Financial Statements of

JMMB BANK (T&T) LIMITED

March 31, 2020

JMMB BANK (T&T) LIMITED

Financial Statements

March 31, 2020

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Statement of Management's Responsibilities
JMMB Bank (T&T) Limited

Management is responsible for the following:

- Preparing and fairly presenting the financial statements of JMMB Bank (T&T) Limited (the Parent), and its subsidiary together defined as (the Group) which comprise the statement of financial position as at March 31, 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;

- Ensuring that the Group keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud and the achievement of the Group's operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these separate and consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date, or from the date the separate and consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Chief Executive Officer	N. Ag Chief Financial Officer
Date: July 17, 2020	Date: July 17, 2020

KPMG
Chartered Accountants
Savannah East
11 Queen's Park East
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Independent Auditors' Report
To the Shareholders of JMMB Bank (T&T) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JMMB Bank (T&T) Limited ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the Group's and the Company's statement of financial position as at March 31, 2020, the Group's and the Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

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Key Audit Matters (continued)

1. **Expected Credit Losses on Financial Assets**

See notes 12, 23, and 31(d) to the financial statements for disclosures of related accounting policies, judgement, estimates and balances

The key audit matter	**How the matter was addressed in our audit**
Loans and advances to customers amounted to $1,649 million for the Group and $1,564 million for the Company. Investment securities amounted to $400 million for the Group and $400 million for the Company. The key areas requiring greater management judgement include 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. The economic impact of COVID-19 on financial assets has resulted in increased judgement in the following: - The identification of significant increase in credit risk which now includes COVID-19 related qualitative factors. - The incorporation of forward-looking information, reflecting a range of possible future economic conditions which are highly uncertain. 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 audit procedures in relation to the recoverability and of loans and advances to customers and investment securities, included: - Obtaining an understanding of the Group's credit control procedures and testing the design of key controls over granting of credit to customers; - Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key data inputs into the IFRS 9 impairment models. - Testing the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. - Involving our own financial risk modelling specialists to assess management's Expected Credit Loss model and methodology, including the SICR criteria used and independently assessing the assumptions for probability of default, loss given default, exposure at default and the incorporation of forward looking information. Also evaluating whether management has adequately incorporated the impact of COVID-19 in the assumptions. - Replication of the model by the specialists, including factoring COVID-19 assumptions from independent market information and evaluating our generated values against the results of management's model;

Key Audit Matters (continued)

1. **Expected Credit Losses on Financial Assets** (continued)

The key audit matter	How the matter was addressed in our audit
	- For ECLs calculated on an individual basis we tested the factors underlying the impairment identification and quantification including forecasts of the amount and timing of future cash flows, valuation of assigned collateral and estimates of recovery on default and - Assessing the adequacy of the Group's disclosure for impairment of loans and advances to customers and, investment securities against the requirements of IFRS 9.

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Key Audit Matters (continued)

2. Fair value of investment securities

See notes 13, 23, and 31(d) to the financial statements for disclosures of related accounting policies, judgement, estimates and balances.

The key audit matter	How the matter was addressed in our audit
The Group's investments measured at fair value amounted to $468 million for the Group and the Company. Of these investments, $141 million was categorised as Level 2 and $135 million was categorised as Level 3 in the fair value hierarchy, as no quoted prices are available for these instruments. Valuation of these investments required the exercise of judgement and the use of assumptions. Changes to key inputs to the estimates, assumptions and/or the judgements made can result either on an individual investment or in aggregate, in a significant change to the valuation. The COVID 19 pandemic has resulted in the volatility of prices in various markets, which has increased estimation risk of prices used in determining fair values.	Our procedures in this area included: - Assessing and testing the design and operating effectiveness of the Group's controls over the determination and computation of fair values. - Testing the fair value hierarchy of the portfolio of investments by assessing whether (i) the investment was quoted in an active market, (ii) valuation techniques used based on observable inputs or (iii) valuation techniques used based on unobservable inputs. - Assessing the reasonableness of significant assumptions used by third-party pricing sources against independent market data. - We determined whether management has appropriately incorporated the economic impact of COVID-19 in their valuation model assumptions. - We perform independent valuations of all Level 2 and Level 3 investment securities. The valuations performed incorporated data relating to COVID-19 from independent market information. - Evaluated the adequacy of the financial statements disclosures in respect of fair values.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of the 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Group and the Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Group and the Company 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 financial statements.

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

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 Group and the Company 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 and the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Group 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.

Auditors' Responsibilities for the Audit of the Group and the Company Financial Statements (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, actions taken eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group and the Company 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.

The engagement partner on the audit resulting in this independent auditors' report is Robert Alleyne.

KPMG

Chartered Accountants
Port of Spain
Trinidad, West Indies
July 17, 2020

JMMB BANK (T&T) LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended March 31, 2020

	Notes	2020 $'000	2019 $'000
Net Interest Income and other revenue			
Interest income	5	144,754	118,595
Interest expense	6	(37,663)	(26,386)
Net Interest Income		107,091	92,209
OTHER REVENUE			
Gains on securities trading		3,876	1,522
Fees and commissions		14,960	10,942
Foreign exchange gains		34,853	38,984
		53,689	51,448
Operating revenue net of interest expense		160,780	143,657
Operating Expenses			
Staff costs	7	(75,425)	(64,452)
Other expenses	8	(54,457)	(49,023)
		(129,882)	(113,475)
Operating Profit		30,898	30,182
Impairment losses on financial assets	9	(24,226)	(3,324)
PROFIT BEFORE TAXATION		6,672	26,858
Taxation	10	(923)	(10,558)
Profit for the year		5,749	16,300

The accompanying notes on pages 19 to 128 are an integral part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the year ended March 31, 2020

	Notes	2020	2019
		$'000	$'000
Statement of Other Comprehensive (Loss)/Income			
Profit for the year		5,749	16,300
Other Comprehensive (Loss)/Income ***Items that may be subsequently reclassified to profit or loss***			
Net loss on investment in debt instruments measured at FVOCI		(7,365)	(587)
Total comprehensive (loss)/income		(1,616)	15,713

The accompanying notes on pages 19 to 128 are an integral part of these financial statements.

JMMB BANK (T&T) LIMITED

Consolidated Statement of Financial Position

Year ended March 31, 2020

	Notes	2020	2019
		$'000	**$'000**
ASSETS			
Cash and cash equivalents	11	134,938	145,191
Balances with Central Bank		554,963	352,199
Interest receivable		19,476	16,032
Income tax recoverable		467	314
Loans and advances to customers	12	1,649,448	1,259,656
Reverse repurchase agreement		-	7,433
Investment securities	13	468,634	678,317
Accounts receivable		15,767	9,239
Property, plant and equipment	15	24,423	26,253
Right-of-use asset	22	45,012	-
Deferred income tax assets	16	11,125	1,380
Total assets		2,924,253	2,496,014
EQUITY AND LIABILITIES			
Equity			
Stated capital	17	107,631	107,631
Investment revaluation reserve		(6,413)	952
Statutory reserve		36,842	36,061
Retained earnings		70,311	65,343
		208,371	209,987
Liabilities			
Customer deposits	18	2,492,063	2,064,236
Repurchase agreements	19	10,000	67,570
Subordinated debts	20	100,000	100,000
Lease liability	22	46,364	-
Interest payable		9,890	5,668
Income tax payable		5,792	7,957
Accounts payable	21	51,436	39,890
Deferred income tax liability	16	337	706
		2,715,882	2,286,027
Total equity and liabilities		2,924,253	2,496,014

The accompanying notes on pages 19 to 128 are an integral part of these financial statements

Catherine Kumar **Director** **John Tang Nian** **Director**

JMMB BANK (T&T) LIMITED

Consolidated Statement of Changes in Equity

Year ended March 31, 2020

	Stated Capital	Investment Revaluation Reserve	Statutory Reserve	Retained Earnings	General Loss Reserve	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at March 31, 2018	107,631	796	34,188	49,117	21,514	213,246
Changes on initial application of IFRS 9	-	743	-	(19,715)	-	(18,972)
Restated balance as at April 1, 2018	107,631	1,539	34,188	29,402	21,514	194,274
Net movement in fair value of debt instruments - at FVOCI	-	(587)	-	-	-	(587)
Profit for the year	-	-	-	16,300	-	16,300
Total comprehensive income for the year	-	(587)	-	16,300	-	15,713
Transactions with equity holders						
Transfer from general loss reserve	-	-	-	21,514	(21,514)	-
Transfer to statutory reserve	-	-	1,873	(1,873)	-	-
Total transactions with equity holders	-	-	1,873	19,641	(21,514)	-
Balance as at March 31, 2019	107,631	952	36,061	65,343	-	209,987
Net movement in fair value of debt instruments - at FVOCI	-	(7,365)	-	-	-	(7,365)
Profit for the year	-	-	-	5,749	-	5,749
Total comprehensive income for the year	-	(7,365)	-	5,749	-	(1,616)
Transactions with equity holders						
Transfer to statutory reserve	-	-	781	(781)	-	-
Total transactions with equity holders	-	-	781	(781)	-	-
Balance as at March 31, 2020	107,631	(6,413)	36,842	70,311	-	208,371

The accompanying notes on pages 19 to 128 are an integral part of these financial statements.

JMMB BANK (T&T) LIMITED

Consolidated Statement of Cash Flows

Year ended March 31, 2020

	Notes	2020	2019
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		5,749	16,300
Adjustments for:			
Interest income		(144,754)	(118,595)
Interest expense		37,663	26,386
Taxation		923	10,558
Net gain from investment securities		(3,876)	(1,522)
Amortisation of securities and discount cost		(718)	1,032
Depreciation on property, plant and equipment	8	5,767	5,015
Depreciation on right of use asset	22	7,725	-
Finance lease charge –IFRS 16		3,127	-
Loss on the disposal of property, plant and equipment		68	33
		(88,326)	(60,793)
CHANGES IN OPERATING ASSETS AND LIABILITIES			
Accounts receivable		(6,526)	2,785
Central Bank		(202,764)	(14,619)
Loans and notes receivable		(389,792)	(137,201)
Customer deposits		427,827	305,866
Accounts payable		11,538	(2,003)
		(248,043)	94,035
Interest received		142,749	112,168
Interest paid		(34,879)	(24,648)
Taxation paid		(9,461)	(5,404)
Net cash (used in/)provided in operating activities		(149,634)	176,151
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,006)	(5,235)
Investment securities (net)		210,456	(206,937)
Net cash provided by/(used in) investing activities		206,450	(212,172)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of Lease Liabilities		(9,499)	-
Repurchase Agreements		(57,570)	67,570
Net cash (used in)/provided by financing activities		(67,069)	67,570
Net (decrease)/increase in cash and cash equivalents		(10,253)	31,549
Cash and cash equivalents at beginning of year		145,191	113,642
CASH AND CASH EQUIVALENTS AT END OF YEAR		134,938	145,191

The accompanying notes on pages 19 to 128 are an integral part of these financial statements.

