JAMAICA MONEY MARKET BROKERS LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2022

Jamaica Money Market Brokers Limited
Index
31 March 2022

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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Jamaica Money Market Brokers Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 9 to 119, which comprise the Group's and Company's statements of financial position as at 31 March 2022, the Group's and Company's profit and loss accounts, statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 March 2022, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

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

1. *Fair value of investments*

Key Audit Matter *[see notes 13 and 27]*	*How the matter was addressed in our audit*
A significant portion of the Group's and Company's investment securities are measured at fair value. Valuation of these investments, although based on observable market inputs, requires significant estimation. Management used valuation techniques which require inputs such as market yields obtained from established yield curves which are impacted by uncertainty of market factors. Though market conditions have improved since the onset of the COVID-19 pandemic, there has been continued volatility of prices in various markets which has increased estimation risk for yield and prices used in determining fair values.	Our procedures in this area included the following: • Assessing and testing the design and operating effectiveness of the Group's controls over the determination and computation of fair values. • Challenging the reasonableness of yields or prices by comparison to independent third-party pricing sources. • Assessing the reasonableness of significant assumptions used by management. • Involving our own valuation specialists to determine or obtain yields or prices of specific securities and compare these estimates to those used by management. • Assessing the adequacy of the disclosures, including the degree of estimation involved in determining fair values.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

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

Key Audit Matter *[see note 26(b)]*	*How the matter was addressed in our audit*
The Group and Company recognise expected credit losses ('ECL') on financial assets, the determination of which is highly subjective and requires management to make significant judgement and assumptions. The key areas that required greater management judgement included the determination of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information.	Our procedures in this area included the following: • Obtaining an understanding of the models used by management for the calculation of expected credit losses on financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI). • Assessing and testing the design and implementation of controls over the determination of expected credit losses. • Testing the design of key controls over the completeness and accuracy of data inputs into the IFRS 9 impairment models. • Testing the completeness and accuracy of data used in the models to the underlying accounting records, on a sample basis. • Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's and Company's impairment methodologies, including the SICR criteria used and independently assessing the assumptions for probabilities of default, loss given default and exposure at default and the incorporation of forward-looking information.

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

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

Key Audit Matter [see note 26(b)]	*How the matter was addressed in our audit*
Whilst there have been improvements in market conditions since the onset of the COVID-19 pandemic, there is still uncertainty regarding the outcome of the pandemic. This continues to require increased judgements in determining increases in credit risk and uncertainties about potential future economic scenarios and other impact on credit losses. Significant management judgement and assumptions are also used in determining the appropriate variables and assumptions in an appropriate model used in the measurement of the expected credit losses. The use of these judgements and assumptions increases the risk of material misstatement and is therefore an area of increased audit focus.	Our procedures in this area included the following (continued): • Evaluating the adequacy of the financial statement disclosures, including disclosures of the key assumptions and judgements, for compliance with IFRS 9.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Audit of the Financial Statements (Continued)

Other Information

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 7-8, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

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

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

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

KPMG

Chartered Accountants
Kingston, Jamaica

June 1, 2022

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Appendix to the Independent Auditors' report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Appendix to the Independent Auditors' report (Continued)

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

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

Jamaica Money Market Brokers Limited

Consolidated Profit and Loss Account

Year ended 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000
Net Interest Income and Other Revenue			
Interest income from securities, calculated using the effective interest method	4	10,411,646	8,474,990
Interest expense	4	(8,393,950)	(5,973,164)
Net Interest Income		**2,017,696**	**2,501,826**
Fee and commission income		1,208,801	758,384
Gains on securities trading, net		1,772,336	3,648,065
Net gain from financial assets at fair value through profit or loss (FVTPL)		137,398	36,624
Fees earned on managing funds on behalf of clients		1,380,391	1,202,090
Foreign exchange margins from cambio trading		542,326	425,181
Foreign exchange gains		781,776	633,601
Operating Revenue Net of Interest Expense		**7,840,724**	**9,205,771**
Other Income			
Dividends		127,556	114,493
Management fees		760,679	169,760
Other		12,725	20,849
Gain on disposal of property, plant and equipment		5,241	-
		8,746,925	**9,510,873**
Operating Expenses			
Staff costs	5	(4,923,509)	(3,373,461)
Other expenses	6	(3,256,667)	(2,749,567)
		(8,180,176)	**(6,123,028)**
		566,749	**3,387,845**
Impairment loss on financial assets	7	(185,646)	(435,567)
Profit before Taxation		**381,103**	**2,952,278**
Taxation credit/(charge)	8	1,222,783	(307,051)
Profit for the Year		**1,603,886**	**2,645,227**
Earnings per stock unit	20	**$0.98**	**$1.62**

Jamaica Money Market Brokers Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Profit for the Year	1,603,886	2,645,227
Other Comprehensive (Loss)/Income		
Item that may not be reclassified to profit or loss:		
Unrealised gains/(losses) on equity securities at fair value through other comprehensive income (FVOCI)	33,870	(76,037)
Items that may be reclassified to profit or loss:		
Realised gains/(losses) on investment securities at FVOCI reclassified to profit or loss	(833,605)	(33,293)
Unrealised (losses)/gains on investment securities at FVOCI, net of tax	(4,183,165)	3,424,071
	(4,982,900)	3,314,741
Total Comprehensive (Loss)/Income for the Year, net of tax	**(3,379,014)**	**5,959,968**

Jamaica Money Market Brokers Limited

Consolidated Statement of Financial Position

31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000
ASSETS			
Cash and cash equivalents	9	15,154,402	15,629,482
Interest receivable		2,138,112	1,862,896
Income tax recoverable		280,106	353,067
Loans and notes receivable	10	27,699,102	13,967,458
Other receivables	11	5,939,225	2,134,265
Due from parent company	25	4,064,393	13,783,924
Securities purchased under agreements to resell	12	87,934,524	45,091,307
Investment securities	13	139,180,712	144,291,076
Investment property	15	1,227,476	698,932
Intangible assets	16	2,173,728	1,681,315
Property, plant and equipment	17	2,690,740	2,640,646
Deferred tax assets	18	7,881,151	3,499,320
Right-of-use assets	24	125,436	155,531
		296,489,107	**245,789,219**
STOCKHOLDERS' EQUITY			
Share capital	19	4,564,054	1,864,054
Investment revaluation reserve	21(a)	(2,844,166)	2,138,734
Retained earnings reserve	21(b)	9,605,055	9,605,055
Retained earnings		13,458,013	11,854,127
		24,782,956	**25,461,970**
LIABILITIES			
Securities sold under agreements to repurchase	22	233,172,167	178,862,034
Notes payable	23	12,110,590	21,823,542
Lease liabilities	24	148,644	171,658
Redeemable preference shares	19	20,883,423	14,116,815
Deferred income tax liabilities	18	15,813	8,434
Interest payable		1,771,126	1,070,696
Income tax payable		552,427	2,234,854
Other payables		3,051,961	2,039,216
		271,706,151	**220,327,249**
		296,489,107	**245,789,219**

The financial statements on pages 9 to 119 were approved for issue by the Board of Directors on May 31, 2022 and signed on its behalf by:

Archibald Campbell	Chairman	Keith P. Duncan	Group Chief Executive Officer

Jamaica Money Market Brokers Limited

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	Share Capital $'000	Retained Earnings Reserve $'000	Investment Revaluation Reserve $'000	Cumulative Translation Reserve $'000	Retained Earnings $'000	Total Attributable to Equity holders of the Parent $'000	Total $'000
Balances at 31 March 2020		**1,864,054**	**9,605,055**	**(4,490,790)**	**777,135**	**11,633,366**	**19,388,820**	**19,388,820**
Profit for the year		-	-	-	-	2,645,227	2,645,227	2,645,227
Other comprehensive income for 2021:								
Unrealised gains on investment securities at FVOCI, net of tax, being total other comprehensive income		-	-	3,314,741	-	-	3,314,741	3,314,741
Total comprehensive income		-	-	3,314,741	-	2,645,227	5,959,968	5,959,968
Effect of group re-organisation	1 (c)	-	-	3,314,783	(777,135)	(2,424,466)	113,182	113,182
Balances at 31 March 2021		**1,864,054**	**9,605,055**	**2,138,734**	**-**	**11,854,127**	**25,461,970**	**25,461,970**
Profit for the year		-	-	-	-	1,603,886	1,603,886	1,603,886
Other comprehensive loss for 2022:								
Unrealised losses on investment securities at FVOCI, net of tax, being total other comprehensive loss		-	-	(4,982,900)	-	-	(4,982,900)	(4,982,900)
Total comprehensive (loss)/income		-	-	(4,982,900)	-	1,603,886	(3,379,014)	(3,379,014)
Transactions with owners of the Company:								
Issue of ordinary share capital	19	2,700,000	-	-	-	-	2,700,000	2,700,000
Balances at 31 March 2022		**4,564,054**	**9,605,055**	**(2,844,166)**	**-**	**13,458,013**	**24,782,956**	**24,782,956**

The notes on pages 21 to 119 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Profit for the year		1,603,886	2,645,227
Adjustments for:			
Dividend income		(127,556)	(114,493)
Interest income	4	(10,411,646)	(8,474,990)
Interest expense	4	8,393,950	5,973,164
Impairment loss on financial assets	7	185,646	435,567
Income tax (credit)/charge	8	(1,222,783)	307,051
Gain on sale of property, plant and equipment		(5,241)	-
Amortisation of intangible assets	16	124,808	76,776
Depreciation of property, plant and equipment	17	223,672	245,907
Depreciation of right-of-use-assets	24	34,406	32,178
Fair value gains on investment property	15	(74,803)	(77,700)
Unrealised gains on trading securities		(137,398)	(36,624)
Foreign exchange losses on lease liabilities		-	9,634
Foreign currency translation gains		(72,123)	(635,601)
		(1,485,182)	386,096
Changes in operating assets and liabilities:			
Income tax recoverable, net		72,961	(2,694)
Loans and notes receivable		(13,801,131)	(23,121)
Other receivables		(3,805,580)	3,505,267
Due from parent company		9,719,531	(3,652,374)
Other payables		1,012,745	(1,119,676)
Securities purchased under agreements to resell		(42,843,262)	(25,080,960)
Securities sold under agreements to repurchase		54,310,133	34,694,498
		3,180,215	8,707,036
Interest received		10,136,430	8,770,531
Interest paid		(7,684,063)	(5,770,779)
Taxation paid		(2,343,024)	(1,570,768)
Net cash provided by operating activities (Page 14)		**3,289,558**	**10,136,020**

Jamaica Money Market Brokers Limited

Consolidated Statement of Cash Flows (Continued)

Year ended 31 March 2022

expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000
Net cash provided by operating activities (Page 13)		**3,289,558**	**10,136,020**
Cash Flows from Investing Activities			
Investment securities, net		(2,341,704)	3,299,556
Dividend received		127,556	114,493
Investment properties, net		(453,741)	-
Purchase of computer software	16	(617,221)	(488,269)
Purchase of property, plant and equipment	17	(276,683)	(98,833)
Proceeds from disposal of property, plant and equipment		8,158	-
Net cash (used in)/provided by investing activities		**(3,553,635)**	**2,826,947**
Cash Flows from Financing Activities			
Notes payable		(9,712,952)	(8,444,856)
Redeemable preference shares		6,766,607	-
Lease liabilities	24	(43,880)	(39,863)
Issue of ordinary shares	19	2,700,000	-
Net cash used in financing activities		**(290,225)**	**(8,484,719)**
Effect of exchange rate changes on cash and cash equivalents		79,222	(295,482)
Net (decrease)/increase in cash and cash equivalents		(475,080)	4,182,766
Cash and cash equivalents at beginning of year		15,629,482	11,446,716
CASH AND CASH EQUIVALENTS AT END OF YEAR	9	**15,154,402**	**15,629,482**

Jamaica Money Market Brokers Limited

Company Profit and Loss Account

Year ended 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000
Net Interest Income and Other Revenue			
Interest income from securities, calculated using the effective interest method	4	10,392,988	8,286,405
Interest expense	4	(8,407,544)	(5,928,706)
Net Interest Income		**1,985,444**	**2,357,699**
Fee and commission income		229,854	160,189
Gains on securities trading		1,542,405	3,323,215
Net gain from financial assets at fair value through profit and loss (FVTPL)		65,083	58,016
Fees earned on managing funds on behalf of clients		60,870	54,009
Foreign exchange gains		663,269	443,185
Operating Revenue Net of Interest Expense		**4,546,925**	**6,396,313**
Other Income			
Dividends		1,442,966	1,900,736
Management fees		1,024,435	437,002
Other		12,724	19,331
Gain on disposal of property plant and equipment		5,241	-
		7,032,291	**8,753,382**
Operating Expenses			
Staff costs	5	(4,344,329)	(2,865,270)
Other expenses	6	(2,812,713)	(2,504,888)
		(7,157,042)	**(5,370,158)**
		(124,751)	**3,383,224**
Impairment loss on financial assets	7	(115,694)	(256,631)
(Loss)/Profit before Taxation		**(240,445)**	**3,126,593**
Taxation credit	8	1,890,282	134,188
Profit for the Year		**1,649,837**	**3,260,781**

Jamaica Money Market Brokers Limited

Company Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Profit for the Year	**1,649,837**	**3,260,781**
Other Comprehensive (Loss)/Income		
Item that may not be reclassified to profit or loss:		
Unrealised gains/(losses) on equity securities at FVOCI, net of tax	62,856	(123,929)
Item that may be reclassified to profit or loss:		
Realised losses on investment securities at FVOCI reclassified to profit or loss	(833,605)	(33,293)
Unrealised (losses)/gains on investment securities at FVOCI, net of tax	(4,183,166)	4,414,523
	(4,953,915)	4,257,301
Total Comprehensive (Loss)/Income for the Year, net of tax	**(3,304,078)**	**7,518,082**

