expenses				(3,051,533)
Profit before tax				5,121,873
Taxation				(1,063,276)
Net profit				<u>4,058,597</u>
Segment assets	73,109,691	1,628,678	7,965,136	82,703,505
Inter-segment assets	-	(1,230,002)	-	(1,230,002)
Net-segment assets	<u>73,109,691</u>	<u>398,676</u>	<u>7,965,136</u>	<u>81,473,503</u>
Unallocated assets				<u>8,735,522</u>
Total assets				<u>90,209,025</u>
Segment liabilities	45,664,870	386,746	-	46,051,616
Inter-segment liabilities	(72,352)	(145,295)	-	(217,647)
Net segment liabilities	<u>45,592,518</u>	<u>241,451</u>	-	<u>45,833,969</u>
Unallocated liabilities				<u>8,128,740</u>
Total liabilities				<u>53,962,709</u>
Other segment items				
Depreciation (Note 18)	79,484	164	-	79,648
Amortisation (Note 19)	<u>9,147</u>	<u>-</u>	<u>-</u>	<u>9,147</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

6. SEGMENT REPORTING (CONT'D):

	The Group			
	2020			
	Fixed Income \$'000	Funds Management \$'000	Other \$'000	Group \$'000
Total segment revenue	3,041,760	2,049,119	1,018,927	6,109,806
Inter-segment revenue	(1,346)	-	(14,772)	(16,118)
Total gross external revenue	<u>3,040,414</u>	<u>2,049,119</u>	<u>1,004,155</u>	<u>6,093,688</u>
Total expenses	(897,013)	(181,984)	-	(1,078,997)
Inter-segment expense	-	<u>1,346</u>	-	<u>1,346</u>
Segment results	(897,013)	(180,638)	-	(1,077,651)
	<u>2,143,401</u>	<u>1,868,481</u>	<u>1,004,155</u>	<u>5,016,037</u>
Unallocated expenses				(1,910,068)
Profit before tax				3,105,969
Taxation				(347,440)
Net profit				<u>2,758,529</u>
Segment assets	55,405,720	1,240,895	3,536,566	60,183,181
Inter-segment assets	-	(784,838)	-	(784,838)
Net-segment assets	<u>55,405,720</u>	<u>456,057</u>	<u>3,536,566</u>	59,398,343
Unallocated assets				<u>11,292,870</u>
Total assets				<u>70,691,213</u>
Segment liabilities	34,540,980	424,590	-	34,965,570
Inter-segment liabilities	(94,361)	(295,432)	-	(389,793)
Net segment liabilities	<u>34,446,619</u>	<u>129,158</u>	-	34,575,777
Unallocated liabilities				<u>8,634,756</u>
Total liabilities				<u>43,210,533</u>
Other segment items				
Depreciation (Note 18)	55,517	164	-	55,681
Amortisation (Note 19)	<u>6,463</u>	<u>-</u>	<u>-</u>	<u>6,463</u>

Revenue between segments is recorded on the basis outlined in Note 3 (d). The accounting policies used to record income, assets and liabilities are consistent for all segments. There was no change in the method used to determine reportable segments when compared to the previous year.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

6. SEGMENT REPORTING (CONT'D):

Profit from the reportable segments is reconciled to the group's profit before taxation as follows:

	<u>The Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Profit from reportable segments	8,173,406	5,016,037
Unallocated costs - Operating expenses	<u>(3,051,533)</u>	<u>(1,910,068)</u>
	<u>5,121,873</u>	<u>3,105,969</u>

Reportable segments assets are reconciled to the groups' total assets as follows:

	<u>The Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Segment assets from reportable segments	81,473,503	59,398,343
Unallocated assets -		
Cash and bank balances	3,618,746	5,179,013
Receivables	1,061,843	2,969,487
Due from related parties	2,523,040	1,729,171
Property, plant and equipment	1,013,441	608,682
Intangible assets	19,478	18,399
Investments	55,000	55,000
Investment property	210,000	203,400
Right-of-use assets	233,974	256,588
Taxation recoverable	-	273,130
	<u>90,209,025</u>	<u>70,691,213</u>

Reportable segments liabilities are reconciled to the group's total liabilities as follows:

	<u>The Group</u>	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Segment assets from reportable segments	45,833,969	34,575,777
Unallocated liabilities -		
Secured investment notes	1,022,055	611,947
Bank overdraft	7,725	8,720
Payables	5,866,515	7,120,704
Due to related parties	5,589	4,479
Taxation payable	901,522	-
Deferred tax liabilities	50,494	606,608
Lease liability	<u>274,840</u>	<u>282,298</u>
	<u>53,962,709</u>	<u>43,210,533</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

7. STAFF COSTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
Wages and salaries	785,555	595,172	741,874	587,448
Commissions	107,549	81,183	107,549	81,183
Statutory contributions	87,877	61,829	84,014	58,293
Pension costs	37,045	27,155	35,609	25,576
Other staff benefits	106,080	80,751	104,070	77,901
Stock option (Note 32(b))	<u>130,200</u>	<u>-</u>	<u>130,200</u>	<u>-</u>
	<u>1,254,306</u>	<u>846,090</u>	<u>1,203,316</u>	<u>830,401</u>

8. EXPENSES BY NATURE:

Total direct and administration expenses:

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
Advertising and promotion	179,525	129,689	171,579	119,163
Assets tax	108,011	68,255	108,011	68,255
Auditor's remuneration	10,248	10,451	7,193	7,396
Impairment of financial assets	6,447	110,794	5,113	8,278
Bank charges and interest	14,400	15,054	14,400	15,054
Depreciation and amortisation (Notes 18 and 19)	88,795	62,144	88,631	61,980
Directors' fees (Notes 17)	20,025	16,395	20,025	16,395
Donations	26,130	31,893	26,130	31,893
Expected credit losses	202,788	33,437	202,788	40,874
Insurance	21,425	12,079	21,425	12,079
Office expenses	35,644	32,465	34,541	31,083
Professional fees	95,896	81,279	91,324	67,485
Registration and license fees	61,547	33,123	56,993	29,069
Rent	37,779	25,795	37,779	20,124
Management fees	468,569	205,865	468,280	191,873
Repairs and maintenance	18,030	19,446	18,030	19,446
Security costs	49,703	38,156	49,703	38,156
Software maintenance	67,192	52,057	67,192	52,057
Staff costs (Note 7)	1,254,306	846,090	1,203,316	830,401
Utilities	16,992	8,768	10,641	8,768
Other expenses	<u>268,081</u>	<u>274,765</u>	<u>261,978</u>	<u>185,229</u>
	<u>3,051,633</u>	<u>2,108,000</u>	<u>2,965,072</u>	<u>1,855,058</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

9. TAXATION EXPENSE:

- (a) Income tax is computed on the profit for the year, as adjusted for taxation purposes, and comprises income tax at 33 1/3%:

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
Current year tax charge	1,199,876	362,680	1,055,682	221,719
Prior year under/(over) provision	326,204	(361,814)	343,426	(361,814)
Deferred income tax (Note 27)	<u>(462,804)</u>	<u>346,574</u>	<u>(461,896)</u>	<u>368,725</u>
Tax charge	<u>1,063,276</u>	<u>347,440</u>	<u>937,212</u>	<u>228,630</u>

- (b) Reconciliation of applicable tax expense to effective tax charge.

The group's and company's taxation expense differ from the theoretical amount that would arise from the profit before tax using the applicable tax rate of the group and the company as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
Profit before taxation	<u>5,121,873</u>	<u>3,105,969</u>	<u>4,690,739</u>	<u>2,824,211</u>
Tax calculated at 33 1/3 %	1,707,291	1,035,323	1,563,580	941,403
Adjusted for the effects of:				
Income not subject to tax	(835,105)	(455,433)	(832,780)	(444,007)
Expenses not allowable for tax purpose	647,403	243,294	633,663	182,416
Other charges and allowances	<u>(456,313)</u>	<u>(475,744)</u>	<u>(427,251)</u>	<u>(451,182)</u>
Tax charge	<u>1,063,276</u>	<u>347,440</u>	<u>937,212</u>	<u>228,630</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

9. TAXATION EXPENSE (CONT'D):

- (c) The gains/(losses) recorded in other comprehensive income and related tax (charges)/credits are as follows:

	The Group					
	2021 \$'000			2020 \$'000		
	<u>Before tax</u>	<u>Taxation</u>	<u>After tax</u>	<u>Before tax</u>	<u>Taxation</u>	<u>After tax</u>
Revaluation gains on property, plant and equipment net of taxes	15,910	(5,303)	10,607	-	-	-
Realised gains/losses on securities at FVOCI	(1,296,014)	432,005	(864,009)	781,541	(260,513)	521,028
ECL adjustment on securities at FVOCI	121,500	(40,500)	81,000	6,339	(2,113)	4,226
Unrealised gains/losses on securities at FVOCI	751,395	(249,952)	501,443	(1,644,520)	548,173	(1,096,347)
Share based payment expense	<u>130,200</u>	<u>(43,400)</u>	<u>86,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(277,009)</u>	<u>92,850</u>	<u>(184,159)</u>	<u>(856,640)</u>	<u>285,547</u>	<u>(571,093)</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

9. TAXATION EXPENSE (CONT'D):

(c) The gains/losses recorded in other comprehensive income and related tax (charges)/credits are as follows (cont'd):

	The Company					
	2021 \$'000			2020 \$'000		
	<u>Before tax</u>	<u>Taxation</u>	<u>After tax</u>	<u>Before tax</u>	<u>Taxation</u>	<u>After tax</u>
Revaluation gains on property, plant and equipment net of taxes	15,910	(5,303)	10,607	-	-	-
Realised gains/losses on securities at FVOCI	(1,295,822)	431,941	(863,881)	777,131	(259,043)	518,088
ECL Adjustment on securities FVOCI	121,500	(40,500)	81,000	20,639	(6,880)	13,759
Unrealised losses/gains on securities at FVOCI	745,561	(248,520)	497,041	(1,783,181)	594,394	(1,188,787)
Share based payment expense	<u>130,200</u>	<u>(43,400)</u>	<u>86,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(282,651)</u>	<u>94,218</u>	<u>(188,433)</u>	<u>(985,411)</u>	<u>328,471</u>	<u>(656,940)</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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10. NET PROFIT:

The net profit of the group is reflected in the accounts of the company and its subsidiary as follows:

	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
Holding company	3,753,527	2,582,129
Subsidiary	<u>305,070</u>	<u>176,400</u>
	<u>4,058,597</u>	<u>2,758,529</u>

11. CASH AND CASH EQUIVALENTS:

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
Cash in hand	188	125	175	125
Cash at bank	<u>3,816,138</u>	<u>5,277,483</u>	<u>3,618,571</u>	<u>5,178,888</u>
	3,816,326	5,277,608	3,618,746	5,179,013
Bank overdraft	<u>(8,635)</u>	<u>(8,720)</u>	<u>(7,725)</u>	<u>(8,720)</u>
	<u>3,807,691</u>	<u>5,268,888</u>	<u>3,611,021</u>	<u>5,170,293</u>

Cash at bank comprises mainly amounts held in current accounts, which attract interest at 0.25% - 1%.

The group's overdraft facilities of \$35,000,000 (2020 - \$35,000,000) with First Caribbean International Bank Limited are secured by Government of Jamaica Investment Notes with a face value of \$35,000,000 (2020 - \$35,000,000). The weighted average effective interest rate on the overdraft facilities is 17.85% (2020 - 17.85%).

12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS:

The group and company have entered into repurchase agreements collateralised by Government of Jamaica (GOJ) securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Most of these agreements will mature within twelve months. Included in securities purchased under resale agreements is accrued interest for the group and company of \$25,613,557 (2020 - \$27,698,000).