JMMB BANK (T&T) LIMITED

Statement of Profit or Loss and Other Comprehensive Income

Year ended March 31, 2020

	Notes	2020	2019
		$'000	**$'000**
Net interest income and other revenue			
Interest income	5	127,325	115,849
Interest expense	6	(37,157)	(26,449)
Net Interest Income		90,168	89,400
OTHER REVENUE			
Gains on securities trading		3,876	1,522
Fees and commissions		12,596	10,323
Foreign exchange gains		34,854	38,983
		51,326	50,828
Operating revenue net of interest expense		141,494	140,228
Operating Expenses			
Staff costs	7	(67,888)	(60,767)
Other expenses	8	(47,216)	(45,791)
		(115,104)	(106,558)
Operating Profit		26,390	33,670
Impairment losses on financial assets	9	(16,251)	(3,287)
PROFIT BEFORE TAXATION		10,139	30,383
Taxation	10	(2,331)	(11,654)
Profit for the year		7,808	18,729

The accompanying notes on pages 19 to 128 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income (continued)

Year ended March 31, 2020

	Notes	2020	2019
		$'000	$'000
Statement of Other Comprehensive (Loss)/Income			
Profit for the year		7,808	18,729
Other Comprehensive (Loss)/Income ***Items that may be subsequently reclassified to profit or loss***			
Net (loss) on investment in debt instruments measured at FVOCI		(7,367)	(591)
Total comprehensive (loss)/income		441	18,138

The accompanying notes on pages 19 to 128 are an integral part of these financial statements.

JMMB BANK (T&T) LIMITED

Statement of Financial Position

March 31, 2020

	Notes	2020	2019
		$'000	$'000
ASSETS			
Cash and cash equivalents	11	132,115	145,170
Balances with Central Bank		545,299	351,335
Interest receivable		16,820	15,341
Loans and advances	12	1,564,311	1,230,414
Reverse repurchase agreement		-	7,433
Investment securities	13	468,217	677,877
Investment in subsidiary		15,000	15,000
Accounts receivable		15,268	8,895
Due from subsidiary		69,127	23,294
Property, plant and equipment	15	19,791	23,249
Right-of-use asset	22	37,445	-
Deferred income tax assets	16	8,259	7
Total assets		2,891,652	2,498,015
EQUITY AND LIABILITIES			
Equity			
Stated capital	17	107,631	107,631
Investment revaluation reserve		(6,419)	948
Statutory reserve		34,797	34,016
Retained earnings		67,698	60,671
		203,707	203,266
Liabilities			
Customer deposits	18	2,461,836	2,064,010
Repurchase agreements	19	10,000	67,570
Subordinated debts	20	100,000	100,000
Lease liability	22	38,608	-
Due to subsidiary		13,110	9,957
Interest payable		8,537	5,596
Income tax payable		5,792	7,957
Accounts payable	21	49,981	39,113
Deferred income tax liability	16	81	546
		2,687,945	2,294,749
Total equity and liabilities		2,891,652	2,498,015

The accompanying notes on pages 19 to 128 are an integral part of these financial statements.

Catherine Kumar Director　　　　**John Tang Nian** Director

JMMB BANK (T&T) LIMITED

Statement of Changes in Equity

Year ended March 31, 2020

	Stated Capital $'000	Investment Revaluation Reserve $'000	Statutory Reserve $'000	Retained Earnings $'000	General Loss Reserve $'000	Total Equity $'000
THE COMPANY						
Balance as at March 31, 2018	107,631	796	32,143	41,916	20,980	203,466
Changes on initial application of IFRS 9	-	743	-	(19,081)	-	(18,338)
Restated balance as at April 1, 2018	107,631	1,539	32,143	22,835	20,980	185,128
Net movement in fair value of debt instruments at FVOCI	-	(591)	-	-	-	(591)
Profit for the year	-	-	-	18,729	-	18,729
Total comprehensive income for the year	-	(591)	-	18,729	-	18,138
Transactions with equity holders						
Transfer to general loss reserve	-	-	-	20,980	(20,980)	-
Transfer to statutory reserve	-	-	1,873	(1,873)	-	-
Total transactions with equity holders	-	-	1,873	19,107	(20,980)	-
Balance as at March 31, 2019	107,631	948	34,016	60,671	-	203,266
Net movement in fair value of debt instruments at FVOCI	-	(7,367)	-	-	-	(7,367)
Profit for the year	-	-	-	7,808	-	7,808
Total comprehensive income for the year	-	(7,367)	-	7,808	-	441
Transactions with equity holders						
Transfer to statutory reserve	-	-	781	(781)	-	-
Total transactions with equity holders	-	-	781	(781)	-	-
Balance as at March 31, 2020	107,631	(6,419)	34,797	67,698	-	203,707

The accompanying notes on pages 19 to 128 are an integral part of these financial statements.

JMMB BANK (T&T) LIMITED

Statement of Cash Flows

Year ended March 31, 2020

	Notes	2020	2019
		$'000	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		7,808	18,729
Adjustments for:			
Interest income		(127,325)	(115,849)
Interest expense		37,157	26,449
Taxation		2,331	11,654
Net gain from investment securities		(3,876)	(1,522)
Amortisation of securities and discount cost		(718)	1,032
Depreciation on property, plant and equipment	8	4,876	4,774
Depreciation on right of use asset	22	6,206	-
Finance lease charge – IFRS 16		2,676	-
Loss on the disposal of property, plant and equipment		68	-
		(70,797)	(54,733)
CHANGES IN OPERATING ASSETS AND LIABILITIES			
Accounts receivable		(6,372)	(2,381)
Central Bank		(193,964)	(13,924)
Loans and advances		(333,897)	(117,739)
Customer deposits		397,825	305,498
Due to/(from) subsidiary		(42,680)	(25,573)
Accounts payable		10,868	2,490
		(239,017)	93,638
Interest received		125,846	111,713
Interest paid		(34,216)	(24,630)
Taxation paid		(9,320)	(5,222)
Net cash (used in)/provided in operating activities		(156,707)	175,499
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,487)	(2,959)
Investment securities (net)		210,429	(209,888)
Net cash provided by/(used in) investing activities		208,942	(212,848)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment on Lease Liabilities		(7,720)	-
Repurchase Agreements		(57,570)	67,570
Net cash (used in)/provided by financing activities		(65,290)	67,570
Net (decrease)/increase in cash and cash equivalents		(13,055)	30,222
Cash and cash equivalents at beginning of year		145,170	114,948
CASH AND CASH EQUIVALENTS AT END OF YEAR		132,115	145,170

The accompanying notes on pages 19 to 128 are an integral part of these financial statements

1. General Information

JMMB Bank (T&T) Limited (previously Intercommercial Bank Limited) (the 'Company' or the 'Bank') was incorporated on September 7, 1997 in the Republic of Trinidad and Tobago and commenced operations from June 8, 1998. Its registered office and principal place of business is situated at DSM Plaza, Old Southern Main Road, Chaguanas. The Bank offers a complete range of banking and financial services as permitted under the Financial Institutions Act, 2008.

On October 2, 2013, the Bank became a fully owned subsidiary of Jamaica Money Market Brokers (Trinidad and Tobago) Limited, a company licensed to carry on the business of a financial holding company pursuant to Section 70 of the Financial Institutions Act, 2008.

Effective April 26, 2016, the Bank changed its name from Intercommercial Bank Limited to JMMB Bank (T&T) Limited.

On September 8, 2017, the ultimate parent of Jamaica Money Market Brokers (Trinidad and Tobago) Limited was changed from Jamaica Money Market Brokers Limited to JMMB Group Limited which is domiciled in Jamaica and is the ultimate parent of all subsidiaries in the JMMB Group.

The Bank's fully owned subsidiary changed its name from Intercommercial Trust and Merchant Bank Limited to JMMB Express Finance (T&T) Limited effective July 25, 2018 and is now focused primarily on consumer lending.

For the purposes of these financial statements the Bank and its subsidiary are together referred to as the Group, whilst the Bank is referred to as the Company.

These financial statements were authorised for issue by the Board of Directors on June 24, 2020.

2. Statement of Compliance and Basis of Preparation

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Details of the Group's accounting policies, including changes during the year, are included in note 4 and 31.

This the first set of the Group's annual financial statements in which IFRS 16 Leases has been applied. Changes to significant accounting policies are described in note 4.

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

(b) Basis of preparation

The financial statements are prepared on the historical cost basis, except for the following:

- financial instruments at fair value through profit or loss (FVTPL)
- financial assets at fair value through other comprehensive income (FVOCI)

(c) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

These financial statements are presented in Trinidad and Tobago dollars, which is the Group's functional and presentation currency, unless otherwise stated. All amounts are rounded to the nearest thousand, unless otherwise indicated.

(d) Use of estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements

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.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 3(a).

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

(a) Key sources of estimation uncertainty

(i) Allowance for impairment losses

Loans accounted for at amortised cost are evaluated for impairment on the basis described in accounting policy note 30(e) (iii) policy.

The measurement of the expected credit loss 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 note 23(a)(ii)3, which also sets out key sensitivities of the ECL to changes in these elements.

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

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

(ii) Financial asset and financial liability classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances.

In classifying financial assets or financial liabilities as fair value through profit or loss (FVTPL), hold to collect and sell and hold to collect, the Group has determined that it meets the criteria for this classification as set out in accounting policy 31(d)(iii).

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

(a) Key sources of estimation uncertainty (continued)

(iii) Determining fair values with significant unobservable inputs

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 28. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, particularly due to COVID-19 pricing assumptions and other risks affecting the specific instrument.

(iv) Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(v) Plant and equipment

Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Group to enable the cost to be treated as a capital item. Further judgment is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value.