Jamaica Money Market Brokers Limited

Company Statement of Financial Position

31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000
ASSETS			
Cash and cash equivalents	9	13,657,179	13,658,600
Interest receivable		2,136,901	1,862,521
Income tax recoverable		263,377	332,167
Loans and notes receivable	10	27,187,565	12,931,781
Other receivables	11	8,103,382	4,604,155
Due from parent company	25	4,064,393	13,783,924
Securities purchased under agreements to resell	12	87,934,522	45,237,131
Investment securities	13	136,457,021	142,306,667
Interest in subsidiaries	14	608,421	608,421
Intangible asset	16	2,050,861	1,545,055
Property, plant and equipment	17	1,718,815	1,743,907
Right-of-use assets	24	116,252	142,791
Deferred income tax assets	18	7,827,427	3,460,566
		292,126,116	**242,217,686**
STOCKHOLDERS' EQUITY			
Share capital	19	4,564,054	1,864,054
Investment revaluation reserve	21(a)	(3,023,933)	1,929,982
Retained earnings reserve	21(b)	9,605,055	9,605,055
Retained earnings		10,871,755	9,221,918
		22,016,931	**22,621,009**
LIABILITIES			
Securities sold under agreements to repurchase	22	233,192,329	179,143,964
Notes payable	23	12,110,590	21,823,542
Lease liabilities	24	139,044	158,753
Redeemable preference shares	19	20,883,423	14,116,815
Interest payable		1,771,514	1,071,762
Income tax payable		40,755	1,899,435
Other payables		1,971,530	1,382,406
		270,109,185	**219,596,677**
		292,126,116	**242,217,686**

The financial statements on pages 9 to 119 were approved for issue by the Board of Directors on May 31, 2022 and signed on its behalf by:

Archibald Campbell	Chairman	Keith P. Duncan	Group Chief Executive Officer

Jamaica Money Market Brokers Limited

Company Statement of Changes in Stockholders' Equity

Year ended 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Investment Revaluation Reserve $'000	Retained Earnings Reserve $'000	Retained Earnings $'000	Total $'000
Balances at 31 March 2020		**1,864,054**	**(2,327,319)**	**9,605,055**	**5,961,137**	**15,102,927**
Profit for the year		-	-	-	3,260,781	3,260,781
Other comprehensive income for 2021:						
Unrealised gains on investment securities at FVOCI, net of tax		-	4,257,301	-	-	4,257,301
Total comprehensive income for 2021		-	4,257,301	-	3,260,781	7,518,082
Balances at 31 March 2021		**1,864,054**	**1,929,982**	**9,605,055**	**9,221,918**	**22,621,009**
Profit for the year		-	-	-	1,649,837	1,649,837
Other comprehensive loss for 2022:						
Unrealised losses on investment securities at FVOCI, net of tax		-	(4,953,915)	-	-	(4,953,915)
Total comprehensive loss for 2022		-	(4,953,915)	-	1,649,837	(3,304,078)
Transactions with owners of the Company						
Issue of ordinary share capital	19	2,700,000	-	-	-	**2,700,000**
Balances at 31 March 2022		**4,564,054**	**(3,023,933)**	**9,605,055**	**10,871,755**	**22,016,931**

The notes on pages 21 to 119 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Company Statement of Cash Flows

Year ended 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Profit for the year		1,649,837	3,260,781
Adjustments for:			
Dividend income		(1,442,966)	(1,900,736)
Interest income	4	(10,392,988)	(8,286,405)
Interest expense	4	8,407,544	5,928,706
Income tax credit	8	(1,890,282)	(134,188)
Impairment loss on financial assets	7	115,694	256,631
Gain on sale of property, plant and equipment		(5,241)	-
Amortisation of intangible assets	16	110,631	54,109
Depreciation of property, plant and equipment	17	210,623	237,603
Depreciation of right-of-use assets	24	30,850	28,743
Unrealised gain on trading securities		(65,083)	(58,016)
Foreign exchange losses on lease liabilities		5,867	11,092
Foreign currency translation gains		(663,269)	(432,093)
		(3,928,783)	(1,033,773)
Changes in operating assets and liabilities:			
Income tax recoverable, net		68,790	(23,106)
Loans and notes receivable		(14,255,939)	(117,901)
Other receivables		(3,499,227)	2,307,085
Other payables		589,124	(650,277)
Due from parent company		9,719,531	(3,163,874)
Securities purchased under agreements to resell		(42,697,436)	(11,967,599)
Securities sold under agreements to repurchase		54,048,365	34,386,874
		44,425	19,737,429
Interest received		10,118,608	7,807,915
Interest paid		(7,697,846)	(5,643,305)
Taxation paid		(1,858,680)	(1,010,363)
Net cash provided by operating activities (Page 20)		**606,507**	**20,891,676**

Jamaica Money Market Brokers Limited

Company Statement of Cash Flows (Continued)

Year ended 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000
Net cash provided by operating activities (Page 19)		**606,507**	**20,891,676**
Cash Flows from Investing Activities			
Dividends received		1,442,966	1,900,736
Investment securities, net		(129,120)	(29,498,175)
Purchase of computer software	16	(616,437)	(488,268)
Purchase of property, plant and equipment	17	(188,448)	(98,775)
Proceeds from sale to property, plant and equipment		8,158	
Net cash used in investing activities		**517,119**	**(28,184,482)**
Cash Flows from Financing Activities			
Lease liabilities	24	(39,833)	(37,874)
Issue of ordinary stock units	19	2,700,000	-
Redeemable preference shares	19	6,083,434	-
Notes payable		(9,938,373)	11,649,145
Net cash (used in)/provided by financing activities		**(1,194,772)**	**11,611,271**
Effect of exchange rate changes on cash and cash equivalents		69,725	(295,672)
Net (decrease)/increase in cash and cash equivalents		(1,421)	4,022,793
Cash and cash equivalents at beginning of year		13,658,600	9,635,807
CASH AND CASH EQUIVALENTS AT END OF YEAR	9	**13,657,179**	**13,658,600**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

(a) Jamaica Money Market Brokers Limited (the "Company") is incorporated and domiciled in Jamaica. The registered office of the Company is located at 6 Haughton Terrace, Kingston 10, Jamaica. The Company is a wholly owned subsidiary of JMMB Group Limited ("parent"), a company incorporated in Jamaica. The principal activities of the Company are securities brokering, securities trading, dealing in money market instruments, and managing funds on behalf of clients.

The Company is exempt from the provisions of the Money Lending Act.

Certain of the Company's preference shares are listed on the Jamaica Stock Exchange.

(b) The Company has interest in the operating subsidiaries listed below. The Company and its subsidiaries are collectively referred to as the "Group".

Name of Subsidiary	% Shareholding Held by the Company	Country of Incorporation	Principal Activities
JMMB Securities Limited	100	Jamaica	Stock brokering
JMMB Insurance Brokers Limited	100	Jamaica	Insurance brokering
JMMB Real Estate Holdings Limited	100	Jamaica	Real estate holding
Capital & Credit Securities Limited	100	Jamaica	Investment holding and management
JMMB Fund Managers Limited	100	Jamaica	Fund management

(c) During the prior year, the Company transferred ownership of JMMB International Limited to its parent company, JMMB Group Limited.

As the reorganisation is a transaction among entities under common control, the Group applied book value accounting under which:

- The Group did not restate assets and liabilities to their fair values. Instead, the Group incorporated the assets and liabilities at the amounts recorded in the books of the combined companies, adjusted to achieve harmonisation of accounting policies.
- No goodwill arose.
- The consolidated financial statements incorporated the combined companies' results as if the companies had always been combined.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

(c) (Continued)

The net assets transferred comprised the following:

	2021 $'000
Cash and cash equivalents	850,215
Interest receivable	353,995
Investments	34,390,513
Other assets	1,710
Deferred tax assets	1,416,264
Securities sold under agreement to repurchase	(14,083,551)
Notes payable	(21,376,500)
Interest payable	(5,558)
Other liabilities	(718,535)
	828,553

2. Statement of Compliance and Basis of Preparation

(a) Statement of compliance:

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

Certain new and amended standards came into effect during the current financial year. None of these issued had a material impact on the Group's financial statements. Details of the Group's accounting policies are included in note 30.

(b) Basis of preparation:

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

(c) Functional and presentation currency:

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

(d) Use of estimates and judgements:

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

2. Statement of Compliance and Basis of Preparation (Continued)

(d) Use of estimates and judgements (continued):

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

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

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities:

(a) Key sources of estimation uncertainty

(i) Impairment of financial assets

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in notes 26(b) and 30(b).

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

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

(ii) Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets. Accordingly, fair values of several financial assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which uses indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach, particularly with the increased volatility of certain markets due to Covid-19. The fair values determined in this way are classified as Level 2 fair values.

Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument (see notes 13 and 27).

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

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

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

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

(1) Classification of financial assets:

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

(2) Impairment of financial assets:

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

(3) Income taxes

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

4. Net Interest Income

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
Interest income	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	21,104	24,164	13,319	12,522
Loans and notes receivable	1,520,085	812,412	1,529,504	817,425
Resale agreements	1,500,686	811,120	1,497,130	812,437
Investment securities	7,369,771	6,827,294	7,353,035	6,644,021
Total interest income	**10,411,646**	**8,474,990**	**10,392,988**	**8,286,405**
Interest expense				
Repurchase agreements	5,244,187	4,273,145	5,258,523	4,272,936
Notes payable	1,830,798	795,768	1,830,798	752,083
Lease liabilities	9,457	10,510	8,715	9,946
Redeemable preference shares	1,309,508	893,741	1,309,508	893,741
Total interest expense	**8,393,950**	**5,973,164**	**8,407,544**	**5,928,706**
Net interest income, calculated using the effective interest method	**2,017,696**	**2,501,826**	**1,985,444**	**2,357,699**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

5. Staff Costs

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and benefits, including profit-related pay	4,105,054	2,704,349	3,673,471	2,295,110
Statutory payroll contributions	346,558	262,509	311,112	226,334
Pension costs (note 28)	106,749	96,755	95,781	87,001
Training and development	43,211	52,220	43,211	42,092
Other staff benefits	321,937	257,628	220,754	214,733
	4,923,509	**3,373,461**	**4,344,329**	**2,865,270**

6. Other Expenses

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Asset tax	568,572	433,928	558,556	424,776
Information technology	436,595	424,019	423,003	418,471
Legal and professional fees	669,085	510,489	484,765	425,074
Marketing, corporate affairs and donations	274,148	216,510	178,827	171,326
Depreciation and amortisation	382,885	354,861	352,104	320,453
Irrecoverable – GCT	214,538	181,122	210,392	179,235
Utilities	130,423	137,971	127,760	135,391
Repairs and maintenance	160,297	108,507	118,032	106,230
Security	88,844	79,361	85,216	76,658
Other	35,040	31,639	17,314	10,947
Stationery, printing and postage	49,983	51,311	47,892	48,801
Bank charges	42,087	42,213	26,526	28,025
Directors' fees	15,424	11,827	7,758	7,668
Insurance	98,185	85,463	96,227	83,181
Office rental	28,458	23,742	28,458	23,767
Auditors' remuneration	38,713	34,853	26,493	23,419
Motor vehicle expenses and rental	23,390	21,751	23,390	21,466
	3,256,667	**2,749,567**	**2,812,713**	**2,504,888**

7. Impairment Loss on Financial Assets

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Investment securities at amortised cost (note 13)	(28,207)	38,536	(28,207)	38,536
Investment securities at FVOCI	143,701	248,027	143,701	248,027
Loans and notes receivable (note 10)	69,487	148,227	155	(30,157)
Other receivables (note 11)	620	511	-	-
Securities purchased under agreements to resell (note 12)	45	266	45	225
	185,646	**435,567**	**115,694**	**256,631**

8. Taxation

(a) Income tax is computed at 33⅓% on the profit for the year adjusted for tax purposes.

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax	661,457	2,440,857	-	1,956,921
Tax credit	(375)	(375)	-	-
Prior year (over)/under provision	(485)	1,738	-	1,546
	660,597	2,442,220	-	1,958,467
Deferred tax				
Origination and reversal of temporary differences (note 18)	(1,883,380)	(2,135,169)	(1,890,282)	(2,092,655)
	(1,222,783)	**307,051**	**(1,890,282)**	**(134,188)**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

8. Taxation (Continued)

(b) The tax on profit differs from the theoretical amount that would arise using the statutory rate of 33⅓% as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Profit/(loss) before taxation	**381,103**	**2,952,278**	**(240,445)**	**3,126,593**
Tax calculated at 33⅓%	127,034	984,093	(80,148)	1,042,198
Adjusted for the effects of:				
Income not subject to tax	(1,635,815)	(837,566)	(2,051,015)	(1,302,073)
Tax credit	(375)	(375)	-	-
Disallowed expenses	290,652	223,893	240,881	188,419
Prior year (over)/under provision	(485)	1,738	-	1,546
Other	(3,794)	(64,732)	-	(64,278)
	(1,222,783)	**307,051**	**(1,890,282)**	**(134,188)**

(c) At the reporting date, taxation losses, subject to agreement with the Commissioner General, Tax Administration Jamaica, available for set off against future taxable profits, amounted to approximately $1,345,985,584 (2021: $1,263,241,000) for the Group and $989,852,000 (2021: $ Nil) for the Company.