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

13. INVESTMENT SECURITIES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
Fair value through profit or loss -				
Quoted equities	<u>1,856,567</u>	<u>178,697</u>	<u>1,855,987</u>	<u>178,298</u>
Fair value through other comprehensive				
income -				
Government of Jamaica (GOJ) bonds	19,421,300	20,517,105	19,421,300	20,517,105
Corporate bonds	39,244,808	26,443,210	39,137,608	26,334,884
Unit Trust Funds	612,667	251,253	537,295	182,590
Quoted equities	<u>1,166,720</u>	<u>-</u>	<u>1,166,720</u>	<u>-</u>
	<u>60,445,495</u>	<u>47,211,568</u>	<u>60,162,923</u>	<u>47,034,579</u>
	62,302,062	47,390,265	62,118,910	47,212,877
Accrued interest	<u>663,268</u>	<u>516,108</u>	<u>661,276</u>	<u>514,127</u>
	<u>62,965,330</u>	<u>47,906,373</u>	<u>62,780,186</u>	<u>47,727,004</u>
Amortised cost				
Other investment securities	<u>1,457,369</u>	<u>1,458,450</u>	<u>1,457,369</u>	<u>1,458,450</u>
	64,422,699	49,364,823	64,237,555	49,185,454
Less: Pledged assets (Note 14)	<u>(50,293,982)</u>	<u>(35,425,728)</u>	<u>(50,293,982)</u>	<u>(35,425,728)</u>
	<u>14,128,717</u>	<u>13,939,095</u>	<u>13,943,573</u>	<u>13,759,726</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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14. PLEDGED ASSETS:

Assets of the group are pledged as collateral under repurchase agreement with customers and financial institutions. The group also has investment securities that are pledged as security in relation to overdraft and other facilities with the BOJ and other financial institutions.

	<u>The Group and Company</u>			
	<u>Asset</u>		<u>Related Liability</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Investment securities (Note 13)				
Pledged with customers	29,413,613	15,904,671	27,304,712	15,904,671
Pledged with BOJ and other financial institutions	<u>20,880,369</u>	<u>19,521,057</u>	<u>18,085,100</u>	<u>19,521,057</u>
	<u>50,293,982</u>	<u>35,425,728</u>	<u>45,389,812</u>	<u>35,425,728</u>

15. RECEIVABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Receivable from clients	523,090	2,353,406	523,090	2,353,406
Prepaid expenses	57,071	31,461	55,023	29,506
Withholding tax	469,107	394,048	469,107	379,184
Other	<u>32,036</u>	<u>207,493</u>	<u>14,623</u>	<u>207,391</u>
	<u>1,081,304</u>	<u>2,986,408</u>	<u>1,061,843</u>	<u>2,969,487</u>

Receivables collectible within twelve months amounted to \$681,304,000 (2020 - \$1,193,373,000) for the group and \$661,843,000 (2020 - \$1,195,328,000) for the company.

16. EARNINGS PER SHARE:

Earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares (Note 28).

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

16. EARNINGS PER SHARE (CONT'D):

	<u>2021</u>	<u>2020</u>
Net profit attributable to ordinary shareholders (\$'000)	4,058,597	2,758,529
Weighted average number of ordinary shares in issue	1,088,927	829,287
Basic earnings per share (\$ per share)	<u>3.73</u>	<u>3.33</u>

The increase in the number of shares represents shares issued through an additional public offer on 21 September 2021.

17. RELATED PARTY TRANSACTIONS AND BALANCES:

Related parties are identified below, as companies with which there are common directors and/or common shareholders, and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, including directors and officers and close members of the families of these individuals.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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17. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):

- (a) The following transactions were carried out with related parties during the year:

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest income on loans & investments				
Ultimate parent company	122,373	4,452	122,373	4,452
Other related entities	18,672	9,156	18,672	9,156
Directors and key management personnel	<u>366</u>	<u>272</u>	<u>366</u>	<u>272</u>
	<u>141,411</u>	<u>13,880</u>	<u>141,411</u>	<u>13,880</u>
Other income				
Ultimate parent company	768,525	719,983	768,525	719,983
Subsidiaries	-	-	1,200	1,200
Other related entities	<u>155,287</u>	<u>28,626</u>	<u>155,287</u>	<u>28,626</u>
	<u>923,812</u>	<u>748,609</u>	<u>925,012</u>	<u>749,809</u>
Interest expense on repurchase agreements/loans				
Ultimate parent company	21,419	56,438	21,419	56,438
Subsidiaries	-	-	15,211	1,679
Other related entities	143,096	88,640	143,096	88,640
Directors and key management personnel	<u>7,667</u>	<u>1,800</u>	<u>7,667</u>	<u>1,800</u>
	<u>172,182</u>	<u>146,878</u>	<u>187,393</u>	<u>148,557</u>

The company entered a non-deliverable forward currency contract selling transaction with Cornerstone Financial Holdings Limited for US\$63 million with trade date of 24 August 2020 and settlement date of 1 October 2020. The settlement was duly executed and the company booked a gain of J\$719,982,900 in these financial statements due to movement in exchange rate. The transaction was executed in the ordinary course of business.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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17. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):

(b) The balances at year end were as follows:

	The Group		The Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Asset Balances				
Loans - (included in loans receivable)				
Directors/Key Management Personal	<u>177,039</u>	<u>70,823</u>	<u>177,039</u>	<u>70,823</u>
Investments - (included in investment securities)				
Ultimate parent company	-	3,910,000	-	3,910,000
Other related entities	<u>1,427,264</u>	<u>748,852</u>	<u>1,351,891</u>	<u>730,186</u>
	<u>1,427,264</u>	<u>4,658,852</u>	<u>1,351,891</u>	<u>4,640,186</u>
Other assets -				
Ultimate parent company	1,835,920	1,643,090	1,835,920	1,643,090
Subsidiaries	-	-	83,160	186
Other related entities	<u>682,636</u>	<u>335,904</u>	<u>603,960</u>	<u>78,121</u>
	<u>2,518,556</u>	<u>1,978,994</u>	<u>2,523,040</u>	<u>1,721,397</u>
Liability Balances				
Repurchase agreements - (included in securities sold under repurchase agreements)				
Subsidiaries	-	-	69,762	94,361
Directors/Key Management Personnel	240,580	31,169	240,580	31,169
Other related entities	<u>3,750,556</u>	<u>3,212,868</u>	<u>3,750,556</u>	<u>3,212,868</u>
	<u>3,991,136</u>	<u>3,244,037</u>	<u>4,060,898</u>	<u>3,338,398</u>
Secured investment notes (included in secured investment note)				
Ultimate parent company	82,841	-	82,841	-
Subsidiaries	-	-	395,768	-
Directors/Key Management Personnel	19,650	-	19,650	-
Other related entities	<u>583,356</u>	-	<u>583,356</u>	-
	<u>685,847</u>	-	<u>1,081,615</u>	-
Other liabilities -				
Subsidiaries	-	-	5,509	392,829
Other related entities	<u>144,013</u>	<u>273,745</u>	<u>80</u>	<u>4,479</u>
	<u>144,013</u>	<u>273,745</u>	<u>5,589</u>	<u>397,308</u>

All amounts recorded in receivables, payables and securities sold under repurchase agreements are due within twelve months.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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17. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):

(c) Key management compensation

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Salaries	203,295	128,027	203,295	128,027
Statutory deductions	20,501	13,142	20,501	13,142
Pension	3,738	2,852	3,738	2,852
Commission	<u>20,605</u>	<u>17,330</u>	<u>20,605</u>	<u>17,330</u>
	<u>248,139</u>	<u>161,351</u>	<u>248,139</u>	<u>161,351</u>

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Staff costs - Directors and key management personnel				
Directors	-	25,720	-	25,720
Senior executives	<u>378,339</u>	<u>162,071</u>	<u>378,339</u>	<u>162,071</u>
	<u>378,339</u>	<u>187,791</u>	<u>378,339</u>	<u>187,791</u>
Administration and other expenses				
Ultimate parent company	468,280	205,865	468,280	205,865
Subsidiaries	-	-	18	13,572
Directors' fees (Note 8)	<u>20,025</u>	<u>16,395</u>	<u>20,025</u>	<u>16,395</u>
	<u>488,305</u>	<u>222,260</u>	<u>488,323</u>	<u>235,832</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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18. PROPERTY, PLANT AND EQUIPMENT:

	The Group						
	Land & Buildings	Office Furniture, Machines & Equipment	Computer Equipment	Work-in-Progress	Leasehold Improvement	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2021						
At Cost or Valuation -							
30 September 2019	302,111	72,669	80,730	-	-	37,557	493,067
Additions	72,816	40,446	34,368	122,533	-	15,200	285,363
Adjustments	-	(33,062)	(20,896)	-	-	(2,058)	(56,016)
Transfer	-	-	26,833	-	-	-	26,833
Disposals	-	(87)	(6)	-	-	-	(93)
30 September 2020	374,927	79,966	121,029	122,533	-	50,699	749,154
Additions	22,116	82,857	23,459	-	318,268	22,200	468,900
Revaluation	15,910	-	-	-	-	-	15,910
Disposals	-	-	-	-	-	(8,178)	(8,178)
Transfer	-	40,300	-	(122,533)	82,233	-	-
30 September 2021	<u>412,953</u>	<u>203,123</u>	<u>144,488</u>	<u>-</u>	<u>400,501</u>	<u>64,721</u>	<u>1,225,786</u>
Depreciation -							
30 September 2019	24,687	41,389	63,841	-	-	9,875	139,792
Charge for the year	12,203	4,262	29,418	-	-	9,798	55,681
Adjustments	-	(25,956)	(28,112)	-	-	(2,057)	(56,125)
Disposals	-	(9)	(6)	-	-	-	(15)
30 September 2020	36,890	19,686	65,141	-	-	17,616	139,333
Charge for the year	13,662	12,694	28,671	-	10,348	14,273	79,648
Disposals	-	-	-	-	-	(7,611)	(7,611)
30 September 2021	<u>50,552</u>	<u>32,380</u>	<u>93,812</u>	<u>-</u>	<u>10,348</u>	<u>24,278</u>	<u>211,370</u>
Net Book Value -							
30 September 2021	<u>362,401</u>	<u>170,743</u>	<u>50,676</u>	<u>-</u>	<u>390,153</u>	<u>40,443</u>	<u>1,014,416</u>
30 September 2020	<u>338,037</u>	<u>60,280</u>	<u>55,888</u>	<u>122,533</u>	<u>-</u>	<u>33,083</u>	<u>609,821</u>

Work-in-progress amounting to \$122,533,000 relates to the renovations carried out on right-of-use asset located at the Panjam Building, 60 Knutsford Boulevard, Kingston 5. Renovations for the Panjam Building were completed during the year and the total cost transferred to leasehold improvement and office furniture.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

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18. PROPERTY, PLANT AND EQUIPMENT (CONT'D):