(b) Basis of consolidation

(i) Subsidiary

A 'Subsidiary' is an investee controlled by the Group. The Group 'controls' an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiary are included in the Group's consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the Group's consolidated financial statements.

4. Changes in Accounting Policies

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

The Group applied IFRS 16 using the modified retrospective approach, however, there was no impact to retained earnings as the right of use asset was measured at an amount equal to the lease liability (adjusted for prepayments or accrued lease payments relating to the lease at the date of initial application). Further under the modified retrospective approach, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 30(m).

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

(b) As a lessee

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

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected to not separate non-lease components.

4. **Changes in Accounting Policies** (continued)

(b) As a lessee (continued)

(i) Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at April 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: The Group applied this approach to all other leases.

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

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

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT and other miscellaneous office equipment);
- lease and non-lease components were treated as a single component
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- hindsight was used as a guide in determining the lease term where there were options to extend or terminate the lease.

(c) Impact on financial statements

	The Group 2020 $'000	The Company 2020 $'000
Operating lease commitments as at Mar 31, 2019	(54,867)	(48,177)
Additional to lease liabilities	(2,755)	(1,371)
-Discounted using incremental borrowing rate as at Apr 1, 2019	32,535	29,777
-Extension options reasonably certain to be exercised	(21,277)	(18,837)
Lease liability recognised at Apr 1, 2019	(46,364)	(38,608)

5. Interest Income

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Interest income from loans and advances	124,758	98,190	105,955	95,391
Interest income from investment securities:				
FVOCI	19,574	20,288	20,949	20,356
FVTPL	344	82	343	67
Other interest income	78	35	78	35
	144,754	118,595	127,325	115,849

6. Interest Expense

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Interest on customers' deposits	30,766	20,510	30,261	20,538
Interest expense on debt securities	5,015	4,893	5,014	4,893
Interest expense on repurchase agreements	1,882	983	1,882	983
Other interest expense	-	-	-	35
	37,663	26,386	37,157	26,449

7. Staff Costs

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Salaries and wages	48,814	43,154	43,289	40,217
Statutory payroll contributions	3,059	2,679	2,691	2,548
Pension scheme contributions	4,302	3,784	3,877	3,607
Training and development	741	793	676	793
Other staff benefits	18,509	14,042	17,355	13,602
	75,425	64,452	67,888	60,767

8. Other Expenses

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Advertising promotion	2,984	3,100	2,476	2,567
Auditors' remuneration	964	833	670	567
Bank charges and interest	417	452	401	450
Depreciation on property, plant and equipment	5,767	5,015	4,876	4,774
Depreciation on right of use asset	7,725	-	6,206	-
Repairs and maintenance	1,370	1,396	1,182	1,279
Directors' fees (note 21(d))	1,183	1,228	1,183	1,228
Information technology	3,629	5,521	3,212	5,341
Legal and other professional fees	1,717	2,971	1,450	2,867
Loss on disposal of property, plant and equipment	68	34	68	-
Office rental (note below)	-	8,537	-	7,832
Other	18,535	11,061	16,490	10,386
Security	3,808	3,359	3,383	3,281
Stationery, printing and postage	841	785	754	727
Travel and entertainment	870	596	792	556
Utilities	4,579	4,135	4,073	3,936
	54,457	49,023	47,216	45,791

Note: Office rental for financial year to Mar 2020 is nil after the implementation of IFRS 16 leases.

9. Impairment Losses on Financial Assets

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Net impairment losses:				
Impairment loss on loans and advances	(24,392)	(3,383)	(16,417)	(3,350)
Impairment (loss)/reversal on investments	(246)	37	(246)	41
Recoveries	412	22	412	22
	(24,226)	(3,324)	(16,251)	(3,287)

The COVID-19 pandemic has resulted in a significant adverse change in both global and national economic outlook. This has been factored into the forward looking information (FLI) used in the calculation of the Expected Credit Loss (ECL) and is one of the main contributors to the increase in impairment losses on the Group's loans and advances and investment portfolios for the financial year March 31, 2020.

10. Taxation

Income tax is computed at 35% on the profit for the year adjusted for tax purpose.

(i) Taxation charge

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Green Fund levy	582	387	522	379
Current income tax:				
Provision for charge on current year's profit	7,556	10,469	7,556	10,469
Changes in estimates related to prior years' corporation tax	(993)	1,251	(923)	1,154
Deferred income tax relating to the origination and reversal of temporary differences				
- Current year	(6,222)	(1,549)	(4,824)	(348)
	923	10,558	2,331	11,654

10. Taxation (continued)

(ii) Reconciliation of the effective tax rate

	The Group				The Company			
	2020 %	**2020 $'000**	**2019 %**	**2019 $'000**	**2020 %**	**2020 $'000**	**2019 %**	**2019 $'000**
Profit/(loss) before taxation	100	6,672	100	26,858	100	10,139	100	30,383
Tax calculated at relevant rates	35	2,335	35	9,400	35	3,549	35	10,634
Adjusted for the effects of:								
- Income not subject to tax	(14)	(932)	(3)	(674)	(9)	(932)	(2)	(674)
- Prior year income tax	(15)	(992)	5	1,251	(9)	(923)	4	1,154
- Green Fund Levy	9	582	1	387	5	522	1	379
- Expenses not allowable	(1)	(70)	1	194	1	115	1	161
	14	923	39	10,558	23	2,331	38	11,654

11. Cash and Cash Equivalents

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Cash	12,516	8,293	12,495	8,293
Due from financial institutions	122,422	136,898	119,620	136,877
	134,938	145,191	132,115	145,170

12. (a)(i) Loans and Advances to Customers

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Performing loans – Stage 1	1,375,079	1,178,113	1,293,366	1,148,448
Past due but not impaired – Stage 2	229,339	60,873	223,919	60,873
Impaired loans – Stage 3	102,042	53,862	95,396	53,618
Gross loans and advances	1,706,460	1,292,848	1,612,681	1,262,939
Impairment loss allowance	(57,012)	(33,192)	(48,370)	(32,525)
	1,649,448	1,259,656	1,564,311	1,230,414

(a) (ii) Impairment allowance on loans and advances

	The Group 2020	The Group 2019	The Company 2020	The Company 2019
Balance at Apr 1	(33,192)	(12,425)	(32,525)	(12,425)
Charge credit for year	(24,392)	(3,383)	(16,417)	(3,350)
Write off	572	125	572	125
Restated	-	(17,509)	-	(16,875)
Balance as Mar 31	(57,012)	(33,192)	(48,370)	(32,525)

(b) Concentration of gross loans

	The Group 2020	The Group 2019	The Company 2020	The Company 2019
Corporate and commercial	964,587	764,202	964,587	764,202
Retail	741,873	528,646	648,094	498,737
	1,706,460	1,292,848	1,612,681	1,262,939

13. Investment Securities

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Fair value through other comprehensive income (FVOCI)				
Government of Trinidad and Tobago Securities	166,509	202,567	166,509	202,567
Other sovereign bonds	70,639	104,013	70,299	103,649
Corporate bonds	163,444	304,087	163,443	304,086
Unquoted securities	1,553	1,555	1,553	1,555
	402,145	612,222	401,804	611,857
Fair value through profit and loss (FVTPL)				
Corporate bonds	66,489	66,095	66,413	66,020
	468,634	678,317	468,217	677,877

13. Investment Securities (continued)

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Investments mature, from the reporting date as follows:				
Government of Trinidad and Tobago Securities				
Within 3 months	65	28,968	65	28,968
From 3 months to 1 year	120,892	83,062	120,892	83,062
From 1 year to 5 years	13,483	90,537	13,483	90,537
Over 5 years	32,069	-	32,069	-
	166,509	202,567	166,509	202,567
Other sovereign bonds				
Within 3 months	66,629	99,881	66,629	99,881
From 1 year to 5 years	3,670	3,768	3,670	3,768
Over 5 years	340	364	-	-
	70,639	104,013	70,299	103,649
Corporate bonds				
Within 3 months	66,489	66,095	66,413	66,020
From 3 months to 1 year	26,920	-	26,920	-
From 1 year to 5 years	85,475	64,662	85,475	64,662
Over 5 years	51,049	239,425	51,048	239,424
	229,933	370,182	229,856	370,106
Other				
No fixed maturity	1,553	1,555	1,553	1,555
	468,634	678,317	468,217	677,877

14. Related Party Transactions and Balances

(a) A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, Related Party Disclosures as the "reporting entity") in this case, "the Group".

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

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

(2) has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

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

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

14. Related Party Transactions and Balances (continued)

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 and company secretary. The compensation paid or payable to key management for employee services is as shown below:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Due from related parties:				
Advances, investments, cash and balances with bank and other assets				
Affiliated companies – accounts receivable	1,719	587	1,719	587
Ultimate parent company – JMMB Group Limited- accounts receivable	1,659	778	1,659	778
	3,378	1,365	3,378	1,365
Affiliated companies - investment securities	3,365	-	3,365	-
Affiliated companies – reverse repurchase agreement	-	7,433	-	7,433
Subsidiary company-investment	-	-	69,127	23,294
Interest received from subsidiary	-	-	657	17
Directors	-	-	-	-
Key Management Personnel and close family members	6,755	6,909	4,609	6,909
Due to related parties:				
Deposits and liabilities				
Subsidiary company	-	-	13,110	9,957
Affiliated companies – deposits	102,331	59,211	102,331	59,211
Ultimate parent company – JMMB Group Limited – deposits	3,805	22,730	3,805	22,730
Ultimate parent company – JMMB Group Limited – accounts payable	2,715	751	2,715	751
	108,851	82,692	108,851	82,692

14. Related Party Transactions and Balances (continued)

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Directors and Key Management Personnel and close family members				
Directors-deposits	141	-	141	-
Key management personnel and close family members- deposits	1,320	3,339	1,218	3,339
Amounts reported in statement of comprehensive income				
Directors fees	1,183	1,228	1,183	1,228
Other short term employee benefits	13,039	11,144	10,988	9,871
Post-employment benefits	950	910	768	845
	15,172	13,282	12,939	11,944
Interest Income	297	204	200	204
Interest Expense	(8)	(13)	(70)	(13)