9. Cash and Cash Equivalents

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Cash	14,484,943	14,092,084	12,987,720	12,121,202
Cash equivalents	669,459	1,537,398	669,459	1,537,398
	15,154,402	**15,629,482**	**13,657,179**	**13,658,600**

Cash equivalents include held by an investment broker as security for funding provided on certain investment securities, which is not available for immediate use.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

10. Loans and Notes Receivable

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Corporate	6,712,286	6,246,663	5,824,050	4,094,164
Financial institutions	14,567,500	3,194,794	14,567,500	3,194,794
Individuals	6,848,104	5,695,858	6,848,104	5,695,858
	28,127,890	15,137,315	27,239,654	12,984,816
Less: allowance for impairment [note 26(b)(vi)(v)]	(428,788)	(1,169,857)	(52,089)	(53,035)
	27,699,102	**13,967,458**	**27,187,565**	**12,931,781**

Allowance for impairment:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	1,169,857	1,024,008	53,035	87,424
Charge for year (note 7)	69,487	148,227	155	(30,157)
Recoveries	(809,455)	-	-	-
Write-offs, net	(1,101)	(2,378)	(1,101)	(4,232)
Balance at 31 March	**428,788**	**1,169,857**	**52,089**	**53,035**

11. Other Receivables

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Receivables from related parties	4,283,984	1,290,770	7,569,986	4,329,764
Other receivables	1,642,895	828,182	516,552	254,400
Staff loans	16,844	19,991	16,844	19,991
	5,943,723	2,138,943	8,103,382	4,604,155
Less: Allowance for impairment	(4,498)	(4,678)	-	-
	5,939,225	**2,134,265**	**8,103,382**	**4,604,155**

Allowance for impairment:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	4,678	4,167	-	-
Charge for the year (note 7)	620	511	-	-
Recoveries/write off	(800)	-	-	-
Balance at 31 March	**4,498**	**4,678**	-	-

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

12. Securities Purchased Under Agreements to Resell

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Denominated in Jamaica dollars	28,385,620	26,616,021	28,385,620	26,616,022
Denominated in Trinidad and Tobago dollars	596,096	-	596,096	-
Denominated in United States dollars	58,953,229	18,475,662	58,953,230	18,621,488
	87,934,945	45,091,683	87,934,946	45,237,510
Less: allowance for impairment [note 26(b)(vi)(v)]	(421)	(376)	(424)	(379)
	87,934,524	**45,091,307**	**87,934,522**	**45,237,131**

Allowance for impairment:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	376	110	379	154
Charge for the year (note 7)	45	266	45	225
Balance at 31 March	**421**	**376**	**424**	**379**

Resale agreements include balances with related parties as set out in note 25. All resale agreements mature within twelve months after the reporting date.

The securities that the Company obtains as collateral under resale agreements may be used as collateral under repurchase agreements. Certain of these securities and interest accrued thereon are pledged as security for repurchase agreements (note 22).

At the reporting date, the fair value of the securities obtained and held under resale agreements was $110,879,822,999 (2021: $64,368,691,000) for the Group and $110,899,981,000 (2021: $64,796,445,000) for the Company.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

13. Investment Securities

	The Group		The Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Debt securities at amortised cost:				
Certificates of deposit	720,570	255,668	-	-
Government of Jamaica securities	801,441	7,951,068	801,441	7,951,068
	1,522,011	8,206,736	801,441	7,951,068
Debt securities at fair value through other comprehensive income [FVOCI]:				
Government of Jamaica securities	54,318,251	54,588,108	54,318,251	54,588,108
Certificates of deposit	16,635,495	20,873,966	16,635,495	20,873,966
Corporate bonds:				
Government of Jamaica guaranteed	178,490	143,909	178,490	143,909
Other	50,860,617	44,645,786	50,860,617	44,645,786
Sovereign bonds	10,096,757	11,014,725	10,096,757	11,014,725
	132,089,610	131,266,494	132,089,610	131,266,494
Equity securities at FVOCI:				
Quoted equities	2,131,843	2,143,954	1,977,090	1,945,723
Unquoted equities	33,970	16,344	33,970	16,344
	2,165,813	2,160,298	2,011,060	1,962,067
Equity securities at fair value through profit and loss:				
Quoted equities	2,375,469	1,781,423	903,663	707,710
Unquoted equities	93,750	88,458	93,750	88,458
	2,469,219	1,869,881	997,413	796,168
Other securities at fair value through profit and loss:				
Units in unit trusts	713,916	515,894	494,496	309,097
Money market funds	66,447	67,289	66,447	67,289
Redeemable preference shares	157,142	250,000	-	-
	937,505	833,183	560,943	376,386
	139,184,158	144,336,592	136,460,467	142,352,183
Less: allowance for impairment losses of debt securities at amortised cost [note 26(b)(vi)(v)]	(3,446)	(45,516)	(3,446)	(45,516)
	139,180,712	**144,291,076**	**136,457,021**	**142,306,667**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

13. Investment Securities (Continued)

Allowance for impairment losses of investment securities at amortised cost:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	45,516	270,102	45,516	263,002
(Credit)/charge for the year (note 7)	(28,207)	38,536	(28,207)	38,536
Write off	(13,863)	(263,122)	(13,863)	(256,022)
Balance at 31 March	**3,446**	**45,516**	**3,446**	**45,516**

Investments mature, from the reporting date, as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica securities:				
Within 3 months	66,310	-	66,310	-
Over 3 months to 1 year	1,927,767	9,782,420	1,927,767	9,782,420
Over 1 year to 5 years	11,799,204	9,638,127	11,799,204	9,638,127
Over 5 years	41,322,965	43,086,977	41,322,965	43,086,977
	55,116,246	62,507,524	55,116,246	62,507,524
Certificates of deposit:				
Within 3 months	17,356,065	424,788	16,635,495	169,120
Over 3 months to 1 year	-	5,631,838	-	5,631,838
Over 1 year to 5 years	-	15,073,008	-	15,073,008
	17,356,065	21,129,634	16,635,495	20,873,966
Sovereign bonds and corporate bonds:				
Within 3 months	4,900,013	5,407,195	4,900,013	5,407,195
Over 3 months to 1 year	3,194,152	1,575,487	3,194,152	1,575,487
Over 1 year to 5 years	32,552,536	30,179,506	32,552,536	30,179,506
Over 5 years	20,489,163	18,642,232	20,489,163	18,642,232
	61,135,864	55,804,420	61,135,864	55,804,420
Other [see (c) below]	5,572,537	4,849,498	3,569,416	3,120,757
	139,180,712	**144,291,076**	**136,457,021**	**142,306,667**

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13. Investment Securities (Continued)

(a) Government of Jamaica securities and certain other bonds are pledged as security for repurchase agreements (note 22).

(b) Government of Jamaica securities having an aggregate face value of $620,000,000 (2021: $620,000,000) have been pledged as collateral against possible overdrafts at the Central Bank and against uncleared effects at one of the Company's bankers.

(c) Other includes quoted equities, unit trusts and interest in pooled money market funds for which there are no fixed maturity dates and redeemable preference shares with convertible features.

14. Interest in Subsidiaries

	2022 $'000	2021 $'000
JMMB Securities Limited		
Shares, at cost – equity	26,050	26,050
– preference	55,000	55,000
	81,050	81,050
JMMB Insurance Brokers Limited		
Shares, at cost - equity	125,000	125,000
Loan	10,000	10,000
	135,000	135,000
JMMB Real Estate Holdings Limited		
Shares, at cost – equity	1	1
Capital & Credit Securities Limited		
Shares, at cost – equity	126,315	126,315
JMMB Fund Managers Limited		
Shares, at cost - equity	266,055	266,055
	608,421	**608,421**

15. Investment Property

	The Group	
	2022	**2021**
	$'000	**$'000**
Balance as at 1 April	698,932	621,232
Additions	453,741	-
Change in fair value	74,803	77,700
	1,227,476	**698,932**

The properties are measured at fair value, as appraised by professional, independent valuers every three years and in the intervening years by management. The valuation model considers the present value of the net cash flows that can be generated from the property, the condition of the buildings and their location (prime vs secondary), in addition to recent market transactions in the same proximity.

Investment properties earned rental income of $Nil (2021: $Nil) and incurred expenses of $38,489,000 (2021: $18,821,000) for the year.

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

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

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

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16. Intangible Assets

	The Group				
	Licence	Customer List	Goodwill	Computer Software	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
31 March 2020	25,040	333,166	9,064	1,967,052	2,334,322
Additions	-	-	-	488,269	488,269
31 March 2021	25,040	333,166	9,064	2,455,321	2,822,591
Additions	-	-	-	617,221	617,221
31 March 2022	25,040	333,166	9,064	3,072,542	3,439,812
Accumulated Amortisation					
31 March 2020	-	236,203	-	828,297	1,064,500
Charge for the year	-	7,760	-	69,016	76,776
31 March 2021	-	243,963	-	897,313	1,141,276
Charge for the year	-	1,411	-	123,397	124,808
31 March 2022	-	245,374	-	1,020,710	1,266,084
Net Book Value					
31 March 2022	**25,040**	**87,792**	**9,064**	**2,051,832**	**2,173,728**
31 March 2021	**25,040**	**89,203**	**9,064**	**1,558,008**	**1,681,315**

	The Company
	Computer Software
	$'000
Cost	
31 March 2020	1,873,564
Additions	488,268
31 March 2021	2,361,832
Additions	616,437
Disposals	(119,667)
31 March 2022	2,858,602
Accumulated Amortisation	
31 March 2020	762,668
Charge for the year	54,109
31 March 2021	816,777
Charge for the year	110,631
Disposals	(119,667)
31 March 2022	807,741
Net Book Value	
31 March 2022	**2,050,861**
31 March 2021	**1,545,055**

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17. Property, Plant and Equipment

	The Group					
	Freehold Land and Buildings	Leasehold Improvement	Motor Vehicles	Computer Equipment	Equipment, Furniture and Fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
31 March 2020	**2,363,822**	**154,532**	**99,405**	**1,373,242**	**816,242**	**4,807,243**
Additions	2,209	10,874	5,573	17,527	62,650	98,833
Transfer to parent company	-	-	-	(344)	(3,498)	(3,842)
31 March 2021	**2,366,031**	**165,406**	**104,978**	**1,390,425**	**875,394**	**4,902,234**
Additions	103,310	12,504	14,500	127,670	18,699	276,683
Disposals	-	(29,844)	(12,500)	(86,447)	(18,718)	(147,509)
31 March 2022	**2,469,341**	**148,066**	**106,978**	**1,431,648**	**875,375**	**5,031,408**
Accumulated Depreciation						
31 March 2020	**268,758**	**133,744**	**51,656**	**1,049,481**	**515,483**	**2,019,122**
Charge for the year	34,425	2,520	13,027	50,602	145,333	245,907
Transfer to parent company	-	-	-	(344)	(3,097)	(3,441)
31 March 2021	**303,183**	**136,264**	**64,683**	**1,099,739**	**657,719**	**2,261,588**
Charge for the year	39,239	4,032	14,791	116,763	48,847	223,672
Disposals	-	(29,844)	(9,583)	(86,447)	(18,718)	(144,592)
31 March 2022	**342,422**	**110,452**	**69,891**	**1,130,055**	**687,848**	**2,340,668**
Net Book Value						
31 March 2022	**2,126,919**	**37,614**	**37,087**	**301,593**	**187,527**	**2,690,740**
31 March 2021	**2,062,848**	**29,142**	**40,295**	**290,686**	**217,675**	**2,640,646**

	The Company					
	Freehold Land and Buildings	Leasehold Improvement	Motor Vehicles	Computer Equipment	Equipment, Furniture and Fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
31 March 2020	**1,416,401**	**129,271**	**99,404**	**1,341,479**	**747,037**	**3,733,592**
Additions	2,209	10,874	5,573	62,650	17,469	98,775
31 March 2021	**1,418,610**	**140,145**	**104,977**	**1,404,129**	**764,506**	**3,832,367**
Additions	15,075	12,504	14,500	127,670	18,699	188,448
Disposals	-	(29,844)	(12,500)	(86,447)	(18,718)	(147,509)
31 March 2022	**1,433,685**	**122,805**	**106,977**	**1,445,352**	**764,487**	**3,873,306**
Accumulated Depreciation						
31 March 2020	**223,836**	**108,898**	**51,657**	**1,020,466**	**446,000**	**1,850,857**
Charge for the year	26,552	2,471	13,027	145,333	50,220	237,603
31 March 2021	**250,388**	**111,369**	**64,684**	**1,165,799**	**496,220**	**2,088,460**
Charge for the year	26,624	3,983	14,791	116,763	48,462	210,623
Disposals	-	(29,844)	(9,583)	(86,447)	(18,718)	(144,592)
31 March 2022	**277,012**	**85,508**	**69,892**	**1,196,115**	**525,964**	**2,154,491**
Net Book Value						
31 March 2022	**1,156,673**	**37,297**	**37,085**	**249,237**	**238,523**	**1,718,815**
31 March 2021	**1,168,222**	**28,776**	**40,293**	**238,330**	**268,286**	**1,743,907**

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18. Deferred Income Taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same fiscal authority.

Deferred income tax is calculated in full on temporary differences using a principal tax rate of 33⅓%.