	The Company						
	Land & Buildings	Office Furniture, Machines & Equipment	Computer Equipment	Work-in-Progress	Leasehold Improvement	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	<u>2021</u>						
At Cost or Valuation -							
30 September 2019	300,993	71,392	76,262	-	-	38,415	487,062
Additions	72,816	40,446	34,368	122,533	-	15,200	285,363
Adjustments	-	(33,091)	(20,896)	-	-	(2,058)	(56,045)
Transfer	-	-	<u>26,833</u>	-	-	-	<u>26,833</u>
30 September 2020	373,809	78,747	116,567	122,533	-	51,557	743,213
Additions	22,116	82,857	23,459	-	318,268	22,200	468,900
Revaluation	15,910	-	-	-	-	-	15,910
Disposal	-	-	-	-	-	(8,178)	(8,178)
Transfer	-	<u>40,300</u>	-	<u>(122,533)</u>	<u>82,233</u>	-	-
30 September 2021	<u>411,835</u>	<u>201,904</u>	<u>140,026</u>	-	<u>400,501</u>	<u>65,579</u>	<u>1,219,845</u>
Depreciation -							
30 September 2019	23,569	41,339	59,449	-	-	10,733	135,090
Charge for the year	12,203	4,116	29,400	-	-	9,798	55,517
Adjustments	-	(25,907)	(28,112)	-	-	(2,057)	(56,076)
30 September 2020	35,772	19,548	60,737	-	-	18,474	134,531
Charge for the year	13,662	12,548	28,653	-	10,348	14,273	79,484
Adjustments	-	-	-	-	-	(7,611)	(7,611)
30 September 2021	<u>49,434</u>	<u>32,096</u>	<u>89,390</u>	-	<u>10,348</u>	<u>25,136</u>	<u>206,404</u>
Net Book Value -							
30 September 2021	<u>362,401</u>	<u>169,808</u>	<u>50,636</u>	-	<u>390,153</u>	<u>40,443</u>	<u>1,013,441</u>
30 September 2020	<u>338,037</u>	<u>59,199</u>	<u>55,830</u>	<u>122,533</u>	-	<u>33,083</u>	<u>608,682</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

18. PROPERTY, PLANT AND EQUIPMENT (CONT'D):

The group's land and building were revalued as at 17 May 2021 by D C Tavares & Finson Realty Limited, professionally qualified property appraisers. The valuations were done on the basis of open market value.

The items of property, plant and equipment that subsequent to initial recognition are measured at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The levels are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (that is prices) or indirectly (that is, derived from prices);
- Level 3 fair value measurements are those derived from inputs from the assets or liability that are not based on observation of market data (that is, unobservable inputs).

The items of property, plant and equipment of the group and the company shown at revalued amounts are included in Level 2. There were no transfers between levels for both years.

The historical cost of land and building is not available.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

19. INTANGIBLE ASSETS:

	<u>The Group and Company</u>
	<u>Computer Software</u>
At Cost or Valuation -	
30 September 2019	162,508
Additions	18,164
Adjustment	<u>(26,833)</u>
30 September 2020	153,839
Additions	<u>10,226</u>
30 September 2021	<u>164,065</u>
Amortisation -	
30 September 2019	128,977
Charge for the year	<u>6,463</u>
30 September 2020	135,440
Charge for the year	<u>9,147</u>
30 September 2021	<u>144,587</u>
Net Book Value -	
30 September 2021	<u>19,478</u>
30 September 2020	<u>18,399</u>

Software development costs were capitalized as it is expected that economic benefits attributable to the use of the software will flow to the group. The software is expected to replace the current investment management system used by the group.

20. INVESTMENT:

This investment is in respect of the company's seat on the stock exchange and is carried at fair value. The seat has an indefinite useful life and was tested for impairment. The impairment test was done by comparing the recoverable amount to the carrying value.

The recoverable amount is based on the market value. The market value is based on the last sale price for a seat on the stock exchange. This would be classified as level 2 in the fair value hierarchy.

The carrying amount would have been \$2 if the asset was carried using the cost model.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

21. INVESTMENT PROPERTY:

	<u>The Group and Company</u>	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
At beginning of year	203,400	-
Investment property acquired during the year	-	165,497
Fair value adjustment	<u>6,600</u>	<u>37,903</u>
	<u>210,000</u>	<u>203,400</u>

The Group's investment property was revalued 2 June 2021 by independent valuers Thomas, Forbes & Associates Limited, a licenced real estate dealer. The valuations were done on the basis of open market value.

No rental income from the investment property was recognized in the consolidated statement of comprehensive income. Direct operating expenses including repairs and maintenance arising from investment property amounted to Nil.

22. RIGHT-OF-USE ASSETS:

(a) Right-of-use assets:

	<u>The Group and Company</u>
	<u>\$'000</u>
Adoption of IFRS 16	220,656
Amortisation	<u>(12,152)</u>
Adjusted opening balance	208,504
Additions	71,421
Current amortisation	<u>(23,337)</u>
30 September 2020	256,588
Additions	10,689
Current amortisation	<u>(33,303)</u>
30 September 2021	<u>233,974</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

22. RIGHT OF USE ASSETS (CONT'D):

(b) Lease liability:

	<u>The Group and Company</u>
	<u>\$'000</u>
Adoption of IFRS 16	220,656
Interest expense	4,262
Lease payments	<u>(7,838)</u>
Adjusted opening balance	217,080
Additions	71,421
Interest expense on lease obligation	15,948
Lease payments	<u>(22,151)</u>
30 September 2020	282,298
Additions	10,689
Interest expense on lease obligation	20,362
Lease payments	<u>(39,381)</u>
Exchange effect	<u>872</u>
30 September 2021	<u>274,840</u>

The properties leased by the Group are the 1st, 7th and part of the 10th floor of the PanJam building located at 60 Knutsford Boulevard Kingston, St. Andrew, Lot #57 and Lot #3 Fairview Shopping Center Montego Bay, St James and Strata Lot #2 Manchester Shopping Centre, Mandeville, Manchester.

23. INVESTMENT IN SUBSIDIARIES:

The balance represents the company's investments in subsidiaries. The balance at year end comprises:-

	<u>The Company</u>	
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Barita Unit Trust Management Limited	85,700	85,700
Cornerstone Group Employee Share Trust	<u>1,030,371</u>	<u>-</u>
	<u>1,116,071</u>	<u>85,700</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

23. INVESTMENT IN SUBSIDIARIES (CONT'D):

On 28 September 2021, Barita Investments Limited established the Cornerstone Group Employee Share Trust in an effort to facilitate its Employee Share Option Plan. Shares held by the trust are treated as an investment in subsidiary within the company's financial statements. The assets and liabilities of the trust are consolidated in the Company's financial statements as if they were assets and liabilities of the Company. As at year end, the trust held no other assets other than the shares contributed by Barita Investments Limited.