15. Property, Plant and Equipment

	The Group				
	Capital Work-in-Progress	Leasehold Improvements	Furniture Fixtures	Computer Equipment	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
March 31, 2019	1,638	26,835	23,374	43,353	95,200
Additions	2,576	34	507	889	4,006
Transfer from work-in-progress	(3,690)	242	3,182	266	-
Disposals	-	(6,697)	(1,949)	(7,271)	(15,917)
March 31, 2020	524	20,414	25,114	37,237	83,289
Accumulated depreciation					
March 31, 2019	-	16,658	14,125	38,164	68,947
Charge for the year	-	1,810	2,080	1,877	5,767
Disposals	-	(6,697)	(1,949)	(7,202)	(15,848)
March 31, 2020	-	11,771	14,256	32,839	58,866
Net Book Value					
March 31, 2020	524	8,643	10,858	4,398	24,423
March 31, 2019	1,638	10,177	9,249	5,189	26,253

15. Property, Plant and Equipment (continued)

	The Company				
	Capital Work-in-Progress	Leasehold Improvements	Furniture Fixtures	Computer Equipment	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
March 31, 2019	1,589	26,563	21,390	42,419	91,961
Additions	865	-	112	509	1,486
Transfer from work-in-progress	(1,930)	-	1,879	51	-
Disposals	-	(6,697)	(1,949)	(7,270)	(15,916)
March 31, 2020	524	19,866	21,432	35,709	77,531
Accumulated depreciation					
March 31, 2019	-	16,633	14,017	38,062	68,712
Charge for the year	-	1,714	1,673	1,489	4,876
Disposal	-	(6,697)	(1,949)	(7,202)	(15,848)
March 31, 2020	-	11,650	13,741	32,349	57,740
Net Book Value					
March 31, 2020	524	8,216	7,691	3,360	19,791
March 31, 2019	1,589	9,930	7,373	4,357	23,249

16. 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 on either the taxable entity or a different taxable entity where there is an intention to settle the balances on the net basis.

Deferred income tax is calculated on temporary differences using the rate at which the tax will be paid when the temporary differences reverse. The statutory rate has been used in the calculation of deferred tax.

Deferred tax asset and liability recognised in the statement of financial position are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Deferred income tax asset:				
Deferred fees	14	-	-	-
Investment securities	3,726	7	3,726	7
ECL loans IFRS 9	4,676	-	4,126	-
Net IFRS 16 - leases	473	-	407	-
Tax losses	2,236	1,373	-	-
	11,125	1,380	8,259	7
Deferred income tax liability:				
Deferred fees	(25)	(18)	(25)	(38)
Property, plant and equipment	(312)	(515)	(56)	(335)
Investment securities	-	(173)	-	(173)
	(337)	(706)	(81)	(546)
Net deferred income tax asset/(liability)	**10,788**	**674**	**8,178**	**(539)**

16. Deferred Income Taxes (continued)

The movement in net deferred income tax balance is as follows:

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At beginning of the year	674	(1,130)	(539)	(1,141)
Credited/(charged) to profit or loss for the year	6,221	1,549	4,824	348
Credited to other comprehensive income	3,893	255	3,893	254
At end of the year	10,788	674	8,178	(539)

17. Share Capital

	Group and Company	
	2020	2019
	\$'000	\$'000
Authorised: An unlimited number of ordinary shares, par value TT\$1.00		
Issued and fully paid: 107,630,756 (2019: 107,630,756) ordinary shares	107,631	107,631

	Group and Company	
	2020	2019
	\$'000	\$'000
Share capital	107,631	107,631

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings at the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

18. Customer Deposits

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Savings	775,044	728,046	775,044	728,046
Demand	479,219	347,602	479,219	347,602
Time	1,237,800	988,588	1,207,573	988,362
	2,492,063	2,064,236	2,461,836	2,064,010

Sectoral analysis of deposits is as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
State enterprises	142,074	86,325	142,074	86,325
Corporate and commercial	1,557,653	1,320,043	1,557,653	1,320,043
Personal	792,336	657,868	762,109	657,642
	2,492,063	2,064,236	2,461,836	2,064,010

19. Repurchase Agreement

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Denominated in United States dollars	-	67,570	-	67,570
Denominated in Trinidad and Tobago dollars	10,000	-	10,000	-

During the financial year to March 31, 2020 the Company entered into repurchase agreements valued at TT$10 million which are collateralised by certain investment securities held by the Company. The carrying value of these investment securities as at March 31, 2020 was $10.312 million. The maturity dates of the repurchase agreement is June 1, and June 2, 2020 at a rate of 2.35%.

In the prior financial year, the repurchase agreements were valued at TT$67.6 million with collaterised investments with a carrying value of $99.494 million.

20. Debt Securities in Issue

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Subordinated debt	100,000	100,000	100,000	100,000

The Parent originally issued subordinated debt of $80 million during the financial year 2015 for a term of eight (8) years at a fixed rate of 4.50% and with principal due at maturity. During the financial year ended March 31, 2019 investors agreed to extend the tenor of the debt to 2027 with the interest rate increasing to 5%.

21. Accounts Payable

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Accrued expenses	19,593	13,858	18,100	13,022
Uncashed manager's cheques	21,915	23,064	21,915	23,064
Other miscellaneous– note below	9,928	2,968	9,966	3,027
	51,436	39,890	49,981	39,113

Note: Other miscellaneous items comprises of suspense accounts, settlement accounts and unclaimed funds.

22. Leases – Right-of-use-asset and Lease liability

(a) Leases as lessee

The Group leases properties for office space and other uses. The leases run for a period of 3 years to 15 years. Certain leases have an option to renew the lease after the lease term. Lease payments are renegotiated periodically to reflect market rentals. Some leases, in accordance with the lease terms and conditions, provide for additional rent payments that are based on changes in local price indices.

The Group leases IT and other office 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 as allowed under the standard.

22. Leases – Right-of-use-asset and Lease liability (continued)

(a) Leases as lessee (continued)

Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets are recognised in relation to leased properties that do not meet the definition of investment property

	Land and building $'000
The Group 2020	
Balance at April 1	49,982
Depreciation charge for the year	(7,725)
Additions to right-of-use assets	2,755
Balance at March 31	45,012
Amounts recognised in profit or loss	1,352
The Company 2020	
Balance at April 1	42,280
Depreciation charge for the year	(6,206)
Additions to right-of-use assets	1,371
Balance at March 31	37,445
Amounts recognised in profit or loss	1,163

22. Leases – Right-of-use-asset and Lease liability (continued)

(a) Leases as lessee (continued)

(ii) Lease liability

	The Group 2020 $'000	The Company 2020 $'000
Current	7,446	5,781
Non-current	38,918	32,827
	46,364	38,608

(iii) Amounts recognised in profit or loss

2020 - Leases under IFRS 16

	The Group 2020 $'000	The Company 2020 $'000
Interest on lease liabilities	3,126	2,676
Expenses relating to short-term leases and low-value assets	1,162	1,026
2019 – Operating leases under IAS 17		
Lease expense	8,537	7,832
Contingent rent expense	54,867	48,177

(iv) Amounts recognised in statement of cash flows

Total cash outflows for leases	9,499	7,720

(v) Extension options

Some property leases contain extension options exercisable by the lessor and these renewal periods were not included in the lease liability calculation. Where the renewal option is exercisable by the Group (lessee) these have been included in the lease liability.

23. Financial Risk Management

Introduction and overview

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

- Credit Risk
- Settlement Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital.

Risk Governance

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Group's Risk Management Framework. The Board has delegated responsibilities to various sub committees for the areas of Credit Risk Management, Audit and Enterprise Risk Management. These Board sub committees currently employ an integrated Enterprise Risk Management Framework supported by three Management Committees in order to ensure the maximization of shareholders' value within the Group's risk appetite. The Management Credit Committee, Asset and Liability Committee (ALCO), and Operational Risk Management Committee (ORMC), are responsible for the development and monitoring of the Group's Risk Management policies in their specified areas. All Board committees have non-executive members and report regularly to the Board.

The Group's Risk Management policies, as approved by Board, establish a framework for identification, analysis and measurement of the risks faced by the Group, setting of appropriate risk limits and controls, as well as the monitoring of risks and adherence to limits through the Enterprise Risk Dashboard. Risk Management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to continuously develop a disciplined and constructive control environment, in which all team members understand their roles and obligations.

The Group's Board, Audit and Risk Committees are responsible for monitoring compliance with the Group's Risk Management policies and procedures and for reviewing the adequacy of the Enterprise Risk Management Framework in relation to the risks faced by the Group in keeping with the risk appetite. The Group Audit and Risk Committees are assisted in these functions by Internal Audit and Risk Departments. Internal Audit undertakes both planned and special reviews of risk management controls and procedures, the results of which are reported quarterly to the Board Audit committee.

23. Financial Risk Management (continued)

Introduction and overview (continued)

Impact of Covid-19

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

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

(ii) The Management Credit Committee, Asset and Liability Committees and the Crisis Management and Communication Committee within the Group meet frequently to discuss strategies and plans around managing business continuity as well as the liquidity and the capital needs of the Group.

(iii) Updating of the entity's Business Recovery and Response Plan which 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; and
- A clear description of the escalation and decision-making process to ensure that the plan can be executed in a timely manner.
- Communication plan to ensure that stakeholders (internal and external) are given timely and appropriate information during the firm's recovery process.

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

- Deferrals on loans. It is not expected that there will be reclassification of loans from Stage 1 to Stage 2 as these instalment deferrals should not trigger a significant increase in the credit risk (SICR) unless other criteria indicating SICR [see note 23(a.ii.1)] are identified.

- Client partnership arrangements with clients, such as restructuring based on their needs and subject to approval by the appropriate board and management committees.

23. Financial Risk Management (continued)

Introduction and overview (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Group and arises principally from the Group's loans and advances to customers and other banks and investment debt securities if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as the individual obligor, the obligor risk group and the obligor risk rating, country and sector risk).

Management of credit risk

The Board has delegated responsibility for the management of credit risk to its Board Credit Committee, the Management Credit Committee and individual Team Members as deemed necessary. A separate Group Credit Risk department, reporting to the Chief Risk Officer, is responsible for oversight of the Group's credit risk, including:

- *Formulating credit policies* in consultation with business units, covering credit assessment, risk grading and reporting, collateral requirements, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits, as approved by the Board, are allocated on an individual and/or committee basis which includes the Credit Risk Managers or individuals, Board Credit Committee, and the Management Credit Committee. Approval under each committee is based on delegated authority level as approved by the Board.