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

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred income tax assets	7,881,151	3,499,320	7,827,427	3,460,566
Deferred income tax liabilities	(15,813)	(8,434)	-	-
Net deferred income tax assets	7,865,338	3,490,886	7,827,427	3,460,566

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

	The Group			
	2022			
	Balance at Beginning of Year	Recognised in Income (note 8)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Tax losses carried forward	-	361,279	-	361,279
Investments	1,038,372	(840,945)	2,491,072	2,688,499
Accounts payable	69,422	(17,207)	-	52,215
Property, plant and equipment	9,245	(45,907)	-	(36,662)
Accounts receivable	5,875	308	-	6,183
Interest payable	357,218	233,229	-	590,447
Unrealised foreign exchange losses	2,422,662	2,222,867	-	4,645,529
Notes receivable	17,677	30,637	-	48,314
Lease liabilities	5,375	41,106	-	46,481
Interest receivable	(434,960)	(101,987)	-	(536,947)
	3,490,886	**1,883,380**	**2,491,072**	**7,865,338**

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18. Deferred Income Taxes (Continued)

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

	The Group				
	2021				
	Balance at Beginning of Year	Transfer to parent Company [note 1(c)]	Recognised in Income (note 8)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000	$'000
Tax losses carried forward	12,726	(12,726)	-	-	-
Investments	3,686,154	(1,390,812)	511,015	(1,767,985)	1,038,372
Accounts payable	49,197	-	20,225	-	69,422
Property, plant and equipment	(18,642)	-	27,887	-	9,245
Accounts receivable	6,315	-	(440)	-	5,875
Interest payable	265,409	-	91,809	-	357,218
Unrealised foreign exchange losses	886,180	-	1,536,482	-	2,422,662
Notes receivable	26,123	-	(8,446)	-	17,677
Lease liabilities	1,223	-	4,152	-	5,375
Interest receivable	(387,445)	-	(47,515)	-	(434,960)
	4,527,240	**(1,403,538)**	**2,135,169**	**(1,767,985)**	**3,490,886**

	The Company			
	2022			
	Balance at Beginning of Year	Recognised in Income (note 8)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Tax losses	-	361,279	-	361,279
Investments	1,029,978	(810,822)	2,476,579	2,695,735
Notes receivable	17,677	(316)	-	17,361
Other receivables	6,415	(126)	-	6,289
Accounts payable	62,622	(17,785)	-	44,837
Property, plant and equipment	(1,029)	(48,469)	-	(49,498)
Interest payable	357,218	233,228	-	590,446
Unrealised foreign exchange losses	2,417,100	2,234,440	-	4,651,540
Interest receivable	(434,735)	(102,170)	-	(536,905)
Lease liabilities	5,320	41,023	-	46,343
	3,460,566	**1,890,282**	**2,476,479**	**7,827,427**

18. Deferred Income Taxes (Continued)

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

	The Company			
	2021			
	Balance at Beginning of Year $'000	Recognised in Income (note 8) $'000	Recognised in Other Comprehensive Income $'000	Balance at End of Year $'000
Investments	2,680,902	477,421	(2,128,345)	1,029,978
Notes receivable	26,123	(8,446)	-	17,677
Other receivables	7,026	(611)	-	6,415
Accounts payable	44,662	17,960	-	62,622
Property, plant and equipment	(25,567)	24,538	-	(1,029)
Interest payable	265,409	91,809	-	357,218
Unrealised foreign exchange losses	883,390	1,533,710	-	2,417,100
Interest receivable	(387,041)	(47,694)	-	(434,735)
Lease liabilities	1,352	3,968	-	5,320
	3,496,256	**2,092,655**	**(2,128,345)**	**3,460,566**

19. Share Capital

	2022 Number of Shares 000	2021 Number of Shares 000
Authorised:		
Ordinary stock units of no par value	1,816,400	1,816,400
Fixed rate cumulative redeemable preference shares of no par value	4,000,000	4,000,000
	5,816,400	**5,816,400**

	2022 Number of Stock units 000	2021 Number of Stock units 000
Issued ordinary share capital:		
Ordinary stock units in issue	**1,741,552**	**1,630,552**

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19. Share Capital (Continued)

	2022 $'000	2021 $'000
Stated capital:		
1,741,552,530 (2021: 1,630,552,530) ordinary stock units	4,564,054	1,864,054
941,699,000 7.50% cumulative redeemable preference stock units	941,699	941,699
33,938,125 USD 6.00% cumulative redeemable preference stock units	5,203,054	4,916,956
57,000,000 USD 6.90% cumulative redeemable preference stock units	8,738,670	8,258,160
6,000,000,000 7.35% cumulative redeemable preference stock units	6,000,000	-
	25,447,477	15,980,869
Less redeemable preference stock units classified as liabilities in the financial statements	(20,883,423)	(14,116,815)
	4,564,054	**1,864,054**

By ordinary resolution dated 28 February 2022, the directors approved the issuance of 105,000,000 ordinary shares valued at J$2.1 billion in favor of JMMB Group Limited in settlement of a promissory note. The new shares rank pari passu with existing ordinary shares.

By ordinary resolution dated 30 March 2022, the Board of directors approved the issuance of 6 million ordinary shares valued at J$600 million in favor of JMMB Group Limited. The new shares rank pari passu with existing ordinary shares.

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

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

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

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

The rights attaching to the ordinary shares include the following:

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

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

20. Earning per stock unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent of $1,603,866,000 (2021: $2,645,227,000) by the weighted average number of ordinary stock units in issue during the year, numbering, 1,639,802,531 (2021: 1,630,552,530).

21 Reserves

(a) Investment Revaluation Reserve
The investment revaluation reserve comprises the cumulative net change in the fair value of investments measured at fair value through other comprehensive income (FVOCI) net, of deferred tax, until the assets are derecognised or impaired.

(b) Retained Earnings Reserve
In a previous year, in accordance with a board resolution, the Company transferred a portion of its profit after tax to a non-distributable retained earnings reserve. This reserve constitutes a part of the Company's capital base in determining the capital adequacy ratio.

22. Securities Sold Under Agreements to Repurchase

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Denominated in Jamaica dollars	69,184,738	59,198,864	69,204,899	59,480,794
Denominated in United States dollars	163,840,276	119,403,596	163,840,277	119,403,596
Denominated in Pound Sterling	-	110,128	-	110,128
Denominated in Euros	147,153	149,446	147,153	149,446
	233,172,167	**178,862,034**	**233,192,329**	**179,143,964**

Repurchase agreements are collateralised by certain securities and other instruments with a carrying value of $243,256,823,000 (2021: $193,785,153,000) for the Group and $243,276,985,000 (2021: $194,100,667,000), for the Company respectively, (notes 12 and 13).

Repurchase agreements include balances with related parties as set out in note 25. Certain of the securities described in note 13 and interest accrued thereon are pledged as securities.

23. Notes Payable

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Senior Unsecured US$ Fixed Note (i)	2,962,562	2,799,661	2,962,562	2,799,661
Unsecured J$ Fixed Note (ii)	-	9,965,934	-	9,965,934
Unsecured US$ Fixed Note (iii)	1,638,228	1,548,147	1,638,228	1,548,147
Unsecured J$ Fixed Note (iv)	7,509,800	7,509,800	7,509,800	7,509,800
	12,110,590	**21,823,542**	**12,110,590**	**21,823,542**

23. Notes Payable (continued)

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

(ii) This represents unsecured fixed rate J$ debt issued in two tranches bearing interest at 7.15% and 7.35% per annum, payable annually. The note matured and was repaid on 19 June 2021.

(iii) This represents an unsecured fixed rate US$ indexed debt bearing interest at 5.75% per annum, payable on a quarterly basis. The note matures on 27 July 2022.

(iv) This represents unsecured fixed rate J$ debt bearing interest at 6.75% per annum, payable on a quarterly basis. The note matures on 27 July 2022.

24. Leases

The Group leases properties for office space and other uses. The leases run for a period of 1-5 years. Certain leases have an option to renew for further periods of 1 to 5 years.

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

(i) Amounts recognised in the statement of financial position relating to leases are as follows:

Right of use assets:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	215,256	214,372	197,691	197,691
Additions	4,311	884	4,311	-
Balance at 31 March	**219,567**	**215,256**	**202,002**	**197,691**
Depreciation at 1 April	59,725	27,547	54,900	26,157
Charge for the year	34,406	32,178	30,850	28,743
	94,131	**59,725**	**85,750**	**54,900**
Balance at 31 March	**125,436**	**155,531**	**116,252**	**142,791**
Lease liabilities:				
Current	34,905	32,730	31,378	29,425
Non-current	113,739	138,928	107,666	129,328
	148,644	**171,658**	**139,044**	**158,753**

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24. Leases (Continued)

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

Lease liabilities (continued):

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Undiscounted cashflows of lease liabilities				
Less than one year	42,400	10,400	38,353	9,388
One to five years	114,028	31,200	107,621	28,165
More than five years	12,039	157,518	12,039	147,064
	168,467	199,118	158,013	184,617
Less future interest charges	(19,823)	(27,460)	(18,969)	(25,864)
	148,644	**171,658**	**139,044**	**158,753**

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

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Depreciation charge of right-of-use assets	34,406	32,178	30,850	28,743
Interest expense	9,457	10,510	8,715	9,946
Expense relating to short-term leases (included in administration expenses)	28,458	23,742	28,458	23,266

(iii) Amounts recognised in the statement of cash flows

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Total cash out flows for leases	43,880	39,863	39,833	37,874

(iv) Extension options

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

(v) Extension options

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $20,883,000 (2021: $23,969,000) for the Group and $6,305,000 (2021: $10,307,000) for the Company.

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25. Related Party Transactions and Balances

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

Related companies include parent company, subsidiaries and fellow subsidiaries. Related parties include directors, key management and companies for which the Company provides management services.

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

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Directors:				
Notes receivable	90,670	36,356	90,670	36,356
Interest payable	(618)	(609)	(618)	(609)
Repurchase agreements	(78,963)	(89,965)	(78,963)	(89,965)
Other related parties:				
Notes receivable	2,458,549	2,458,549	2,458,549	2,458,549
Interest payable	(2,743)	(68)	(2,743)	(68)
Repurchase agreements	(263,896)	(26,581)	(263,896)	(26,581)

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Parent company:				
Other receivable	4,064,393	13,783,924	4,064,393	13,783,924
Redeemable preference shares	(20,883,423)	(14,116,815)	(20,883,423)	(14,116,815)
Interest payable	(219,992)	(238,735)	(219,992)	(238,735)
Notes payable	(9,148,028)	(19,023,881)	(9,148,028)	(19,023,881)
Repurchase agreements	(186,875)	(719,272)	(186,875)	(719,272)
Subsidiaries:				
Resale agreements	-	-	-	145,827
Notes receivable	-	-	255,745	252,498
Interest receivable	-	-	386	427
Accounts receivable	-	-	3,577,197	3,069,645
Repurchase agreements	-	-	20,162	281,930
Interest payable	-	-	(2)	(640)

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25. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Fellow subsidiaries:				
Cash and bank balances	879,370	305,706	-	-
Other receivable	1,848,542	821,072	1,557,347	779,194
Notes receivable	14,311,755	1,283,616	14,311,755	1,283,616
Resale agreements	87,934,945	41,791,683	87,934,945	41,791,683
Interest receivable	583,295	516,132	581,827	514,691
Investments	18,397,200	17,385,600	18,397,200	17,385,600
Repurchase agreements	(1,554,805)	(3,441,903)	(1,554,805)	(3,441,903)
Interest payable	(413)	(37,164)	(413)	(37,164)
Managed funds:				
Investments	219,420	-	-	-
Cash and cash equivalents	1,013,797	1,433,160	-	-
Other receivables	2,692,421	569,991	2,435,441	469,325
Accounts payable	(260,190)	(103,272)	-	-

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

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Directors:				
Interest income	3,240	1,487	3,240	1,487
Interest expense	(3,722)	(2,011)	(3,722)	(2,011)
Other related parties:				
Commission income	985	-	-	-
Interest expense	(522)	-	(522)	-
Subsidiaries:				
Interest income	-	-	5,983	6,295
Interest expense	-	-	(14,376)	(17,547)
Parent company:				
Interest income	-	529,716	-	529,716
Interest expense	(1,832,497)	(1,485,503)	(2,230,133)	(1,485,503)
Fellow subsidiaries:				
Interest income	3,272,907	680,686	3,272,907	1,144,327
Gain from securities trading	-	1,481	-	1,481
Interest expense	(207,749)	(121,646)	(270,749)	(121,646)
Management fees	760,679	-	760,679	-

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25. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Managed funds:-				
Gain on sale of securities	58,277	71,598	58,277	71,598
Fee income	980,919	858,020	-	-
Interest income	13,592	7,164	-	-
Interest expense	(413,734)	(329,261)	(413,734)	(329,261)

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

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Directors' emoluments:				
Fees	15,424	11,827	7,758	7,668
Management remuneration	98,483	73,792	98,483	73,792
Key management compensation:				
Salaries and related costs	341,780	329,960	276,022	212,836
Post-employment benefits	12,901	12,049	11,951	10,619
	468,588	**427,628**	**394,214**	**304,915**

26. Financial Risk Management

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

(a) Introduction and overview

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

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

Risk management framework

The risks are managed through an established risk management framework for the Group, which involves the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is 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 minimise potential adverse effects on the Group's financial performance.

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

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

(i) Risk Management Committee

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

The Risk Committee is responsible for approving all credit requests above a specified threshold and ensuring that all lending facilities conform to standards agreed by the Board and embodied in Credit Risk Policy. The committee is ultimately responsible for determining the composition and management of the credit portfolio and has available a number of measures it can employ in this respect including the making of specific and general impairment allowances against actual or potential bad debts. The committee is supported in its work by the Management Credit Committee.

(ii) Audit Committee

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

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

26. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Risk management framework (continued)

(iii) Investment Committee

The Investment Committee is a senior management level committee responsible for the management of market risks. The committee monitors the composition of assets and liabilities, evaluates potential market risk involved in launching new products, reviews and articulates funding policy and decides optimal ways of managing the Group's liquidity.

(iv) Asset and liability Committees (ALCOs)

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

Impact of Covid-19

In April 2022 the Government of Jamaica lifted all Covid-19 pandemic related restrictions with similar actions taken in other territories of operation. This follows months of gradual easing of restrictions both locally and internationally as the world prepares to return to a level of normalcy in spite of the continued presence of the virus. This has been made possible through the widespread use of vaccines as well as the presence of less severe strains of the virus which helps to develop herd immunity over time. While the virus is likely to be prevalent for the foreseeable future and further waves of infection are likely, management through large scale lockdowns is a less likely outcome despite being used in some places like China. The accommodative stance taken by local regulators during the height of the pandemic has been reduced and removed in some cases with the large-scale accommodation arrangements that were offered by most financial institutions being reduced significantly.

Going forward we expect to see a gradual recovery in all the territories of operation. The Jamaican economy has seen a reopening of all sectors that were previously restricted, including the entertainment sector. It is anticipated that over the medium term, most sectors should return to normality. Tourism has seen a notable recovery with the sector recording growth of 76.2% for the Oct-Dec-2021 quarter. Overall, the Jamaican economy is estimated to have grown by 4.4% for the 2021 calendar year and about 6% to 7% for the 2021/22 fiscal year.

The Group continued to monitor its exposure to systemic risk and has continued to focus on active management of capital, liquidity and operational risks.

There is a framework in place to ensure that all entities within the Group are adequately capitalized through the Internal Capital Adequacy Assessment Process (ICAAP) and that these entities have sufficient liquid assets and ready access to financing to support business operations and growth. Furthermore, the Group has developed contingency plans to ensure that the impact of any unforeseen events is manageable and to facilitate timely responses. The Group maintains its Business Continuity Plan (BCP) to ensure that our clients, team members and other key stakeholders remain safe and that the Group is prepared for any eventuality.

26. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Risk management framework (continued)

Impact of Covid-19 (continued)

Despite the gradual reduction of the impacts of the pandemic and reopening of the economy, management has adopted several measures specifically around financial risk management. These measures include the following:

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

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

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

(iii) Keeping close communication with our clients and supporting them through the use of payment accommodations where appropriate as well as restructuring options to provide more appropriate payment arrangements and modification of loan terms and conditions based on clients' specific situation. Other special arrangements with clients, such as amending their collateral/margin requirements on select products based on their needs continue to be utilized in some cases.

(b) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from, its lending activities, as well as from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

(i) Management of credit risk

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

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Management of credit risk (continued)

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

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

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD).

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

The Group manages the credit risk of financial assets as follows:

(i) Loans and notes receivable

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

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

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

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

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

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Management of credit risk (continued)

(ii) Investments and resale agreements

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

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

(iii) Cash and cash equivalents

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

(ii) Credit risk analysis

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

Loans and notes receivable at amortised cost:

	The Group			
	2022			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Credit grade				
Standard monitoring	26,510,116	631,500	-	27,141,616
Default	-	-	986,274	986,274
	26,510,116	631,500	986,274	28,127,890
Loss allowance [note 26(b)(vi)(v)]	(50,697)	(476)	(377,615)	(428,788)
	26,459,419	**631,024**	**608,659**	**27,699,102**

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Credit risk analysis (continued)

Loans and notes receivable at amortised cost:

	The Group			
	2021			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Credit grade				
Standard monitoring	12,203,190	932,407	-	13,135,597
Default	-	-	2,001,718	2,001,718
	12,203,190	932,407	2,001,718	15,137,315
Loss allowance [note 26(b)(vi)(v)]	(45,147)	(286)	(1,124,424)	(1,169,857)
	12,158,043	**932,121**	**877,294**	**13,967,458**

	The Group			
	2022			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Ageing of loans and notes receivable				
Neither past due nor impaired	26,370,366	-	-	26,370,366
Past due 1-30 days	139,750	-	-	139,750
Past due 31-60	-	499,170	-	499,170
Past due 61-90	-	132,330	-	132,330
More than 90 days	-	-	986,274	986,274
Total	**26,510,116**	**631,500**	**986,274**	**28,127,890**

	The Group			
	2021			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Ageing of loans and notes receivable				
Neither past due nor impaired	9,274,062	-	-	9,274,062
Past due 1-30 days	2,929,128	-	-	2,929,128
Past due 31-60	-	777,057	-	777,057
Past due 61-90	-	155,350	-	155,350
More than 90 days	-	-	2,001,718	2,001,718
Total	**12,203,190**	**932,407**	**2,001,718**	**15,137,315**

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Loans and notes receivable at amortised cost (continued):

	The Company			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Standard monitoring	26,510,116	631,500	-	27,141,616
Default	-	-	98,038	98,038
	26,510,116	631,500	98,038	27,239,654
Loss allowance [note 26(b)(vi)(v)]	(50,697)	(476)	(916)	(52,089)
	26,459,419	**631,024**	**97,122**	**27,187,565**

	The Company			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Standard monitoring	11,956,517	932,407	-	12,888,924
Default	-	-	95,892	95,892
	11,956,517	932,407	95,892	12,984,816
Loss allowance [note 26(b)(vi)(v)]	(48,475)	(286)	(4,274)	(53,035)
	11,908,042	**932,121**	**91,618**	**12,931,781**

	The Company			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Ageing of loans and notes receivable				
Neither past due nor impaired	26,370,366	-	-	26,370,366
Past due 1-30 days	139,750	-	-	139,750
Past due 31-60	-	499,170	-	499,170
Past due 61-90	-	132,330	-	132,330
More than 90 days	-	-	98,038	98,038
Total	**26,510,116**	**631,500**	**98,038**	**27,239,654**

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Loans and notes receivable at amortised cost (continued):

	The Company			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Ageing of loans and notes receivable				
Neither past due nor impaired	9,027,389	-	-	9,027,389
Past due 1-30 days	2,929,128	-	-	2,929,128
Past due 31-60	-	777,057	-	777,057
Past due 61-90	-	155,350	-	155,350
More than 90 days	-	-	95,892	95,892
Total	**11,956,517**	**932,407**	**95,892**	**12,984,816**

Debt securities at amortised cost:

	The Group	
	2022	2021
	Stage 1	Stage 1
	$'000	$'000
Credit grade		
Watch	1,522,011	8,206,736
Loss allowance [note 26(b)(vi)(v)]	(3,446)	(45,516)
	1,518,565	**8,161,220**

	The Company	
	2022	2021
	Stage 1	Stage 1
	$'000	$'000
Credit grade		
Watch	801,441	7,951,068
Loss allowance[note 26(b)(vi)(v)]	(3,446)	(45,516)
	797,995	**7,905,552**

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Securities purchased under agreements to resell at amortised cost:

	The Group			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Watch	87,934,945	-	-	87,934,945
Loss allowance [note 26(b)(vi)(v)]	(421)	-	-	(421)
	87,934,524	-	-	**87,934,524**

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Watch	45,091,683	-	-	45,091,683
Loss allowance [note 26(b)(vi)(v)]	(376)	-	-	(376)
	45,091,307	-	-	**45,091,307**

	The Company			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Watch	87,934,946	-	-	87,934,946
Loss allowance [note 26(b)(vi)(v)]	(424)	-	-	(424)
	87,934,522	-	-	**87,934,522**

	The Company			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Watch	45,237,510	-	-	45,237,510
Loss allowance [note 26(b)(vi)(v)]	(379)	-	-	(379)
	45,237,131	-	-	**45,237,131**

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Debt securities at FVOCI:

	The Group			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Investment grade	5,545,192	-	-	5,545,192
Watch	121,938,126	765,199	-	122,703,325
Speculative	3,363,767	15,033	-	3,378,800
Default	-	-	462,293	462,293
	130,847,085	**780,232**	**462,293**	**132,089,610**
Loss allowance [note 26(b)(vi)(v)]	**814,015**	**41,915**	**234,108**	**1,090,038**

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Investment grade	4,672,062	-	-	4,672,062
Watch	122,025,395	881,719	-	122,907,114
Speculative	3,353,773	13,869	-	3,367,642
Default	-	-	**319,676**	319,676
	130,051,230	**895,588**	**319,676**	**131,266,494**
Loss allowance [note 26(b)(vi)(v)]	**781,617**	**31,184**	**132,589**	945,390

	The Company			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Investment grade	5,545,192	-	-	5,545,192
Watch	121,938,126	765,199	-	122,703,325
Speculative	3,363,767	15,033	-	3,378,800
Default	-	-	462,293	462,293
	130,847,085	**780,232**	**462,293**	**132,089,610**
Loss allowance [note 26(b)(vi)(v)]	**814,015**	**41,915**	**234,108**	**1,090,038**

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Debt securities at FVOCI (continued):

	The Company			
	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Credit grade				
Investment grade	4,672,062	-	-	4,672,062
Watch	122,025,395	881,719	-	122,907,114
Speculative	3,353,773	13,869	-	3,367,642
Default	-	-	319,676	319,676
	130,051,230	**895,588**	**319,676**	**131,266,494**
Loss allowance [note 26(b)(vi)(v)]	**781,617**	**31,184**	**132,589**	**945,390**

(iii) Maximum exposure to credit risk

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

(iv) Concentration of credit risk

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

	The Group				
	2022				
	Cash and cash equivalents	**Loans and notes receivable**	**Resale agreements**	**Investment securities**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Concentration by sector					
Government of Jamaica	-	-	-	55,294,737	55,294,737
Sovereign bonds	-	-	-	10,096,756	10,096,756
Bank of Jamaica	2,975,554	-	-	16,635,495	19,611,049
Corporate	-	6,325,788	-	56,373,357	62,699,145
Financial institutions	12,178,848	14,542,737	87,934,524	780,367	115,436,476
Retail	-	6,830,577	-	-	6,830,577
	15,154,402	**27,699,102**	**87,934,524**	**139,180,712**	**269,968,740**
Concentration by location					
Jamaica	14,540,524	11,349,299	24,366,788	88,957,318	139,213,929
North America	404,470	-	-	4,600,154	5,004,624
Trinidad and Tobago	209,408	761,828	596,096	11,973,172	13,540,504
Dominican Republic	-	544,637	-	-	544,637
Other	-	15,043,338	62,971,640	33,650,068	111,665,046
	15,154,402	**27,699,102**	**87,934,524**	**139,180,712**	**269,968,740**

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk (continued)

	The Group 2021				
	Cash and cash equivalents $'000	Loans and notes receivable $'000	Resale agreements $'000	Investment securities $'000	Total $'000
Concentration by sector					
Government of Jamaica	-	-	-	62,651,433	62,651,433
Sovereign bonds	-	-	-	11,014,725	11,014,725
Bank of Jamaica	1,031,654	-	-	20,873,966	21,905,620
Corporate	-	5,125,802	-	49,167,768	54,293,570
Financial institutions	14,597,828	3,165,419	45,091,307	583,184	63,437,738
Retail	-	5,676,237	-	-	5,676,237
	15,629,482	**13,967,458**	**45,091,307**	**144,291,076**	**218,979,323**
Concentration by location					
Jamaica	14,036,473	10,757,916	26,615,645	100,507,274	151,917,308
North America	1,368,211	-	-	3,622,513	4,990,724
Trinidad and Tobago	224,798	685,801	-	9,289,697	10,200,296
Dominican Republic	-	575,187	-	-	575,187
Other	-	1,948,554	18,475,662	30,871,592	51,295,808
	15,629,482	**13,967,458**	**45,091,307**	**144,291,076**	**218,979,323**

	The Company 2022				
	Cash and cash equivalents $'000	Loans and notes receivable $'000	Resale agreements $'000	Investment securities $'000	Total $'000
Concentration by sector					
Government of Jamaica	-	-	-	55,294,737	55,294,737
Sovereign bonds	-	-	-	10,096,756	10,096,756
Bank of Jamaica	2,975,554	-	-	16,635,495	19,611,049
Corporate	-	5,814,252	-	53,869,089	59,683,341
Financial institutions	10,681,625	14,542,736	87,934,522	560,944	113,719,827
Retail	-	6,830,577	-	-	6,830,577
	13,657,179	**27,187,565**	**87,934,522**	**136,457,021**	**265,236,287**
Concentration by location					
Jamaica	12,987,720	10,837,763	24,366,785	86,524,006	134,716,274
North America	464,525	-	-	4,600,154	5,064,679
Trinidad and Tobago	204,934	761,828	596,096	11,682,796	13,245,654
Dominican Republic	-	544,637	-	-	544,637
Other	-	15,043,337	62,971,641	33,650,065	111,665,043
	13,657,179	**27,187,565**	**87,934,522**	**136,457,021**	**265,236,287**

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(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk (continued)

	The Company				
	2021				
	Cash and cash equivalents $'000	Loans and notes receivable $'000	Resale agreements $'000	Investment securities $'000	Total $'000
Concentration by sector					
Government of Jamaica	-	-	-	62,651,433	62,651,433
Sovereign bonds	-	-	-	11,014,725	11,014,725
Bank of Jamaica	1,031,654	-	-	20,873,966	21,905,620
Corporate	-	4,090,125	-	47,390,157	51,480,282
Financial institutions	12,626,946	3,165,419	45,237,131	376,386	61,405,882
Retail	-	5,676,237	-	-	5,676,237
	13,658,600	**12,931,781**	**45,237,131**	**142,306,667**	**214,134,179**
Concentration by location					
Jamaica	12,121,202	9,722,239	26,761,469	98,699,294	147,304,204
North America	1,314,825	-	-	3,622,513	4,937,338
Trinidad and Tobago	222,573	685,801	-	9,113,267	10,021,641
Dominican Republic	-	575,187	-	-	575,187
Other	-	1,948,554	18,475,662	30,871,593	51,295,809
	13,658,600	**12,931,781**	**45,237,131**	**142,306,667**	**214,134,179**

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

The Group holds collateral against loans and advances to customers and others in the form of mortgage interests over property, other registered securities and other assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over balances with banks or broker/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities, and no such collateral was held at the reporting date (2021: no collateral held).

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

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

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

	The Group			
	Loans and notes receivable		Resale agreements	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:				
Cash secured	19,899,987	1,905,589	-	-
Debt securities	15,486,631	13,258,173	110,879,823	64,368,691
Motor vehicle	813,620	759,625	-	-
Unsecured	64,985	75,573	-	-
Subtotal	**36,265,223**	**15,998,960**	**110,879,823**	**64,368,691**
Against past due but not impaired financial assets:				
Cash secured	639,277	2,749,994	-	-
Debt securities	434,978	2,769,268	-	-
Unsecured	-	1,906	-	-
Subtotal	**1,074,255**	**5,521,168**	-	-
Against past due and impaired financial assets:				
Cash secured	915	6,701	-	-
Property	-	-	-	-
Debt securities	72,879	84,732	-	-
Subtotal	**73,794**	**91,433**	-	-
Total	**37,413,272**	**21,611,561**	**110,879,823**	**64,368,691**

	The Company			
	Loans and notes receivable		Resale agreements	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:				
Cash secured	19,899,987	1,905,589	-	-
Debt securities	15,486,631	13,258,173	110,899,981	64,796,445
Motor vehicles	813,620	759,625	-	-
Unsecured	64,985	75,5735	-	-
Subtotal	**36,265,223**	**15,998,960**	**110,899,981**	**64,796,445**
Against past due but not impaired financial assets:				
Cash secured	639,277	2,749,994	-	-
Debt securities	434,978	2,769,268	-	-
Unsecured	-	1,906	-	-
Subtotal	**1,074,255**	**5,521,168**	-	-
Against past due and impaired financial assets:				
Cash secured	915	6,701	-	-
Property	-	-	-	-
Debt securities	72,879	84,732	-	-
Subtotal	**73,794**	**91,433**	-	-
Total	**37,413,272**	**21,611,561**	**110,899,981**	**64,796,445**

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement

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

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

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

(i) Significant increase in credit risk

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

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

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

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

Credit risk grades:

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

26. Financial Risk Management (Continued)

(b) **Credit risk (continued)**

(vi) Expected credit loss measurement (continued)

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

(i) Significant increase in credit risk (continued)

Credit risk grades (continued)

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

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

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

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

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

Individual:

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

Commercial & Corporate:

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

Treasury

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

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Credit risk grades (continued):

Treasury (continued)

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

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

Generating the term structure of PD:

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

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

Determining when credit risk has increased significantly

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

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

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

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Credit risk grades (continued)

Determining when credit risk has increased significantly (continued)

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

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

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

When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

(ii) Definition of default

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

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

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

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

Jamaica Money Market Brokers Limited

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(iii) Incorporation of forward-looking information

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

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

These economic variables and their associated impact on the PD, exposure at default (EAD) and loss given default (LGD) vary by financial instrument.