24. INVESTMENT IN ASSOCIATE:

On 23 February 2021, Barita Investments Limited acquired a 20% shareholding in Derrimon Trading Company Limited amounting to a total of 906,950,275 units.

The principal activities of the company include the wholesale and bulk distribution of household and food items through the operation of a chain of outlets and supermarkets.

The results of the associate are determined by prorating the results for the audited year ended 31 December as well as the six months period covered by management accounts as at 30 June to ensure that a year's result is accounted for.

The balance represents the company's investments in associates (note 3(c)). The balance at year end comprises:-

	<u>2021</u> <u>\$'000</u>
Acquisition of shares during the year	1,996,279
Share of profit	<u>57,144</u>
	<u>2,053,423</u>

The assets, liabilities, revenue and results of associate for the 12 month period ended 30 June are summarized as follows:-

	<u>2021</u> <u>\$'000</u>
Current assets	6,208,285
Non-current assets	4,111,080
Current liabilities	(2,204,848)
Non-current liabilities	<u>(2,500,967)</u>
Revenue	<u>14,441,140</u>
Net Profit	<u>441,353</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

24. INVESTMENT IN ASSOCIATES (CONT'D):

The carrying values of investments in associates and the values indicated by prices quoted on the JSE (“JSE Indicative Value”) as at 30 September 2021 are as follows:

	Number of Shares held	Carrying Value \$'000	JSE Indicative Value \$'000
Derrimon Trading Limited	906,950,275	<u>2,053,423</u>	<u>2,058,777</u>
		<u>2,053,423</u>	<u>2,058,777</u>

25. SECURED INVESTMENT NOTES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000	<u>2021</u> \$'000	<u>2020</u> \$'000
Secured loan notes	<u>1,022,055</u>	<u>611,947</u>	<u>1,415,234</u>	<u>611,947</u>

The secured loan notes represent short term loan obligations at interest rates between 0.5% - 3.5% and are repayable upon maturity. The maturity date for the loans are in October and November 2021.

26. PAYABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000	<u>2021</u> \$'000	<u>2020</u> \$'000
Client funds	1,910,529	4,529,366	1,910,529	4,730,523
Statutory liabilities	22,591	15,188	21,879	14,491
Other	694,291	592,180	645,815	542,110
Dividend payable (note 33)	<u>3,288,292</u>	<u>1,833,580</u>	<u>3,288,292</u>	<u>1,833,580</u>
	<u>5,915,703</u>	<u>6,970,314</u>	<u>5,866,515</u>	<u>7,120,704</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

27. DEFERRED TAXATION:

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 33 1/3%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Deferred tax liabilities	<u>61,237</u>	<u>616,891</u>	<u>50,494</u>	<u>606,608</u>

The movement in deferred tax assets and liabilities during the period is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Net liabilities at beginning of year	616,891	622,850	606,608	566,354
(Credited)/charged to profit or loss (Note 9)	(462,804)	346,574	(461,896)	368,725
Charged to other comprehensive income (Note 9)	<u>(92,850)</u>	<u>(352,533)</u>	<u>(94,218)</u>	<u>(328,471)</u>
Net liabilities at end of year	<u>61,237</u>	<u>616,891</u>	<u>50,494</u>	<u>606,608</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

27. DEFERRED TAXATION (CONT'D):

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the period is as follows:

Deferred tax liabilities	The Group					
	Accelerated depreciation	Interest receivable	Exchange gain	Investment securities	Lease liability	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 September 2019	55,066	69,993	161,697	590,607	-	877,363
Charged/(credited) to profit or loss	(27,867)	101,801	252,212	(39,123)	94,099	381,122
Charged to other comprehensive income	-	-	-	<u>241,861</u>	-	<u>241,861</u>
30 September 2020	27,199	171,794	413,909	793,345	94,099	1,500,346
Charged/(credited) to profit or loss	4,864	48,625	(294,274)	73,023	(2,486)	(170,248)
Charged to other comprehensive income	-	-	-	<u>333,549</u>	-	<u>333,549</u>
30 September 2021	<u>32,063</u>	<u>220,419</u>	<u>119,635</u>	<u>1,199,917</u>	<u>91,613</u>	<u>1,663,647</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

27. DEFERRED TAXATION (CONT'D):

	The Company					
	Stock option \$'000	Accrued vacation \$'000	Investment securities \$'000	Interest payable \$'000	Right of use \$'000	Total \$'000
Deferred tax assets						
30 September 2019	-	-	234,883	19,630	-	254,513
(Credited)/charged to profit or loss	-	-	(70,863)	19,882	85,529	34,548
Charged to other comprehensive income	-	-	<u>594,394</u>	-	-	<u>594,394</u>
30 September 2020	-	-	758,414	39,512	85,529	883,455
(Credited)/charged to profit or loss	43,400	14,441	187,543	54,711	(7,538)	292,557
Charged to other comprehensive income	-	-	<u>431,941</u>	-	-	<u>431,941</u>
30 September 2021	<u>43,400</u>	<u>14,441</u>	<u>1,377,898</u>	<u>94,223</u>	<u>77,991</u>	<u>1,607,953</u>

The amounts shown in the statement of financial position include the following to be settled or recovered after more than 12 months:

	The Group		The Company	
	<u>2021</u> \$'000	<u>2020</u> \$'000	<u>2021</u> \$'000	<u>2020</u> \$'000
Deferred tax liabilities	(1,663,647)	(1,500,346)	(1,658,447)	(1,490,063)
Deferred tax assets	<u>1,602,410</u>	<u>883,455</u>	<u>1,607,953</u>	<u>883,455</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