- *Reviewing and assessing credit risk*. Group Credit Risk assesses credit exposures prior to facilities being approved and committed to customers by the business unit concerned. Renewals and requests for new facilities are subject to the same assessment.

- *Limiting concentrations of exposure* to counterparties, geographics and industries (for loans and advances), and by obligor/issuer, credit rating band and exposure by country (for investment securities).

23. Financial Risk Management (continued)

Introduction and overview (continued)

(a) ***Credit risk*** (continued)

Management of credit risk (continued)

- *Developing and maintaining the Group's risk* rating systems and guidelines is an integral part of the credit appraisal process. Each borrower under the business banking credit categories has to be risk rated in accordance with the model recommended by the Group Risk Unit and approved by the Board. The risk rating assigned is reviewed annually or earlier as appropriate. The risk rating model takes into account the risk relating to management, the business, collateral security, financial performance and transactional data. In the case of credit facilities to consumers a scoring model is used in the appraisal process. The risk rating or credit score of the obligor reflects the level of risk associated with the exposure and is the main driver in pricing.
- *Reviewing compliance* with agreed exposure limits, including those for selected industries, country and cross border risk and product types. Regular reports are provided by Group Credit Risk Unit to the Management Credit Committee, the Board Credit Committee and the Board Risk Committee on the credit quality of the Group's portfolios and where necessary appropriate corrective action is taken.
- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the Group in the management of credit risk.

Each business unit is required to implement the Group's credit policies and procedures, with credit approval authorities delegated to the Board Credit Committee, the Management Credit Committees and Credit Risk Officers. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios.

Regular audits of business units and Group Credit processes are undertaken by Internal Audit.

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 counterparties has resulted in an increase in credit risk for debt securities and loans.

(a.i) ***Credit risk measurement***

1. **Financial Assets**

   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.

23. **Financial Risk Management** (continued)

(a) ***Credit risk*** (continued)

(a.i) ***Credit risk measurement*** (continued)

1. **Financial Assets** (continued)

The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9 Refer to note 23.a.ii.1 for more details.

Credit risk grading

The Group uses internal credit risk grading that reflects 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 wholesale 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. In addition, exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees and for the treasury portfolio by investing in liquid securities with counterparties that have high credit quality.

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

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

Retail:

After the date of initial recognition, for retail business, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score. 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.

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.i) Credit risk measurement (continued)

1. Financial Assets

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 relationship 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. Where debt securities are not rated by external rating agencies the Group Risk function determines internal credit ratings for investment counterparties in accordance with its investment risk rating methodology. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

(a.ii.1) 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. Please refer to table below for a description of how the Group determines when a significant increase in credit risk has occurred.
- 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. Please refer to note 23(a)(ii)(3) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 23(a)(ii)(4) includes an explanation of how the Group has incorporated this in its ECL models.

23. Financial Risk Management (continued)

(a) *Credit risk* (continued)

(a.ii.1) Expected credit loss measurement (continued)

- Purchased or originated credit-impaired financial assets are those financial assets that are credit- impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

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

Significant increase in credit risk (SICR)

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

Financial instruments for which 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.

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii.1) Expected credit loss measurement (continued)

Significant increase in credit risk (SICR) (continued)

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.

Movements (credit rating deteriorations) within the investment grade (IG) classification will not be deemed as a SICR. Based on the internal model developed, the fitted Sovereign PDs for IG ranges from 0.01% to 0.35% and therefore will not be recognized as a significant deterioration in credit quality.

(a.ii.2) Definition of default and credit-impaired assets

The Group considers both quantitative and qualitative factors in determining whether a financial asset is in default, examples of these include:

- The borrower is more than 90 days past due on its obligation to the Group.
- A decrease in internal rating beyond specific rating thresholds.
- 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.

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii.3) Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12 month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

- The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not been prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

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

23. Financial Risk Management (continued)

(a) *Credit risk* (continued)

(a.ii.3) Measuring ECL - Explanation of inputs, assumptions and estimation techniques (continued)

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising instruments and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

- For revolving instruments, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

- Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to note 23(a)(ii)(4) for an explanation of forward-looking information and its inclusion in ECL calculations.

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii.3) Measuring ECL - Explanation of inputs, assumptions and estimation techniques (continued)

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type (continued)

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

- The Group has replaced the Vasicek model with a simplified scorecard model in estimating its forward-looking indicator factors. The model differentiates between sovereign, corporate and retail loan exposures. A minimum of three (3) leading macroeconomic variables are used for each exposure class.

  There were no other significant changes in estimation techniques or significant assumptions made during the period.

(a.ii.4) Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. Based on the analysis performed on different macro-economic variables, knowledge of the business and risk profile of the industry, the Group considers the following indicators to be in the main macro-economic factors influencing the quality of the loans portfolios (retail and corporate):

- Annual Inflation Rate
- Consumer Price Index
- Debt to GDP
- GDP Annual Growth Rate
- Interest Rate (i.e. Policy rates as issued by central banks)
- Unemployment Rate

Macroeconomic adjustment has been applied to the PD in the Group's model however no impact on the LGD is considered due to limitation of data.

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii.4) Forward-looking information incorporated in the ECL models (continued)

Given the size of JMMB Group's investment portfolio and the instruments contained within, the approach that management has adopted is a scorecard approach. This approach considers several macroeconomic indicators that are available and uses a duplicable process to apply forward-looking information. The Caribbean faces unique challenges with regard to the availability of data. There are only a few macroeconomic indicators which are updated with timely information and for which forecasts are available and the Group has selected the following indicators.

- Annual Inflation Rate
- Current Account to GDP
- Debt to GDP
- GDP Annual Growth Rate
- Net International Reserves

Management performs a trend analysis and compares the historical information with the available forecasted data to determine whether the indicator represents a very positive, positive, stable, negative, or very negative trend. Each trend (very positive, positive, stable, negative, very negative) has a multiplier attached based on economic evidence of the losses incurred by financial institutions during each trend period. The weightings of the various macroeconomic indicators are determined using management's expert judgement and are multiplied by the applicable multiplier based on the trend of the individual indicator.

Management then determines three (3) scenarios as being base, upside, and downside using expert judgment of the overall economic conditions and business environment within the jurisdiction. The base scenario is always given the highest weighting as it is based upon third party forecasted information and is the most likely scenario to occur. The upside and downside scenarios are then weighted accordingly per management's expert judgment.

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iii) Maximum exposure to credit risk

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

Loans

The Group

	2020				2019
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Standard monitoring	1,375,079	-	-	1,375,079	1,051,470
Special monitoring	-	229,339	-	229,339	187,516
Default	-	-	102,042	102,042	53,862
Gross carrying amount	1,375,079	229,339	102,042	1,706,460	1,292,848
Loss allowance	(21,356)	(12,518)	(23,138)	(57,012)	(33,192)
Carrying amount	1,353,723	216,821	78,904	1,649,448	1,259,656

Note 12(a)(i)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iii) Maximum exposure to credit risk (continued)

Loans

The Company

	2020				2019
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
	$'000	$'000	$'000	$'000	$'000
Standard monitoring	1,293,366	-	-	1,293,366	1,021,805
Special monitoring	-	223,919	-	223,919	187,516
Default	-	-	95,396	95,396	53,618
Gross carrying amount	1,293,366	223,919	95,396	1,612,681	1,262,939
Loss allowance	(19,501)	(12,378)	(16,491)	(48,370)	(32,525)
Carrying amount	1,273,865	211,541	78,905	1,564,311	1,230,414

Note 12(a)(i)

23. Financial Risk Management (continued)

(a) *Credit risk* (continued)

(a.iii) Maximum exposure to credit risk (continued)

Investments

The Group

	2020				2019
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
	$'000	$'000	$'000	$'000	$'000
Investment grade	112,809	-	-	112,809	499,814
Watch	287,783	-	-	287,783	118,285
Carrying amount	400,592	-	-	400,592	618,099

The Company

	2020				2019
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
	$'000	$'000	$'000	$'000	$'000
Investment grade	112,809	-	-	112,809	499,814
Watch	287,442	-	-	287,442	117,921
Carrying amount	400,251	-	-	400,251	617,735

Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in note 23(a)(ii)(3) 'Expected credit loss measurement'.

(a.iii.1)Maximum exposure to credit risk – Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment under IFRS 9 (e.g. FVTPL):

	Maximum exposure to credit risk	
	The Group	The Company
	$'000	$'000
Financial assets designated at fair value through profit and loss (FVTPL):		
Debt securities	66,489	66,413
Financial assets at fair value through other comprehensive income (FVOCI)		
Equities	1,553	1,553

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iii.2) Collateral and other credit enhancements

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Mortgages over residential and commercial properties;
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The Group's policies regarding collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

The Group

	Gross Exposure	Impairment Allowance	Carrying Amount	Fair Value of Collateral
	$'000	$'000	$'000	$'000
Credit impaired assets				
Retail	27,629	10,271	17,358	45,121
Corporate/Commercial	74,413	12,867	61,546	125,055
Total credit impaired loans	102,042	23,138	78,904	170,176

23. Financial Risk Management (continued)

(a) *Credit risk* (continued)

(a.iii.2) Collateral and other credit enhancements

The Company

	Gross Exposure	Impairment Allowance	Carrying Amount	Fair Value of Collateral
	$'000	$'000	$'000	$'000
Credit impaired assets				
Retail	20,983	3,624	17,359	45,121
Corporate/Commercial	74,413	12,867	61,546	125,055
Total credit impaired loans	95,396	16,491	78,905	170,176

(a.iii.3) Loan to Value (LTV)

The LTV is a ratio of the amount of the loan against the value of the collateral. The following table shows the distribution of LTV ratios for the Group's and Separate mortgage credit-impaired portfolio:

Mortgage portfolio - LTV distribution	Credit-impaired (Gross carrying amount)
	$'000
Lower than 50%	33,794
50 to 60%	2,634
60 to 70%	2,761
70 to 80%	32,751
80 to 90%	3,116
90 to 100%	-
Higher than 100%	8,536
Total	83,592

(a.iv) *Loss allowance*

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- 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;

23. Financial Risk Management (continued)

(a) *Credit risk* (continued)

(a.iv) Loss allowance (continued)

- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

The Group
Retail - Loans

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Loss allowance as at April 1, 2019	3,846	856	2,926	7,628
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(1,085)	1,085	-	-
- Transfer from Stage 1 to Stage 3	(3,296)	-	3,296	-
- Transfer from Stage 2 to Stage 1	40	(40)	-	-
- Transfer from Stage 2 to Stage 3	-	(1,930)	1,930	-
- Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or Purchased	4,616	497	3,129	8,242
Changes in PDs/LGDs/EADs	5,416	1,371	109	6,896
Financial assets derecognised during the period	(523)	(76)	(1,119)	(1,718)
Loss allowance as at March 31, 2020	9,014	1,763	10,271	21,048

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Group/The Company
Commercial/Corporate-Loans

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at April 1, 2019	6,916	8,896	9,752	25,564
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(2,465)	2,465	-	-
- Transfer from Stage 1 to Stage 3	(7,969)	-	7,969	-
- Transfer from Stage 2 to Stage 1	145	(145)	-	-
- Transfer from Stage 2 to Stage 3	-	(1,789)	1,789	-
New financial assets originated or Purchased	6,409	548	238	7,195
Changes in PDs/LGDs/EADs	10,394	1,061	(5,554)	5,901
Financial assets derecognised during the period	(1,087)	(280)	(1,330)	(2,697)
Loss allowance as at March 31, 2020	12,343	10,756	12,864	35,963

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Group
Treasury-Investments

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at April 1, 2019	630	-	-	630
New financial assets originated or purchased	287	-	-	287
Financial assets derecognised during the period	(284)	-	-	(284)
FX and other changes in inputs used in ECL calculations	244	-	-	244
Loss allowance as at March 31, 2020	877	-	-	877

The Group/The Company
Reverse Repurchase Agreement

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at April 1, 2019	11	-	-	11
Financial assets derecognised during the period	(11)	-	-	(11)
Loss allowance as at March 31, 2020	-	-	-	-

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Company
Retail-Loans

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at April 1, 2019	3,456	823	2,682	6,961
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(1,055)	1,055	-	-
- Transfer from Stage 1 to Stage 3	(330)	-	330	-
- Transfer from Stage 2 to Stage 1	36	(36)	-	-
- Transfer from Stage 2 to Stage 3	-	(1,087)	1,087	-
- Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or Purchased	2,903	389	451	3,743
Changes in PDs/LGDs/EADs	2,477	548	156	3,181
Financial assets derecognised during the period	(329)	(70)	(1,079)	(1,478)
Loss allowance as at March 31, 2020	7,158	1,622	3,627	12,407

23. Financial Risk Management (continued)

(a) *Credit risk* (continued)

(a.iv) Loss allowance (continued)

The Company
Treasury-Investments

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at April 1, 2019	626	-	-	626
New financial assets originated or purchased	287	-	-	287
Financial assets derecognised during the period	(284)	-	-	(284)
FX and other changes in inputs used in ECL calculations	243	-	-	243
Loss allowance as at March 31, 2020	872	-	-	872

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The following tables further explain changes in the gross carrying amount of the retail, commercial and investment portfolios to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

The Group
Retail-Loans

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Gross carrying amount as at April 1, 2019	487,657	22,645	18,344	528,646
Transfers.				
- Transfer from Stage 1 to Stage 2	(22,782)	22,782	-	-
- Transfer from Stage 1 to Stage 3	(7,745)	-	7,745	-
- Transfer from Stage 2 to Stage 1	3,362	(3,362)	-	-
- Transfer from Stage 2 to Stage 3	-	(8,476)	8,476	-
- Transfer from Stage 3 to Stage 2	-	15	(15)	-
New financial assets originated or purchased	318,125	9,421	3,346	330,892
Financial assets derecognised during the period other than write-offs	(67,251)	(4,452)	(2,165)	(73,868)
Paydowns	(34,048)	(1,648)	(8,101)	(43,797)
Gross carrying amount as at March 31, 2020	677,318	36,925	27,630	741,873

23. Financial Risk Management (continued)

(a) *Credit risk* (continued)

(a.iv) Loss allowance (continued)

The Group/The Company
Commercial/Corporate-Loans

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross carrying amount as at April 1, 2019	561,995	166,690	35,517	764,202
Transfers:				
- Transfer from Stage 1 to Stage 2	(27,367)	27,367	-	-
- Transfer from Stage 1 to Stage 3	(53,947)	-	53,947	-
- Transfer from Stage 2 to Stage 1	6,181	(6,181)	-	-
- Transfer from Stage 2 to Stage 3	-	(8,723)	8,723	-
Financial assets derecognised during the period other than write-offs	(128,738)	(11,849)	(230)	(140,817)
New financial assets originated or purchased	356,681	32,060	16	388,757
Paydowns	(17,044)	(6,950)	(23,561)	(47,555)
Gross carrying amount as at March 31, 2020	697,761	192,414	74,412	964,587

23. Financial Risk Management (continued)56,6

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Group
Treasury-Investments

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased Credit Impaired	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amount as at April 1, 2019	610,667	-	-	-	610,667
New financial assets originated or purchased	232,303	-	-	-	232,303
Financial assets derecognised	(419,720)	-	-	-	(419,720)
FX and other changes in inputs used in ECL calculations	(22,658)	-	-	-	(22,658)
Carrying amount as at March 31, 2020	400,592	-	-	-	400,592

The Group/The Company
Reverse Repurchase Agreement

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased Credit Impaired	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amount as at April 1, 2019	7,433	-	-	-	7,433
Financial assets derecognised	(7,433)	-	-	-	(7,433)
Carrying amount as at March 31, 2020	-	-	-	-	-

23. **Financial Risk Management** (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Company
Retail-Loans

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross carrying amount as at April 1, 2019	459,811	20,826	18,100	498,737
Transfers:				
- Transfer from Stage 1 to Stage 2	(21,438)	21,438	-	-
- Transfer from Stage 1 to Stage 3	(4,778)	-	4,778	-
- Transfer from Stage 2 to Stage 1	3,158	(3,158)	-	-
- Transfer from Stage 2 to Stage 3	-	(7,633)	7,633	-
- Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	243,229	5,495	669	249,393
Financial assets derecognised during the period other than write-offs	(53,044)	(4,131)	(2,127)	(59,302)
Paydowns	(31,333)	(1,332)	(8,069)	(40,734)
Gross carrying amount as at March 31, 2020	595,605	31,505	20,984	648,094

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Company
Treasury-Investments

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Purchased Credit Impaired $'000	Total $'000
Carrying amount as at April 1, 2019	610,302	-	-	-	610,302
New financial assets originated or purchased	232,303	-	-	-	232,303
Financial assets derecognised	(419,720)	-	-	-	(419,720)
FX and other changes in inputs used in ECL calculations	(22,634)	-	-	-	(22,634)
Carrying amount as at March 31, 2020	400,251	-	-	-	400,251

The total amount of undiscounted expected credit losses at initial recognition for purchased or originated credit-impaired financial assets recognised during the period was nil.

(a.v) Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended March 31, 2020 was $405,303 (2019: 125,224). The Group still seeks to recover amounts it is legally owed, but which have been partially written off.

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.vi) Collateral held and other credit enhancements

The Group holds collateral against loans and advances to customers in the form of mortgage interest over property, other registered securities over assets, cash and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing. Annual property inspections are performed by management on the corporate and commercial portfolio. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral is not usually held against investment securities and no such collateral was held at March 31, 2020 or 2019.

An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers is shown below:

The Group/The Company

	Loans and advances to customers	
	2020	**2019**
	$'000	**$'000**
Against individually impaired – Stage 3		
Property	83,592	45,153
Other	11,804	8,898
Against past due but not impaired – Stage 2		
Property	194,893	86,772
Other	13,068	9,375
Against neither past due nor impaired – Stage 1		
Property	989,830	1,087,442
Equities	8,120	7,117
Other	536,451	498,725
	1,837,758	1,743,482

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.vii) Concentration of credit risk

Concentration by location for loans and advances is measured based on the location of the obligor. Concentration by location for investment securities is measured based on the location of the issuer of the security.

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

	Loans and Advances to Customers		Investment Securities	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Gross amount	1,706,460	1,292,848	468,634	678,317
Concentration by sector				
Corporate/commercial	964,587	764,202	212,282	244,891
Sovereign	-	-	237,148	406,138
Bank	-	-	17,651	25,733
Retail	741,873	528,646	-	-
Equities	-	-	1,553	1,555
	1,706,460	1,292,848	468,634	678,317
Concentration by location				
Trinidad	1,678,258	1,285,393	379,214	554,285
Regional	613	5,405	4,010	124,032
Other	27,589	2,050	85,410	-
	1,706,460	1,292,848	468,634	678,317

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.vii) Concentration of credit risk (continued)

The Company

	Loans and Advances to Customers		Investment Securities	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Gross amount	1,612,681	1,262,939	468,217	677,877
Concentration by sector				
Corporate/commercial	964,587	764,202	212,282	244,893
Sovereign	-	-	236,808	405,773
Bank	-	-	17,574	25,656
Retail	648,094	498,737	-	-
Equities	-	-	1,553	1,555
	1,612,681	1,262,939	468,217	677,877
Concentration by location				
Trinidad	1,584,479	1,255,484	379,137	554,209
Regional	613	5,405	3,670	123,668
Other	27,589	2,050	85,410	-
	1,612,681	1,262,939	468,217	677,877

23. Financial Risk Management (continued)

(b) Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed.

Settlement limits form part of the credit approval/limit monitoring process. Acceptance of settlement risk on trades requires transaction specific or counterparty specific approvals from Group Risk.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and/or to replace funds when they are withdrawn or matured. Liquidity risk arises from the fluctuations in cash flows.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have 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's Treasury Unit receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities and other inter-bank facilities, which can be used for liquidity support. The liquidity requirements of business units and the subsidiary are met through funding sourced by Treasury to cover any short-term fluctuations and longer term funding sourced by the business units.

The daily liquidity position is monitored by the Treasury Unit. Daily reports cover the liquidity position of both the Group and its operating subsidiary and is submitted to the Risk Management Unit. A summary report is submitted regularly to the Asset and Liability Committee (ALCO) with any exceptions and remedial action taken and also submitted to the Board Risk Committee for review and monitoring.

The impact of Covid-19 has resulted in unprecedented market conditions with respect to asset and liability management. Against this backdrop, the Group continues to robustly manage our liquidity planning in keeping with our regulatory and internal obligations and have applied enhanced risk controls including stress testing, monitoring liquidity coverage and net stable funding ratios.