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

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

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

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

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

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

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

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

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

(iv) Calculation of the expected credit loss (ECL)

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

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

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

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

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

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

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation.

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(iv) Calculation of the expected credit loss (ECL) (continued)

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

The Group employs a simplified scorecard in estimating its forward-looking indicator factors. This model differentiates between sovereign, corporate and retail loan exposures. A minimum of three leading macroeconomic variables are used for each asset class.

(v) Loss allowance

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

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

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

Loans and notes receivable at amortised cost:

	The Group			
	2022			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at 1 April	45,147	286	1,124,424	1,169,857
Transfer from stage 1 to stage 2	(112)	112	-	-
Transfer from stage 2 to stage 1	190	(190)	-	-
Transfer from stage 3 to stage 1	99	-	(99)	-
Transfer from stage 3 to stage 2	-	10	(10)	-
Financial assets derecognised during period	(1,899)	(96)	(1,423)	(3,418)
New financial assets originated or purchased	1,150	-	96	1,246
Paydowns	(3,556)	-	-	(3,556)
Net remeasurement of loss allowance	11,589	-	(2,406)	9,183
Foreign exchange and other movements	(1,911)	354	(742,967)	(744,524)
Balance at 31 March	**50,697**	**476**	**377,615**	**428,788**

	The Group			
	2021			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at 1 April	73,413	1,815	948,780	1,024,008
Transfer from stage 1 to stage 2	(61)	61	-	-
Transfer from stage 1 to stage 3	(28)	-	28	-
Transfer from stage 2 to stage 1	144	(144)	-	-
Transfer from stage 2 to stage 3	-	(93)	93	-
Transfer from stage 3 to stage 1	572	-	(572)	-
Transfer from stage 3 to stage 2	-	216	(216)	-
Financial assets derecognised during period	(10,830)	(1,578)	(8,123)	(20,531)
New financial assets originated or purchased	9,328	190	56	9,574
Paydowns	(65)	-	(13)	(78)
Net remeasurement of loss allowance	(16,505)	-	1	(16,504)
Foreign exchange and other movements	(10,821)	(181)	184,390	173,388
Balance at 31 March	**45,147**	**286**	**1,124,424**	**1,169,857**

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Loans and notes receivable at amortised cost (continued):

	The Company			
	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	48,475	286	4,274	53,035
Transfer from stage 1 to stage 2	(112)	112	-	-
Transfer from stage 2 to stage 1	190	(190)	-	-
Transfer from stage 3 to stage 1	99	-	(99)	-
Transfer from stage 3 to stage 2	-	10	(10)	-
Financial assets derecognised during the year	(1,899)	(96)	(1,423)	(3,418)
New financial assets originated or purchased	1,150	-	96	1,246
Paydowns	(3,556)	-	-	(3,556)
Net remeasurement of loss allowance	11,589	-	(2,406)	9,183
Foreign exchange and other movements	(5,239)	354	484	(4,401)
Balance at 31 March	**50,697**	**476**	**916**	**52,089**

	The Company			
	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	76,561	1,815	9,048	87,424
Transfer from stage 1 to stage 2	(61)	61	-	-
Transfer from stage 1 to stage 3	(28)	-	28	-
Transfer from stage 2 to stage 1	144	(144)	-	-
Transfer from stage 2 to stage 3	-	(93)	93	-
Transfer from stage 3 to stage 1	572	-	(572)	-
Transfer from stage 3 to stage 2	-	216	(216)	-
Financial assets derecognised during the year	(10,830)	(1,578)	(8,123)	(20,531)
New financial assets originated or purchased	9,328	190	56	9,574
Paydowns	(65)	-	(13)	(78)
Net remeasurement of loss allowance	(16,505)	-	1	(16,504)
Foreign exchange and other movements	(10,641)	(181)	3,972	(6,850)
Balance at 31 March	**48,475**	**286**	**4,274**	**53,035**

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Securities purchased under agreements to resell:

	The Group	
	2022	2021
	Stage 1	Stage 1
	$'000	$'000
Balance at 1 April	376	110
Net remeasurement of loss allowance during the year	45	266
Balance at 31 March	**421**	**376**

	The Company	
	2022	2021
	Stage 1	Stage 1
	$'000	$'000
Balance at 1 April	379	154
Net remeasurement of loss allowance during the year	45	225
Balance at 31 March	**424**	**379**

Debt securities at amortised cost:

	The Group			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	45,516	-	-	45,516
Financial assets derecognised during the year	(40,754)	-	-	(40,754)
Foreign exchange and other movements	(1,316)	-	-	(1,316)
Balance at 31 March	**3,446**	**-**	**-**	**3,446**

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	31,010	-	239,092	270,102
Financial assets derecognised during the year	-	-	(239,092)	(239,092)
Financial assets transferred during the year	(7,100)	-	-	(7,100)
Foreign exchange and other movements	21,606	-	-	21,606
Balance at 31 March	**45,516**	**-**	**-**	**45,516**

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Debt securities at amortised cost (continued):

	The Company 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	45,516	-	-	45,516
Financial assets derecognised during the year	(40,754)	-	-	(40,754)
Foreign exchange and other movements	(1,316)	-	-	(1,316)
Balance at 31 March	**3,446**	-	-	**3,446**

	The Company 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	23,910	-	239,092	263,002
Financial assets derecognised during the year	-	-	(239,092)	(239,092)
Foreign exchange and other movements	21,606	-	-	21,606
Balance at 31 March	**45,516**	-	-	**45,516**

Debt securities at FVOCI:

	The Group 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	781,617	31,184	132,589	945,390
Transfer from Stage 1 to Stage 3	(503)	-	503	-
Financial asset derecognised	(162,234)	(136)	-	(162,370)
New financial assets originated or purchased	255,765	250	30,116	286,131
Foreign exchange and other movements	(60,630)	10,617	70,900	20,887
Balance at 31 March	**814,015**	**41,915**	**234,108**	**1,090,038**

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26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Debt securities at FVOCI (continued):

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	714,654	92,182	2,274	809,110
Transfer from stage 1 to stage 2	(1,210)	1,210	-	-
Transfer from stage 1 to stage 3	(1,250)	-	1,250	-
Financial assets derecognised	(187,477)	(90,161)	(2,274)	(279,912)
Financial assets transferred during period	(111,746)	-	-	(111,746)
New financial assets originated or purchased	433,894	136	418	434,448
Foreign exchange and other movements	(65,248)	27,817	130,921	93,490
Balance at 31 March	**781,617**	**31,184**	**132,589**	**945,390**

	The Company			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	781,617	31,184	132,589	945,390
Transfer from stage 1 to stage 3	(503)	-	503	-
Financial assets derecognised	(162,234)	(136)	-	(162,370)
New financial assets originated or purchased	255,765	250	30,116	286,131
Foreign exchange and other movements	(60,630)	10,617	70,900	20,887
Balance at 31 March	**814,015**	**41,915**	**234,108**	**1,090,038**

	The Company			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	602,908	92,182	2,274	697,364
Transfer from stage 1 to stage 2	(1,210)	1,210	-	-
Transfer from stage 1 to stage 3	(1,250)	-	1,250	-
Financial assets derecognised	(187,477)	(90,161)	(2,274)	(279,912)
New financial assets originated or purchased	433,894	136	418	434,448
Foreign exchange and other movements	(65,248)	27,817	130,921	93,490
Balance at 31 March	**781,617**	**31,184**	**132,589**	**945,390**

26. Financial Risk Management (Continued)

(c) Liquidity risk

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

A Liability Risk Management Committee sits as needed, on occasions where management considers that heightened monitoring and coordination of liquidity exposures across the Group is warranted.

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

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

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

Liquidity risk management process

The Group’s liquidity management process includes:

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

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

(iii) Optimising cash returns on investments; and

(iv) Managing the concentration and profile of debt maturities.

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

26. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Liquidity risk management process (continued)

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

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

	The Group				
	2022				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Securities sold under agreements to repurchase	172,534,266	63,946,556	235,802	236,716,624	233,172,167
Notes payable	41,070	9,317,950	2,996,490	12,355,510	12,110,590
Redeemable preference shares	345,828	1,037,484	28,141,979	29,525,291	20,883,423
Lease liabilities	10,845	31,554	126,058	168,457	148,644
Other payables	3,051,961	-	-	3,051,961	3,051,971
	175,983,970	**74,333,544**	**31,500,329**	**281,817,843**	**269,366,785**

	The Group				
	2021				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Securities sold under agreements to repurchase	150,374,718	30,232,834	-	180,607,552	178,862,034
Notes payable	10,067,786	714,896	12,615,008	23,397,690	21,823,542
Redeemable preference shares	226,857	680,570	18,621,573	19,529,000	14,116,815
Lease liabilities	10,400	31,200	157,518	199,118	171,658
Other payables	2,039,216	-	-	2,039,216	2,039,216
	162,718,977	**31,659,500**	**31,394,099**	**225,772,576**	**217,013,265**

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26. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

	The Company				
	2022				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Securities sold under agreements to repurchase	172,554,428	63,946,556	235,802	236,736,786	233,192,329
Notes payable	41,070	9,317,950	2,996,490	12,355,510	12,110,590
Redeemable preference shares	345,828	1,037,484	28,141,979	29,525,291	20,883,423
Lease liabilities	9,833	28,519	119,661	158,013	139,044
Other payables	1,971,530	-	-	1,971,530	1,971,530
	174,922,689	**74,330,509**	**31,493,932**	**280,747,130**	**268,296,916**

	The Company				
	2021				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Securities sold under agreements to repurchase	150,656,648	30,232,834	-	180,889,482	179,143,964
Notes payable	10,067,743	714,896	12,615,008	23,397,647	21,823,542
Redeemable preference shares	226,857	680,569	18,621,573	19,528,999	14,116,815
Lease liabilities	9,388	28,165	147,064	184,617	158,753
Other payables	1,382,406	-	-	1,382,406	1,382,406
	162,343,042	**31,656,464**	**31,383,645**	**225,383,151**	**216,625,480**

(d) Market risk

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

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

26. Financial Risk Management (Continued)

(d) Market risk (continued)

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

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

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

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

A summary of the VaR position of the Group's overall portfolio as at 31 March 2022 and during the year then ended is as follows:

	31 March	Average for Year	Maximum during Year	Minimum during Year
	$'000	$'000	$'000	$'000
2022 Overall VaR	4,121,137	9,253,072	15,723,274	3,751,623
2021 Overall VaR	9,193,285	12,085,707	28,597,903	5,948,407

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

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

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26. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk

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

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

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

	The Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
United States dollars	(7,919,626)	924,250	(8,189,879)	519,043
Great Britain Pounds	79,787	411,464	(25,656)	385,083
Euros	(84,225)	9,229	(90,211)	3,723
Trinidad and Tobago dollars	1,654,660	637,976	1,358,602	592,215
Canadian dollars	157,930	231,346	120,369	212,034
Pesos	-	44,891	-	44,891

Foreign currency sensitivity

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

	The Group			
	2022		2021	
	Change in Currency Rate	Effect on Profit	Change in Currency Rate	Effect on Profit
	%	$'000	%	$'000
Currency:				
USD	8	(633,570)	6	55,455
GBP	8	6,383	6	24,688
EUR	8	(6,738)	6	554
TT	8	132,373	6	38,279
CAD	8	12,634	6	13,881
RD$	8	-	6	2,693
		(488,918)		**135,550**

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26. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk (continued)

	The Group			
	2022		2021	
	Change in Currency Rate %	Effect on Profit $'000	Change in Currency Rate %	Effect on Profit $'000
Currency:				
USD	-2	158,393	-2	(18,485)
GBP	-2	(1,596)	-2	(8,229)
EUR	-2	1,685	-2	(185)
TT	-2	(33,093)	-2	(12,760)
CAD	-2	(3,159)	-2	(4,627)
RD$	-2	-	-2	(898)
		122,230		**(45,184)**

	The Company			
	2022		2021	
	Change in Currency Rate %	Effect on Profit $'000	Change in Currency Rate %	Effect on Profit $'000
Currency:				
USD	8	(655,190)	6	31,143
GBP	8	(2,052)	6	23,105
EUR	8	(7,217)	6	223
TT	8	108,688	6	35,533
CAD	8	9,630	6	12,722
RD$	8	-	6	2,693
		(546,141)		**105,419**
USD	-2	163,798	-2	(10,381)
GBP	-2	513	-2	(7,702)
EUR	-2	1,804	-2	(74)
TT	-2	(27,172)	-2	(11,844)
CAD	-2	(2,407)	-2	(4,241)
RD$	-2	-	-2	(898)
		136,536		**(35,140)**

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26. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk

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

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

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

	The Group					
	2022					
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets						
Cash and cash equivalents	15,154,383	-	-	-	19	15,154,402
Interest receivable	-	-	-	-	2,138,112	2,138,112
Loans and notes receivable	26,168,001	200,000	567,150	-	763,951	27,699,102
Other receivables	-	-	-	-	5,939,225	5,939,225
Due from parent company	-	-	-	-	4,090,882	4,090,882
Securities purchased under agreements	74,770,142	13,164,382	-	-	-	87,934,524
Investment securities	10,958,570	8,456,673	4,676,511	109,673,563	5,415,395	139,180,712
Total financial assets	127,051,096	21,821,055	5,243,661	109,673,563	18,347,584	282,136,959
Financial Liabilities						
Securities sold under agreements to repurchase	171,073,733	27,487,875	34,390,579	219,980	-	233,172,167
Notes payable	-	9,148,028	-	2,962,562	-	12,110,590
Redeemable preference shares	-	-	-	20,883,423	-	20,883,423
Lease liabilities	8,469	8,326	16,741	115,108	-	148,644
Interest payable	-	-	-	-	1,771,126	1,771,126
Other payables	-	-	-	-	3,051,961	3,051,961
Total financial liabilities	171,082,202	36,644,229	34,407,320	24,181,073	4,823,087	271,137,911
Total interest rate sensitivity gap	(44,031,106)	(14,823,174)	(29,163,659)	85,492,490	13,524,497	10,999,048
Cumulative interest rate sensitivity gap	**(44,031,106)**	**(58,854,280)**	**(88,017,139)**	**(2,525,449)**	**10,999,048**	

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26. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group					
	2021					
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	15,605,453	-	-	-	24,029	15,629,482
Interest receivable	-	-	-	-	1,862,896	1,862,896
Loans and notes receivable	10,450,219	200,000	2,032,393	-	1,284,846	13,967,458
Other receivables	-	-	-	-	2,134,265	2,134,265
Due from parent company	-	-	-	-	13,783,924	13,783,924
Securities purchased under agreements	33,360,709	6,905,829	4,824,769	-	-	45,091,307
Investment securities	10,999,962	841,859	16,147,886	111,701,870	4,599,499	144,291,076
Total financial assets	**70,416,343**	**7,947,688**	**23,005,048**	**111,701,870**	**23,689,459**	**236,760,408**
Financial Liabilities						
Securities sold under agreements to repurchase	149,437,933	16,758,848	12,665,253	-	-	178,862,034
Notes payable	9,965,977	-	-	11,857,565	-	21,823,542
Redeemable preference shares	-	-	-	14,116,815	-	14,116,815
Lease liabilities	8,009	8,124	16,597	138,928	-	171,658
Interest payable	-	-	-	-	1,070,696	1,070,696
Other payables	-	-	-	-	2,039,216	2,039,216
Total financial liabilities	**159,411,919**	**16,766,972**	**12,681,850**	**26,113,308**	**3,109,912**	**218,083,961**
Total interest rate sensitivity gap	**(88,995,576)**	**(8,819,284)**	**10,323,198**	**85,588,562**	**20,579,547**	**18,676,447**
Cumulative interest rate sensitivity gap	**(88,995,576)**	**(97,814,860)**	**(87,491,662)**	**(1,903,100)**	**18,676,447**	

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26. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company					
	2022					
	Within 3 Months $'000	**3 to 6 Months $'000**	**6 to 12 Months $'000**	**1 to 5 Years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
Financial Assets						
Cash and cash equivalents	13,657,179	-	-	-	-	13,657,179
Interest receivable	-	-	-	-	2,136,901	2,136,901
Loans and notes receivable	26,420,415	200,000	567,150	-	-	27,187,565
Other receivables	-	-	-	-	8,103,382	8,103,382
Due from parent company	-	-	-	-	4,064,393	4,064,393
Securities purchased under agreements to resell	74,770,139	13,164,383	-	-	-	87,934,522
Investment securities	10,238,000	8,456,673	4,676,511	109,516,421	3,569,416	136,457,021
Total financial assets	125,085,733	21,821,056	5,243,661	109,516,421	17,874,092	279,540,963
Financial Liabilities						
Securities sold under agreements to repurchase	171,093,895	27,487,875	34,390,579	219,980	-	233,192,329
Notes payable	-	9,148,028	-	2,962,562	-	12,110,590
Redeemable preference	-	-	-	20,883,423	-	20,883,423
Lease liabilities	7,924	7,790	15,664	107,666	-	139,044
Interest payable	-	-	-	-	1,771,514	1,771,514
Other payables	-	-	-	-	1,971,530	1,971,530
Total financial liabilities	171,101,819	36,643,693	34,406,243	24,173,631	3,743,044	270,068,430
Total interest rate sensitivity gap	(46,016,086)	(14,822,637)	(29,162,582)	85,342,790	14,131,048	9,472,533
Cumulative interest rate sensitivity gap	**(46,016,086)**	**(60,838,723)**	**(90,001,305)**	**(4,658,515)**	**9,472,533**	

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26. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company					
	2021					
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	13,658,600	-	-	-	-	13,658,600
Interest receivable	-	-	-	-	1,862,521	1,862,521
Loans and notes receivable	10,699,387	200,000	2,032,394	-	-	12,931,781
Other receivables	-	-	-	-	4,604,155	4,604,155
Due from parent company	-	-	-	-	13,783,924	13,783,924
Securities purchased under agreements to resell	33,506,533	6,905,829	4,824,769	-	-	45,237,131
Investment securities	10,744,295	841,859	16,147,886	111,451,870	3,120,757	142,306,667
Total financial assets	**68,608,815**	**7,947,688**	**23,005,049**	**111,451,870**	**23,371,357**	**234,384,779**
Financial Liabilities						
Securities sold under agreements to repurchase	149,719,863	16,758,848	12,665,253	-	-	179,143,964
Notes payable	9,965,934	-	-	11,857,608	-	21,823,542
Lease liabilities	7,203	7,304	14,918	129,328	-	158,753
Redeemable preference shares	-	-	-	14,116,815	-	14,116,815
Interest payable	-	-	-	-	1,071,762	1,071,762
Other payables	-	-	-	-	1,382,406	1,382,406
Total financial liabilities	**159,693,000**	**16,766,152**	**12,680,171**	**26,103,751**	**2,454,168**	**217,697,242**
Total interest rate sensitivity gap	**(91,084,185)**	**(8,818,464)**	**10,324,878**	**85,348,119**	**20,917,189**	**16,687,537**
Cumulative interest rate sensitivity gap	**(91,084,185)**	**(99,902,649)**	**(89,577,771)**	**(4,229,652)**	**16,687,537**	

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26. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

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

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

	Effect on Profit 2022 $'000	Effect on Equity 2022 $'000	Effect on Profit 2021 $'000	Effect on Equity 2021 $'000
Change in basis points				
JMD/USD				
+300/+150 (2021: +100/+100)	51,406	5,361,910	6,711,979	51,406
-50/-50 (2021: -100/-100)	(51,406)	(5,361,910)	(6,216,353)	(51,406)

(iii) Equity price risk

Equity price risk arises on equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximize investment returns while managing risk so as to minimise potential adverse effects on the Group's financial performance.

The Group's equity securities are listed on the Jamaica and Trinidad and Tobago Stock Exchanges.

The following tables indicate the possible impact on the Group and Company's profit and equity as a result of possible increases/decreases in equity prices:

	The Group			
	2022		2021	
	Effect on Profit $'000	Effect on Equity $'000	Effect on Profit $'000	Effect on Equity $'000
Change in equity prices				
+5% (2021: +5%)	139,174	111,259	103,555	108,015
-5% (2021: -5%)	(139,174)	(111,259)	(103,555)	(108,015)

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26. Financial Risk Management (Continued)

(d) Market risk (continued)

(iii) Equity price risk (continued)

The following tables indicate the possible impact on the Group and Company's profit and equity as a result of possible increases/decreases in equity prices (continued):

	The Company			
	2022		2021	
	Effect on Profit $'000	Effect on Equity $'000	Effect on Profit $'000	Effect on Equity $'000
Change in equity prices				
+5% (2021: +5%)	65,620	193,521	39,808	98,103
-5% (2021: -5%)	(65,620)	(193,521)	(39,808)	(98,103)

(e) Operational risk

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

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

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

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

26. Financial Risk Management (Continued)

(e) Operational risk (continued)

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

(f) Capital management

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

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

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

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

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

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

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

The regulated authorities require each regulated entity to:

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

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

Certain subsidiaries' regulatory capital is divided into two tiers:

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

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

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

The regulated companies within the Group with prescribed capital requirements are Jamaica Money Market Brokers Limited (JMMB), JMMB Securities Limited (JMMBSL), JMMB Fund Managers Limited (JMMBFM) and JMMB Insurance Brokers Limited (JMMBIB).

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26. Financial Risk Management (Continued)

(f) Capital management (continued)

The table and notes below summarise the composition of regulatory capital and the ratios of the regulated companies within the Group for the years ended 31 March 2022 and 31 March 2021.

There have been no material changes in the Group's management of capital during the year.

	JMMB		JMMBSL		JMMBIB	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**	**2022 $'000**	**2021 $'000**
Regulatory capital –						
Tier 1 capital	20,700,364	19,966,642	991	647	277,882	231,587
Tier 2 capital	10,724,419	7,298,358	-	-	-	-
Total regulatory capital	31,424,783	27,265,000	991	647	277,882	231,587
Risk-weighted assets –						
On-balance sheet	183,900,403	182,875,356	2,771	2,006	-	-
Foreign exchange exposure	8,305,745	1,756,989	99	243	-	-
Total risk-weighted assets	192,206,148	184,632,345	2,870	2,249	-	-
Actual regulatory capital to risk weighted assets	16%	15%	35%	29%	-	-
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	-	-

	JMMBFM	
	2022 $'000	**2021 $'000**
Tier 1 capital	421,885	813,361
Actual regulatory capital	421,885	813,361
Required level of regulatory capital	127,915	95,784
Total risk-weighted assets	913,681	684,170
Tier one capital ratio to risk-weighted assets capital	46%	119%

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

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

27. Financial Instruments – Fair Value

(a) Definition and measurement of fair values

The Group's accounting policies on measurement and disclosure require the measurement of fair values for financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where a quoted market price is available, fair value is computed by the Group using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques, making use of available input data; the Group uses observable data as far as possible. Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Level 1 refers to financial assets and financial liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 refers to financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There were no transfers between levels during the year.

27. Financial Instruments – Fair Value (Continued)

(b) Techniques for measuring fair value of financial instruments

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

(c) Accounting classifications and fair values

The following table shows the classification of financial assets and financial liabilities and their carrying amounts.

Where the carrying amounts of financial assets and financial liabilities are measured at fair value, their levels in the fair value hierarchy are also shown. Where the carrying amounts of financial assets and financial liabilities are not measured at fair value, those carrying amounts are a reasonable approximation of fair value.

27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2022						
	Carrying amount				Fair value		
	Amortised Cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Government of Jamaica Securities	-	54,318,251	-	54,318,251	-	54,318,251	54,318,251
Certificates of Deposit	-	16,635,495	-	16,635,495	-	16,635,495	16,635,495
Corporate bonds	-	51,039,107	-	51,039,107	-	51,039,107	51,039,107
Foreign Government Securities	-	10,096,757	-	10,096,757	-	10,096,757	10,096,757
Ordinary shares quoted	-	2,131,843	2,375,469	4,507,312	4,507,312	-	4,507,312
Ordinary shares unquoted	-	33,970	93,750	127,720	-	127,720	127,720
Units in Unit Trusts	-	-	713,916	713,916	-	713,916	713,916
Money Market Funds	-	-	66,447	66,447	-	66,447	66,447
Redeemable preference shares	-	-	157,142	157,142	-	157,142	157,142
	-	**134,255,423**	**3,406,724**	**137,662,147**	**4,507,312**	**133,154,835**	**137,662,147**

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27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2022						
	Carrying amount				Fair value		
	Amortised Cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets not measured at fair value							
Cash and cash equivalents	15,154,402	-	-	15,154,402	-	15,154,402	15,154,402
Interest receivable	2,138,112	-	-	2,138,112	-	2,138,112	2,138,112
Loans and notes receivable	27,699,102	-	-	27,699,102	-	27,699,102	27,699,102
Other receivables	5,939,225	-	-	5,939,225	-	5,939,225	5,939,225
Due from parent company	4,090,882	-	-	4,090,882	-	4,090,882	4,090,882
Securities purchased under agreements to resell	87,934,524	-	-	87,934,524	-	87,934,524	87,934,524
Certificates of Deposit	720,570	-	-	720,570	-	720,570	720,570
Foreign Government Securities	801,441	-	-	801,441	-	1,019,103	1,019,103
	144,478,258	-	-	**144,478,258**	-	**144,695,920**	**144,695,920**
Financial liabilities not measured at fair value							
Securities sold under agreements to repurchase	233,172,167	-	-	233,172,167	-	233,172,167	233,172,167
Notes payable	12,110,590	-	-	12,110,590	-	12,110,590	12,110,590
Redeemable preference shares	20,883,423	-	-	20,883,423	-	20,883,423	20,883,423
Lease liabilities	148,644	-	-	148,644	-	148,644	148,644
Interest payable	1,771,126	-	-	1,771,126	-	1,771,126	1,771,126
Other payables	3,078,450	-	-	3,078,450	-	3,078,450	3,078,450
	271,164,400	-	-	**271,164,400**	-	**271,164,400**	**271,164,400**

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27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2021						
	Carrying amount				Fair value		
	Amortised Cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Government of Jamaica Securities	-	54,588,108	-	54,588,108	-	54,588,108	54,588,108
Certificates of Deposit	-	20,873,966	-	20,873,966	-	20,873,966	20,873,966
Corporate bonds	-	44,789,695	-	44,789,695	-	44,789,695	44,789,695
Foreign Government Securities	-	11,014,725	-	11,014,725	-	11,014,725	11,014,725
Ordinary shares quoted	-	2,143,954	1,781,423	3,925,377	3,925,377	-	3,925,377
Ordinary shares unquoted	-	16,344	88,458	104,802	-	104,802	104,802
Units in Unit Trusts	-	-	515,894	515,894	-	515,894	515,894
Money Market Funds	-	-	67,289	67,289	-	67,289	67,289
Redeemable preference shares	-	-	250,000	250,000	-	250,000	250,000
	-	**133,426,792**	**2,703,064**	**136,129,856**	**3,925,377**	**132,204,479**	**136,129,856**