28. SHARE CAPITAL AND TREASURY SHARES:

	The Group		The Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Authorised:				
Ordinary shares 14,000,000,000				
Preference 1,000,000,000				
Issued and fully paid				
Ordinary stock units				
1,220,388,243 (2020 - 1,085,603,093)	33,668,224	23,147,826	33,668,224	23,147,826
Non-redeemable preference shares	1,000,000	1,000,000	1,000,000	1,000,000
Treasury shares				
16,274,458 (2020 - 24,458)	(1,532,320)	(1,272)	-	-
	<u>33,135,904</u>	<u>24,146,554</u>	<u>34,668,224</u>	<u>24,147,826</u>

Share capital and treasury shares

- (a) On 3 August 2021, the Board of Directors passed a resolution for the issue of shares through an additional public offer thereby approving the issue up to 160,000,000 ordinary shares at a price of \$80 per unit. The total shares issued under the additional public offer amounted to 134,785,150 units.
- (b) Treasury shares represents ordinary shares held by Barita Unit Trusts Management Company of 6,274,458 and Cornerstone Group Employee Trust of 10,000,000. During the year, BUTM participated in Barita Investments Limited's additional public offer, acquiring 6,250,000 ordinary shares on 21 September 2021.
- (c) 100,000,000 preference shares at 4% per annum were issued at a price of \$10.00 per share.
- (i) The holders of these shares will not have the right to vote at any general meeting of the company.
- (ii) In the event of any liquidation, dissolution or winding up of the issuer, the preference shareholders are entitled to receive settlement in preference to ordinary shareholders.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

29. CAPITAL RESERVE:

	<u>The Group</u>		<u>The Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of the year	111,466	111,466	173,321	176,321
Revaluation gains on property, plant and equipment	<u>10,607</u>	<u>-</u>	<u>10,607</u>	<u>-</u>
	<u>122,073</u>	<u>111,466</u>	<u>183,928</u>	<u>173,321</u>

The consolidated revaluation reserve represents unrealized surplus on the revaluation of property, plant and equipment less consolidation adjustments to account for the acquisition of Barita Unit Trusts Management Company in the Group financial statements.

30. FAIR VALUE RESERVE:

This represents the unrealized surplus or deficit on the revaluation of investment securities at FVOCI and stock exchange seat. The investments are not impaired and the recorded deficit is based on short term fluctuations in market prices.

31. CAPITAL REDEMPTION RESERVE:

This reserve arose on the redemption of preference shares during the 2014 financial year.

32. STOCK OPTION RESERVE:

(a) Stock option description and movements:

On 24 January 2020, the company obtained approval from the Board of Directors through a resolution to establish the Employee Stock Ownership Plan for all eligible employees of the Cornerstone Group comprising 6 million ordinary shares. Under the terms of the plan eligible employees will be granted the right to participate by purchasing the company's shares at a discount. Further to this, approval from the Board of Directors was granted on 28 September 2021 for the commencement of the Cornerstone Group Employee Trust by contributing 10 million shares to be held in the trust in accordance with the Trust Deed and the Plan Rules.

On 1 October 2020, under the rules of the stock option plan, the following allocations were made:

	<u>No. of shares</u>
Managers and other employees	<u>3,225,636</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

32. STOCK OPTION RESERVE (CONT'D):

(a) Stock option description and movements:

The options were granted at a subscription price of \$15.50 and are exercisable over a period of one year beginning upon vesting, at the end of which time unexercised options will expire. The total grant of each employee will be fully vested on the third anniversary of the grant date. The plan provides for equitable adjustment of the allocated number of shares by reason of stock splits, combinations or exchanges of shares, stock dividends and reclassifications or other similar corporate changes.

(b) Fair value of options granted:

The fair value of options granted determined using the Black-Scholes-Merton valuation model was \$206,150,395. The significant inputs into the model were the share price of \$83.77 at the grant date, exercise price of \$15.50, the risk free interest rate of 2.81%, share price volatility factor of 45.38%, expected dividends of \$2.216 and the option life of four (4) years. It is expected that these options will be exercised within three (3) years.

The breakdown of the fair value of options granted is as follows:

	<u>\$'000</u>
Fair value of options granted	206,150
Amount expensed during the year	<u>(130,200)</u>
Amount to be expensed in future periods	<u>75,950</u>

33. DIVIDENDS:

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Distribution to ordinary stockholders:		
\$0.746 per stock unit	809,860	-
\$3.029 per stock unit	3,288,292	-
\$2.216 per stock unit	<u>-</u>	<u>1,828,207</u>
	4,098,152	1,828,207
Less: Dividend paid on treasury shares	<u>(-)</u>	<u>(13,572)</u>
	<u>4,098,152</u>	<u>1,814,635</u>

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

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 unit trusts, pension scheme assets and structured entities. Except where the group holds units or provides financing, it has no legal or equitable interest in the securities underlying the investment of these managed funds. Accordingly, these securities are not consolidated in the statement of financial position.

As at September 30, 2021, the group's on and off-balance sheet financial assets under management amounted to \$316,379,351,000 (2020: \$246,997,622,000). The group's financial statements include net assets of \$12,952,352,000 (2020: \$3,742,534,000) relating to the managed funds.

35. IMPACT OF COVID-19:

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on 11 March 2020 and the Government of Jamaica declared the island a disaster area on 13 March 2020. The pandemic and the measures to control its human impact have resulted in significant disruptions to economic activities, business operations and asset prices. In light of the heightened concerns and in accordance with the directives of the various governments, the group activated its Business Continuity and Contingency Plan (BCCP) to minimize the potential exposure to staff and clients, whilst ensuring that any disruption to the business is kept at a minimum.

As understanding of the disease and its effects has increased, the company has revised its response and its BCCP accordingly. As at 30 September 2021, work from home measures continues to be in place. In-office staff are equipped with hand sanitizers, masks and face shields (where necessary), and staff and visitors are required to comply with social distancing rules mandated by the government.

The company continues to closely monitor the impact of COVID-19 on investment markets and asset prices, taking proactive measures to protect the group's balance sheet. Under IFRS 9, businesses are expected to include the impact of forward-looking macroeconomic indicators in their Expected Credit Loss (ECL) computation, and the group has considered the impact of COVID-19 in selecting its indicators.