23. Financial Risk Management (continued)

(c) *Liquidity risk* (continued)

(i) *Exposure to liquidity risk*

Apart from monitoring of daily cash forecasts and concentration risks, a key measure used by the Treasury Unit for managing liquidity risk is the ratio of net liquid assets to total assets. For this purpose, liquid assets are defined as comprising primary cash reserves held at CBTT, cash balances in excess of cash reserves at CBTT, mandatory special deposits with CBTT, cash held at other financial institutions net of unpresented cheques, cash held in house and treasury bills/open market operations (OMOs) maturing within one year. Reported hereunder is the ratio of liquid assets to total assets on all currencies at the reporting date and during the year:

	2020	2019
	%	%
As at March 31		
Average for the year	28.14	25.46
Maximum for the year	29.77	30.85
Minimum for the year	24.17	20.24

(ii) *Maturity analysis for financial liabilities*

The table below summarises the residual contractual maturities of financial liabilities based on their undiscounted cash flows and their earliest possible contractual maturity at March 31.

The Group 2020

	Carrying Amount TT$ 000	Gross Nominal Inflow/ (Outflow) TT$ 000	Less than 3 Months TT$ 000	3 to 12 Months TT$ 000	One to Five Years TT$ 000	Over Five Years TT$ 000
Customer deposits	2,492,063	(2,517,769)	(606,492)	(1,824,817)	(86,460)	-
Repurchase Agreement	10,000	(10,058)	-	(10,058)	-	-
Subordinated debt	100,000	(135,014)	-	(2,521)	(25,014)	(107,479)
Lease Liability	46,364	(46,364)	(1,818)	(5,628)	(23,708)	(15,210)
Interest payable	9,890	(9,890)	(9,890)	-	-	-
Accounts payable	51,436	(51,436)	(51,436)	-	-	-
Total On-Balance Sheet	2,709,753	(2,770,531)	(669,636)	(1,843,024)	(135,182)	(122,689)
Bonds, Guarantees and Letters of Credit	9,099	(9,099)	(8,085)	(204)	(810)	-
Undrawn Credit Commitments	110,923	(110,923)	(110,923)	-	-	-
Total Off-Balance Sheet	120,022	(120,022)	(119,008)	(204)	(810)	-

23. Financial Risk Management (continued)

(c) *Liquidity risk* (continued)

(ii) *Maturity analysis for financial liabilities* (continued)

The Group 2019

	Carrying Amount	Gross Nominal Inflow/ (Outflow)	Less than 3 Months	3 to 12 Months	One to Five Years	Over Five Years
	TT$'000	TT$'000	TT$'000	TT$'000	TT$'000	TT$'000
Customer deposits	2,064,236	(2,078,466)	(1,544,081)	(507,876)	(26,509)	
Repurchase Agreement	67,570	(70,332)	-	(70,332)	-	-
Subordinated debt	100,000	(141,151)	-	(2,521)	(25,027)	(113,603)
Interest payable	5,668	(5,668)	(5,668)	-		-
Accounts payable	39,890	(39,890)	(39,890)	-	-	-
Total On-Balance Sheet	2,277,364	(2,335,507)	(1,589,639)	(580,729)	(51,536)	(113,603)
Bonds, Guarantees and Letters of Credit	9,735	(9,735)	(8,778)	(259)	(698)	-
Undrawn Credit Commitments	132,992	(132,992)	(132,992)	-	-	-
Total Off-Balance Sheet	142,727	(142,727)	(141,770)	(259)	(698)	-

23. Financial Risk Management (continued)

(c) *Liquidity risk* (continued)

(ii) *Maturity analysis for financial liabilities* (continued)

The Company 2020

	Carrying Amount TT$ 000	Gross Nominal Inflow/ (Outflow) TT$ 000	Less than 3 Months TT$ 000	3 to 12 Months TT$ 000	One to Five Years TT$ 000	Over Five Years TT$ 000
Customer deposits	2,461,836	(2,483,939)	(606,491)	(1,824,588)	(52,860)	-
Repurchase Agreement	10,000	(10,058)	-	(10,058)	-	-
Subordinated debt	100,000	(135,014)	-	(2,521)	(25,014)	(107,479)
Lease Liability	38,608	(38,608)	(1,410)	(4,371)	(15,891)	(13,936)
Interest payable	8,537	(8,537)	(8,537)	-	-	-
Accounts payable	49,981	(49,981)	(49,981)	-	-	-
Due to Subsidiary	13,110	(13,110)	(13,110)	-	-	-
Total On-Balance Sheet	2,682,072	(2,739,247)	(679,529)	(1,841,538)	(96,765)	(121,415)
Bonds, Guarantees and Letters of Credit	9,099	(9,099)	(8,085)	(204)	(810)	-
Undrawn Credit Commitments	110,923	(110,923)	(110,923)	-	-	-
Total Off-Balance Sheet	120,022	(120,022)	(119,008)	(204)	(810)	-

23. Financial Risk Management (continued)

(c) *Liquidity risk* (continued)

(ii) *Maturity analysis for financial liabilities* (continued)

The Company 2019

	Carrying Amount TT$ 000	Gross Nominal Inflow/ (Outflow) TT$ 000	Less than 3 Months TT$ 000	3 to 12 Months TT$ 000	One to Five Years TT$ 000	Over Five Years TT$ 000
Customer deposits	2,064,010	(2,078,240)	(1,544,082)	(507,649)	(26,509)	-
Repurchase Agreement	67,570	(70,332)	-	(70,332)	-	-
Subordinated debt	100,000	(141,151)	-	(2,521)	(25,027)	(113,603)
Interest payable	5,596	(5,596)	(5,596)	-	-	-
Due to subsidiary	9,957	(9,957)	(9,957)	-	-	-
Accounts payable	39,113	(39,113)	(39,113)	-	-	-
Total On-Balance Sheet	2,286,246	(2,344,389)	(1,598,748)	(580,502)	(51,536)	(113,603)
Bonds, Guarantees and Letters of Credit	9,735	(9,735)	(8,778)	(259)	(698)	-
Undrawn Credit Commitments	132,992	(132,992)	(132,992)	-	-	-
Total Off-Balance Sheet	142,727	(142,727)	(141,770)	(259)	(698)	-

(d) *Market risks*

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

Management of market risks

The Group holds no exposure to actively traded portfolios. With the exception of translation risk arising on the Group's net balance sheet position, all foreign exchange risk within the Group is managed by the Group's Treasury Unit

The Board Risk Committee reviews and approves the risk policies recommended by management and makes recommendation to the Board of Directors as appropriate. Overall management of market risk is vested in the Asset Liability Committee (ALCO). The Group's Risk Unit is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

The Covid-19 pandemic has caused significant market volatility which has increased the Group's market risk. The downgrading of credit rating and/or outlook for investment securities has resulted in increased trading and liquidity risk.

23. Financial Risk Management (continued)

(d) *Market risks* (continued)

Value at Risk (VaR)

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.

23. Financial Risk Management (continued)

(d) Market risks (continued)

Value at Risk (VaR) (continued)

A summary of the VaR position of the Group's overall portfolio as at 31 March 2020 and during the year then ended is as follows:

	March 31	Average for Year	Maximum during Year	Minimum during Year
	$'000	$'000	$'000	$'000
2020 Overall VaR	8,540	5,613	8,540	4,303
2019 Overall VaR	5,783	4,312	5,956	3,175

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.

(i) Interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing gaps. The ALCO is the monitoring body for compliance with these limits and is assisted by the Risk Unit in its day-to-day monitoring activities.

23. Financial Risk Management (continued)

(d) *Market risks* (continued)

(i) *Interest rate risk* (continued)

Interest sensitivity of financial assets and financial liabilities

The table below summarises the Group's exposure to interest rate risks. The Group's assets and liabilities are shown at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

The Group

	2020						
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-interest Bearing $'000	Total $'000
March 31, 2020							
Assets							
Cash and cash equivalents	-	-	808	-	-	134,130	134,938
Balances with Central Bank	-	-	-	-	-	554,963	554,963
Interest receivables	-	-	-	-	-	19,476	19,476
Loans and advances	342,318	47,487	979,543	193,574	86,526	-	1,649,448
Investment securities	136,573	23,461	154,351	81,809	70,887	1,553	468,634
Other receivables	-	-	-	-	-	15,767	15,767
Total assets	478,891	70,948	1,134,702	275,383	157,413	725,889	2,843,226
Liabilities							
Customers' deposits	1,643,452	374,486	288,851	79,138	-	106,136	2,492,063
Repurchase agreement	10,000	-	-	-	-	-	10,000
Subordinated debt	-	-	-	-	100,000	-	100,000
Lease liability	-	-	-	-	-	46,364	46,364
Interest payables	-	-	-	-	-	9,890	9,890
Other payables	-	-	-	-	-	51,436	51,436
Total liabilities	1,653,452	374,486	288,851	79,138	100,000	213,826	2,709,753
Net Interest Sensitivity Gap	(1,174,561)	(303,538)	845,851	196,245	57,413	512,063	133,473
Cumulative Gap	(1,174,561)	(1,478,099)	(632,248)	(436,003)	(378,590)	133,473	-

23. Financial Risk Management (continued)

(d) Market risks (continued)

(i) Interest rate risk (continued)

Interest sensitivity of financial assets and financial liabilities (continued)

The Group

	2019						
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
March 31, 2019							
Assets							
Cash and cash equivalents	-	-	14,587	-	-	130,604	145,191
Balances with Central Bank	-	-	-	-	-	352,199	352,199
Interest receivables	-	-	-	-	-	16,032	16,032
Loans and advances	293,799	34,425	788,142	95,180	48,110	-	1,259,656
Reverse repurchase agreement	7,433	-	-	-	-	-	7,433
Investment securities	199,279		113,062	178,473	185,948	1,555	678,317
Other receivables	-	-	-	-	-	9,239	9,239
Total assets	500,511	34,425	915,791	273,653	234,058	509,629	2,468,067
Liabilities							
Customers' deposits	1,458,809	253,663	244,545	25,280	-	81,941	2,064,238
Repurchase agreement	-	-	67,570	-	-	-	67,570
Subordinated debt	-	-	-	-	100,000	-	100,000
Interest payables	-	-	-	-	-	5,668	5,668
Other payables	-	-	-	-	-	39,890	39,890
Total liabilities	1,458,809	253,663	312,115	25,280	100,000	127,499	2,277,364
Net Interest Sensitivity Gap	(958,298)	(219,238)	603,676	248,373	134,058	382,130	190,703
Cumulative Gap	(958,298)	(1,177,536)	(573,860)	(325,487)	(191,429)	190,701	-