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27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2021						
	Carrying amount				Fair value		
	Amortised Cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets not measured at fair value							
Cash and cash equivalents	15,629,482	-	-	15,629,482	-	15,629,482	15,629,482
Interest receivable	1,862,896	-	-	1,862,896	-	1,862,896	1,862,896
Loans and notes receivable	13,967,458	-	-	13,967,458	-	13,967,458	13,967,458
Other receivables	2,134,265	-	-	2,134,265	-	2,134,265	2,134,265
Due from parent company	13,783,924	-	-	13,783,924	-	13,783,924	13,783,924
Securities purchased under agreements to resell	45,091,307	-	-	45,091,307	-	45,091,307	45,091,307
Certificates of Deposit	255,668	-	-	255,668	-	255,668	255,668
Foreign Government Securities	7,951,068	-	-	7,951,068	-	8,825,113	8,825,113
	100,676,068	-	-	**100,676,068**	-	**101,550,113**	**101,550,113**
Financial liabilities not measured at fair value							
Securities sold under agreements to repurchase	178,862,034	-	-	178,862,034	-	178,862,034	178,862,034
Notes payable	21,823,542	-	-	21,823,542	-	21,823,542	21,823,542
Redeemable preference shares	14,116,815	-	-	14,116,815	-	14,116,815	14,116,815
Lease liabilities	171,658	-	-	171,658	-	171,658	171,658
Interest payable	1,070,696	-	-	1,070,696	-	1,070,696	1,070,696
Other payables	2,039,216	-	-	2,039,216	-	2,039,216	2,039,216
	218,083,961	-	-	**218,083,961**	-	**218,083,961**	**218,083,961**

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27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Company						
	2022						
	Carrying amount				Fair value		
	Amortised cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Government of Jamaica Securities	-	54,318,251	-	54,318,251	-	54,318,251	54,318,251
Certificates of Deposit	-	16,635,495	-	16,635,495	-	16,635,495	16,635,495
Corporate bonds	-	51,039,107	-	51,039,107	-	51,039,107	51,039,107
Foreign Government Securities	-	10,096,757	-	10,096,757	-	10,096,757	10,096,757
Ordinary shares quoted	-	1,977,090	903,663	2,880,753	2,880,753	-	2,880,753
Ordinary shares unquoted	-	33,970	93,750	127,720	-	127,720	127,720
Units in Unit Trusts	-	-	494,496	494,496	-	494,496	494,496
Money Market Funds	-	-	66,447	66,447	-	66,447	66,447
	-	**134,100,670**	**1,558,356**	**135,659,026**	**2,850,753**	**132,778,273**	**135,659,026**

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27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Company						
	2022						
	Carrying amount				Fair value		
	Amortised cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets not measured at fair value							
Cash and cash equivalents	13,657,179	-	-	13,657,179	-	13,657,179	13,657,179
Interest receivable	2,136,901	-	-	2,136,901	-	2,136,901	2,136,901
Loans and notes receivable	27,187,565	-	-	27,187,565	-	27,187,565	27,187,565
Other receivables	8,103,382	-	-	8,103,382	-	8,103,382	8,103,382
Due from parent company	4,064,393	-	-	4,064,393	-	4,064,393	4,064,393
Securities purchased under agreements to resell	136,457,021	-	-	136,457,021	-	136,457,021	136,457,021
Government of Jamaica Securities	801,441	-	-	801,441	-	1,019,103	1,019,103
	192,407,882	-	-	**192,407,882**	-	**192,625,544**	**192,625,544**
Financial liabilities not measured at fair value							
Securities sold under agreements to repurchase	233,192,329	-	-	233,192,329	-	233,192,329	233,192,329
Notes payable	12,110,590	-	-	12,110,590	-	12,110,590	12,110,590
Lease liabilities	139,044	-	-	139,044	-	139,044	139,044
Redeemable preference shares	20,883,423	-	-	20,883,423	-	20,883,423	20,883,423
Interest payable	1,771,514	-	-	1,771,514	-	1,771,514	1,771,514
Other payables	1,971,530	-	-	1,971,530	-	1,971,530	1,971,530
	270,068,430	-	-	**270,068,430**	-	**270,068,430**	**270,068,430**

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27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Company						
	2021						
	Carrying amount				Fair value		
	Amortised cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Government of Jamaica Securities	-	54,588,108	-	54,588,108	-	54,588,108	54,588,108
Certificates of Deposit	-	20,873,966	-	20,873,966	-	20,873,966	20,873,966
Corporate bonds	-	44,789,695	-	44,789,695	-	44,789,695	44,789,695
Foreign Government Securities	-	11,014,725	-	11,014,725	-	11,014,725	11,014,725
Ordinary shares quoted	-	1,945,723	707,710	2,653,433	2,653,433	-	2,653,433
Ordinary shares unquoted	-	16,344	88,458	104,802	-	104,802	104,802
Units in Unit Trusts	-	-	309,097	309,097	-	309,097	309,097
Money Market Funds	-	-	67,289	67,289	-	67,289	67,289
	-	**133,228,561**	**1,172,554**	**134,401,115**	**2,653,433**	**131,747,682**	**134,401,115**

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27. Financial Instruments - Fair Value (Continued)

(d) Accounting classifications and fair values (continued)

	The Company						
	2021						
	Carrying amount				Fair value		
	Amortised cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets not measured at fair value							
Cash and cash equivalents	13,658,600	-	-	13,658,600	-	13,658,600	13,658,600
Interest receivable	1,862,521	-	-	1,862,521	-	1,862,521	1,862,521
Loans and notes receivable	12,931,781	-	-	12,931,781	-	12,931,781	12,931,781
Other receivables	4,604,155	-	-	4,604,155	-	4,604,155	4,604,155
Due from parent company	13,783,924	-	-	13,783,924	-	13,783,924	13,783,924
Securities purchased under agreements to resell	45,237,131	-	-	45,237,131	-	45,237,131	45,237,131
Government of Jamaica Securities	7,951,068	-	-	7,951,068	-	8,825,113	8,825,113
	100,029,180	-	-	**100,029,180**	-	**100,903,225**	**100,903,225**
Financial liabilities not measured at fair value							
Securities sold under agreements to repurchase	179,143,964	-	-	179,143,964	-	179,143,964	179,143,964
Notes payable	21,823,542	-	-	21,823,542	-	21,823,542	21,823,542
Lease liabilities	158,753	-	-	158,753	-	158,753	158,753
Redeemable preference shares	14,116,815	-	-	14,116,815	-	14,116,815	14,116,815
Interest payable	1,071,762	-	-	1,071,762	-	1,071,762	1,071,762
Other payables	1,382,406	-	-	1,382,406	-	1,382,406	1,382,406
	217,697,242	-	-	**217,697,242**	-	**217,697,242**	**217,697,242**

28. Post-employment Benefits

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

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

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

The contributions for the year amounted to $106,749,000 (2021: $96,755,000) for the Group and $95,781,000 (2021: $87,001,000) for the Company.

29. Managed Funds

The Group acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. This includes some of the assets of the Group's pension scheme (Note 28). Although the Group is the custodian of the securities in which the clients participate, it has no legal or equitable right or interest in these securities. Accordingly, the securities in which the clients' funds are invested are not recognised on the statement of financial position.

At 31 March 2022, managed funds amounted to $149,868,877,000 (2021: $134,508,586,000) including assets of the Group's pension scheme, amounting to $5,582,970,000 (2021: $4,870,416,000). The financial statements include the following assets held in/(liabilities payable to) the managed funds:

	2022	**2021**
	$'000	**$'000**
Investments	66,447	67,289
Interest payable	(106,611)	(920)
Securities sold under agreements to repurchase	(50,006,724)	(49,019,616)

30. Significant Accounting Policies

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

(a) Basis of consolidation

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

30. Significant Accounting Policies (Continued)

(a) Basis of consolidation (continued)

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

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

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

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

(i) Non-controlling interests

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

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

(ii) Loss of control

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

(b) Financial Instruments

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

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

30. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(i) Initial recognition and measurement

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

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

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

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

(ii) Classification and subsequent remeasurement

Financial assets

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

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

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

(a) Debt instruments

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

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

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

(a) Debt instruments (continued)

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

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance, measured and recognised as described at note 30(b)(vii). Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.

- *Fair value through other comprehensive income (FVOCI):* Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI).

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

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

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

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

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

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30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial assets (continued)

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

(a) Debt instruments (continued)

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

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

(b) Equity instruments

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

The Group subsequently measures all equity investments at fair value through profit or loss (FVTPL), except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

Gains and losses on equity investments at FVTPL are included in the 'net income from financial assets at FVTPL' line in the statement of profit or loss.

Financial liabilities

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

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial liabilities (continued)

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

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and

- Financial guarantee contracts and loan commitments.

(iii) Derecognition of financial assets and financial liabilities

Financial assets:

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

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

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

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

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

Financial liabilities:

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

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

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

Financial liabilities (continued):

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

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

(iv) Modifications

Financial assets:

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

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

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

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

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

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(iv) Modifications (continued)

Financial liabilities:

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

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

(v) Measurement and gains and losses

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

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

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

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

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

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

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

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

Specific financial instruments:

Cash and cash equivalents

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

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

Resale and repurchase agreements

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

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

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

Specific financial instruments (continued):

Loans and notes receivable and other receivables

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

Account payable

Accounts payable are classified and measured at amortised cost.

Interest-bearing borrowings

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

Embedded derivatives

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

(vi) Offsetting

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

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

(vii) Impairment

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

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

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

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

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

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

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

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

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

Restructured financial assets

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

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

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30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Restructured financial assets (continued)

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

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

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

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

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

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Credit-impaired financial assets (continued)

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

- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- loan commitments and financial guarantee contracts: generally, as a provision.
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in profit or loss as a reclassification from OCI.

Write-off

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

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

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

30. Significant Accounting Policies (Continued)

(c) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

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

Property, plant and equipment, with the exception of freehold land and paintings, on which no depreciation is provided, are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Freehold buildings	2½% - 5%
Leasehold improvements	The shorter of the estimated useful life and the period of the lease
Motor vehicles	20%
Computer equipment	20% - 25%
Other equipment, furniture and fittings	10% - 20%
Right-of-use assets	The shorter of the asset's useful life and the lease term.

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

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are recognised at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Internally generated intangible assets, excluding capitalised development costs meeting the criteria of IAS 38, are not capitalised but charged against profits in the year of expenditure. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for an intangible asset with a finite useful life is reviewed at a minimum at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss. Intangible assets with infinite useful lives are measured at cost less impairment losses. They are assessed for impairment at least annually.

30. Significant Accounting Policies (Continued)

(d) Intangible assets (continued)

(i) Computer software

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

(ii) Goodwill

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

(iii) Customer lists and core deposits

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

(iv) Licence

This represents the value of JMMB Securities Limited's seat on the Jamaica Stock Exchange, which has an indefinite useful life. It is tested for impairment annually, and whenever there is an indication that the asset is impaired, the carrying amount is reduced to the recoverable amount.

(v) Other intangibles

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

(e) Leases

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

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30. Significant Accounting Policies (Continued)

(e) Leases (continued)

As a lessee (continued)

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

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

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

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

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

Short-term leases

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

30. Significant Accounting Policies (Continued)

(f) Foreign currency translation

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

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

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

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

(g) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the issuer's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary. Dividends thereon are recognised as interest in profit or loss.

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

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

30. Significant Accounting Policies (Continued)

(h) Taxation

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

(i) Current income tax

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

(ii) Deferred income tax

Deferred income tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

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

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

(i) Impairment of non-financial assets

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

(i) Calculation of recoverable amount

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

(ii) Reversals of impairment

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

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

30. Significant Accounting Policies (Continued)

(j) Revenue recognition

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

(i) Interest income

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

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

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

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

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

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

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

(ii) Fees and commissions

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

Fee and commission income which includes account service, portfolio management and management advisory fees are recognised as the related services are performed.

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Notes to the Financial Statements

31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

30. Significant Accounting Policies (Continued)

(j) Revenue recognition (continued)

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

(ii) Fees and commissions (continued)

Performance obligations and revenue recognition policies:

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

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

(iii) Dividends

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

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30. Significant Accounting Policies (Continued)

(k) Employee benefits

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

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below. Other long-term benefits are not considered material and are charged off when incurred.

Pensions are the Group's only post-employment benefit. Pension fund costs included in Group profit or loss represent contributions to the defined-contribution fund which the Group operates to provide retirement pensions for the Group's employees (Note 28). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged as expense when due.

(l) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Board of Directors as its chief operating decision maker.

The Group's reportable segments are its strategic business units and are based on the Group's management and internal reporting structure. At this time there are no material reportable segments into which the Group's business may be broken down, other than as disclosed in these financial statements.

The Group's operations are located mainly in Jamaica, based on the geographical location of its clients.

(m) Interest expense

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

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

The 'amortised cost' of a financial liability is the amount at which the financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

The effective interest rate of a financial liability is calculated on initial recognition of a financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

Interest expense presented in the statement of profit or loss and OCI includes financial liabilities measured at amortised cost.

30. Significant Accounting Policies (Continued)

(n) Borrowings

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

(o) Investment properties

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

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

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

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

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

  The Group does not expect the amendments to have a significant impact on its 2024 financial statements.

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

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

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

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

Jamaica Money Market Brokers Limited

30. Significant Accounting Policies (Continued)

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

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help entities provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:
  - requiring entities to disclose their *material* accounting policies rather than their *significant* accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments are consistent with the refined definition of material:

  "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

  The Group is assessing the impact that the amendment will have on its 2024 financial statements.

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after 1 January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy.

  Developing an accounting estimate includes both:

  - selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and

  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

  The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

  The Group is assessing the impact that the amendment will have on its 2024 financial statements.

30. Significant Accounting Policies (Continued)

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

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

  The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

  For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

  The Group is assessing the impact that the amendment will have on its 2024 financial statements.