Management continues to review the effect of developments arising from the pandemic on the risks faced by the group. Management believes the group is in a sufficiently strong position to deal with the possible significant economic downturn. However, management is aware that a long duration of the pandemic, the changing severity of mutations and the associated containment could have a material adverse effect on the group, and its customers, employees and suppliers.

At the date of approval of these financial statements, the group has determined that there is minimal financial impact on the overall business operations.

BARITA INVESTMENTS LIMITED

Notes to the Financial Statements

30 September 2021

36. EVENTS AFTER THE REPORTING PERIOD:

“Barita Investments Limited (“Barita”) and Barita Unit Trusts Management Company Limited (“BUTM”) have the same ultimate shareholders as Cornerstone Trust & Merchant Bank Limited (“CTMB”), a licensed deposit-taking institution, supervised by the Bank of Jamaica (“BOJ”) under the Banking Services Act (“BSA”). It is a BOJ and BSA requirement that deposit-taking institutions be held under a Financial Holding Company together with all other regulated entities under the same ownership. In order to meet this requirement, it is expected that during the next financial year corporate restructuring will occur, the details of which remain subject to BOJ approval at this time. The operations of Barita and BUTM are expected to continue as before.”

12 DISCLOSURE OF SHAREHOLDINGS

12



Disclosure of Shareholdings as at September 30, 2021

SHAREHOLDINGS OF THE 10 LARGEST ORDINARY SHAREHOLDERS

SHAREHOLDER	AMOUNT	PERCENTAGE OWNERSHIP
Cornerstone Financial Holdings Limited	905,017,213	74.16%
First Citizens Investments Services Limited	90,795,154	7.44%
Rita Humphries-Lewin	26,319,240	2.16%
Credit Union Fund Management Company Limited	18,750,000	1.54%
JN Fund Managers Limited	13,463,490	1.10%
Cornerstone Group Employee Share Trust	10,000,000	0.82%
National Insurance Fund	8,191,553	0.67%
Pimento Grove Limited	6,734,053	0.55%
JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	6,420,126	0.53%
Karl P. Wright	6,397,000	0.52%

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES AS AT SEPTEMBER 30, 2021

DIRECTORS	TOTAL	DIRECT	CONNECTED PARTIES
Mark Myers	2,316,302	2,316,302	0
Paul Simpson	0	0	0
Carl Domville	2,061,344	2,061,344	0
Duncan Stewart	614,131	456,070	158,061
Robert Drummond	480,000	480,000	0
James Godfrey	6,734,053	0	6,734,053
Phillip Lee	3,161,072	3,161,072	0
Jason Chambers	1,244,322	1,244,322	0
Byron St. Michael Hylton	187,500	187,500	0

SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES AS AT SEPTEMBER 30, 2021

SENIOR MANAGERS	TOTAL	DIRECT	CONNECTED PARTIES
Jason Chambers	1,244,322	1,244,322	0
Paula Barclay	26,410	26,410	0
Anmarie Walker-Cato	7,069	7,069	0
Sonia Owens	113,916	113,916	0
Malindo Wallace	0	0	0
Ramon Small-Ferguson	156,481	156,481	0
Stephanie Murdock	0	0	0
Judith Najair	3,062	2,062	1,000
Terise Kettle	40,676	40,676	0
Sara Ying Henriques	3,000	3,000	0
Junior Graham	50,000	0	50,000
Carolyn Kean	0	0	0
Ian Anderson	0	0	0
Percival Hurditt	0	0	0

CORPORATE DATA

Barita Investments Limited

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SUBSIDIARY

**Barita Unit Trusts
Management Company Limited**
15 St. Lucia Way
Kingston 5, Jamaica
Tel: (876) 968-8154
Fax: (876) 960-2512

INVESTOR RELATIONS CONTACT

Ms. Debra Dennie-Foster
(876)926-2681 ext:2266

Email:
barita@cwjamaica.com
Website:
www.barita.com

INTERNAL AUDITOR

Ernst & Young
8 Olivier Road
Kingston 8
Jamaica

EXTERNAL AUDITOR

BDO
Chartered Accountants
26 Beechwood Avenue
Kingston 5
Jamaica

REGISTRAR & TRANSFER AGENTS

**Jamaica Central Securities
Depository**
40 Harbour Street
Kingston, Jamaica

PRINCIPAL BANKER

CIBC First Caribbean Limited
23 Knutsford Boulevard
Kingston 5
Jamaica

PROXY FORM

Barita Investments Limited

I/We _____ of _____

being a member/members of Barita Investments Limited, hereby appoint _____

of _____ with taxpayer registration number _____

or failing him/her _____ of _____

with taxpayer registration number _____

as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday, July 1, 2022 at 10:00 a.m. from the Spanish Court Hotel, 1 St. Lucia Avenue, Kingston 5 as a virtual-only meeting and at any adjournment thereof.

Please indicate by inserting a cross in the appropriate square how you wish your votes to be cast. Unless otherwise instructed, the proxy will vote or abstain from voting, at his/her discretion.

Resolutions	For	Against	Resolutions	For	Against
Resolution 1	<input type="checkbox"/>	<input type="checkbox"/>	3(ii)	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	<input type="checkbox"/>	<input type="checkbox"/>	4	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3(i)(a)	<input type="checkbox"/>	<input type="checkbox"/>	5	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3(i)(b)	<input type="checkbox"/>	<input type="checkbox"/>	6	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3(i)(c)	<input type="checkbox"/>	<input type="checkbox"/>			

Signed _____ Dated the ____ date of _____, 2022

Notes

1. This Form of Proxy must be received by the Secretary of the Company not less than 48 hours before the time appointed for the Meeting.
2. This Form of Proxy should bear stamp duty of \$100. Adhesive stamps are to be cancelled by the person signing the proxy.
3. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.



Barita
INVESTMENTS LIMITED