23. Financial Risk Management (continued)

(d) *Market risks* (continued)

(i) *Interest rate risk* (continued)

Interest sensitivity of financial assets and financial liabilities (continued)

The Company

	2020						
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
March 31, 2020							
Assets							
Cash and cash equivalents	-	-	808		-	131,307	132,115
Balances with Central Bank	-	-	-	-	-	545,299	545,299
Interest receivables	-	-	-	-	-	16,820	16,820
Loans and advances	341,351	46,732	974,308	115,394	86,526	-	1,564,311
Investment securities	136,496	23,461	154,351	81,809	70,547	1,553	468,217
Investment in subsidiary	-	-	-	-	-	15,000	15,000
Other receivables	-	-	-	-	-	15,268	15,268
Due from subsidiary	-	-	-	-	-	69,127	69,127
Total assets	477,847	70,193	1,129,467	197,203	157,073	794,374	2,826,157
Liabilities							
Customers' deposits	1,643,452	374,486	288,851	79,138	-	75,909	2,461,836
Repurchase agreement	10,000	-	-	-	-	-	10,000
Subordinated debt	-	-	-	-	100,000	-	100,000
Lease liability	-	-	-	-	-	38,608	38,608
Interest payables	-	-	-	-	-	8,537	8,537
Other payables	-	-	-	-	-	49,981	49,981
Total liabilities	1,653,452	374,486	288,851	79,138	100,000	173,035	2,668,962
Net Interest Sensitivity Gap	(1,175,605)	(304,293)	840,616	118,065	57,073	621,339	157,195
Cumulative Gap	(1,175,605)	(1,479,898)	(639,282)	(521,217)	(464,144)	157,195	-

23. Financial Risk Management (continued)

(d) *Market risks* (continued)

(i) *Interest rate risk* (continued)

Interest sensitivity of financial assets and financial liabilities (continued)

The Company

	2019						
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-interest Bearing $'000	Total $'000
March 31, 2019							
Assets							
Cash and cash equivalents	-	-	14,724	-	-	130,446	145,170
Balances with Central Bank	-	-	-	-	-	351,335	351,335
Interest receivables	-	-	-	-	-	15,341	15,341
Loans and advances	293,799	34,386	785,437	68,682	48,110	-	1,230,414
Reverse repurchase agreement	7,433	-	-	-	-	-	7,433
Investment securities	199,203	-	113,062	178,473	185,584	1,555	677,877
Investment in subsidiary	-	-	-	-	-	15,000	15,000
Other receivables	-	-	-	-	-	8,895	8,895
Due from subsidiary	-	-	-	-	-	23,249	23,249
Total assets	500,435	34,386	913,223	247,155	233,694	545,821	2,474,714
Liabilities							
Customers' deposits	1,458,809	253,661	244,320	25,279	-	81,941	2,064,010
Repurchase agreement	-	-	67,570	-	-	-	67,570
Subordinated debt	-	-	-	-	100,000	-	100,000
Due to subsidiary	-	-	-	-	-	9,957	9,957
Interest payables	-	-	-	-	-	5,596	5,596
Other payables	-	-	-	-	-	39,113	39,113
Total liabilities	1,458,809	253,661	311,890	25,279	100,000	136,607	2,286,246
Net Interest Sensitivity Gap	(958,374)	(219,275)	601,333	221,876	133,694	409,214	188,468
Cumulative Gap	(958,374)	(1,177,649)	(576,316)	(354,440)	(220,746)	188,468	-

23. Financial Risk Management (continued)

(d) Market risks (continued)

(i) Interest rate risk (continued)

Interest sensitivity of financial assets and financial liabilities (continued)

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in interest rates. An analysis of the Group's sensitivity to an increase or decrease in market interest rates is as follows:

	100 bp Parallel Increase ($'000)	100 bp Parallel Decrease ($'000)	50 bp Increase After 1 Year ($'000)	50 bp Decrease After 1 Year ($'000)
The Group				
2020				
At March 31				
Average for the year	(320)	320	(467)	467
Maximum for the year	(195)	402	(362)	513
Minimum for the year	(402)	195	(513)	362
2019				
At March 31				
Average for the year	(12)	12	(148)	148
Maximum for the year	168	297	37	441
Minimum for the year	(297)	(168)	(441)	(37)
The Company				
2020				
At March 31				
Average for the year	(358)	358	(487)	487
Maximum for the year	(224)	448	(387)	537
Minimum for the year	(448)	224	(537)	387
2019				
At March 31				
Average for the year	(20)	20	(152)	152
Maximum for the year	162	306	34	441
Minimum for the year	(306)	(162)	(441)	(34)

Overall non-trading interest rate risk positions are managed by the Group's Treasury Unit, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Group's non-trading activities.

23. Financial Risk Management (continued)

(d) Market risks (continued)

(ii) Other market risks – non-trading portfolios

Equity price risk is subject to regular monitoring by Group Risk, but is not currently significant in relation to the overall results and financial position of the Group.

(iii) Currency risk

The techniques used by the Group to manage currency risk vary subject to market conditions. Assets are primarily funded from liabilities of the same currency, thus eliminating currency risk. Foreign currency transactions have not required the use of interest rate swaps, foreign currency options or other derivative instruments. Currency exposure resides mainly in trading activity where the Group buys and sells currencies in the spot markets. Trading portfolios are managed with the intent to buy and sell over short periods, rather than to hold positions for investments. Explicit limits are established by currency, position and term, and daily reports are reviewed for compliance.

Concentration of financial assets and financial liabilities by currency

The Group has the following significant foreign currency positions expressed in Trinidad and Tobago dollars.

The Group

	2020			
	TT	**US**	**Other**	**Total**
	TT $'000	**TT $'000**	**TT $'000**	**TT $'000**
Assets				
Cash and cash equivalents	22,539	111,192	1,207	134,938
Balances with Central Bank	554,963	-	-	554,963
Interest receivable	14,515	4,961	-	19,476
Income tax recoverable	467	-	-	467
Loans and advances	1,559,832	89,616	-	1,649,448
Investment securities	188,498	280,136	-	468,634
Accounts receivable	11,368	4,399	-	15,767
Plant and equipment	24,423	-	-	24,423
Right of Use asset	45,012	-	-	45,012
Deferred income tax assets	11,125	-	-	11,125
Total assets	2,432,742	490,304	1,207	2,924,253

23. Financial Risk Management (continued)

(d) *Market risks* (continued)

(iii) *Currency risk* (continued)

Concentration of financial assets and financial liabilities by currency (continued)

The Group has the following significant foreign currency positions expressed in Trinidad and Tobago dollars (continued)

The Group (continued)

	2020			
	TT	**US**	**Other**	**Total**
	TT $'000	**TT $'000**	**TT $'000**	**TT $'000**
Liabilities and equity				
Customers' deposits	2,070,524	421,539	-	2,492,063
Debt Securities in issue	100,000	-	-	100,000
Repurchase agreement	10,000	-	-	10,000
Lease liability	46,364	-	-	46,364
Interest payable	8,686	1,204	-	9,890
Income tax payable	5,792	-	-	5,792
Accounts payable	45,227	5,326	883	51,436
Deferred income tax liability	337	-	-	337
Shareholders' equity	207,941	476	(46)	208,371
Total liabilities and equity	2,494,871	428,545	837	2,924,253
Net financial position	(62,129)	61,759	370	-
Credit commitments	79,189	-	-	79,189

23. Financial Risk Management (continued)

(d) Market risks (continued)

(ui) Currency risk (continued)

Concentration of financial assets and financial liabilities by currency (continued)

The Group

	2019			
	TT	**US**	**Other**	**Total**
	TT $'000	**TT $'000**	**TT $'000**	**TT $'000**
Assets				
Cash and cash equivalents	17,087	127,861	243	145,191
Balances with Central Bank	352,199	-	-	352,199
Interest receivable	13,390	2,642	-	16,032
Income tax recoverable	314	-	-	314
Loans and advances	1,207,532	52,124	-	1,259,656
Investment securities	358,066	320,251	-	678,317
Accounts receivable	9,096	143	-	9,239
Reverse repurchase agreement	-	7,433	-	7,433
Plant and equipment	26,253	-	-	26,253
Deferred income tax assets	1,380	-	-	1,380
Total assets	1,985,317	510,454	243	2,496,014
Liabilities and equity				
Customers' deposits	1,692,327	371,909	-	2,064,236
Repurchase agreement	-	67,570	-	67,570
Debt Securities in issue	100,000	-	-	100,000
Interest payable	4,622	1,046	-	5,668
Income tax payable	7,957	-	-	7,957
Accounts payable	34,722	5,148	20	39,890
Deferred income tax payable	706	-	-	706
Shareholders' equity	212,591	(2,604)	-	209,987
Total liabilities and equity	2,052,925	443,069	20	2,496,014
Net financial position	(67,608)	67,385	223	-
Credit commitments	108,942	-	-	-

23. Financial Risk Management (continued)

(d) Market risks (continued)

(iii) Currency risk (continued)

Concentration of financial assets and financial liabilities by currency (continued)

The Company

	2020			
	TT	**US**	**Other**	**Total**
	TT $'000	**TT $'000**	**TT $'000**	**TT $'000**
Assets				
Cash and cash equivalents	19,715	111,192	1,208	132,115
Balances with Central Bank	545,299	-	-	545,299
Interest receivable	11,858	4,962	-	16,820
Loans and advances	1,474,695	89,616	-	1,564,311
Investment securities	188,421	279,796	-	468,217
Investment in subsidiary	15,000	-	-	15,000
Accounts receivable	10,869	4,399	-	15,268
Due from subsidiary	68,829	298	-	69,127
Plant and equipment	19,791	-	-	19,791
Right of Use asset	37,445	-	-	37,445
Deferred income tax assets	8,259	-	-	8,259
Total assets	2,400,181	490,263	1,208	2,891,652
Liabilities and equity				
Customers' deposits	2,040,296	421,540	-	2,461,836
Repurchase agreement	10,000	-	-	10,000
Debt Securities in issue	100,000	-	-	100,000
Lease liability	38,608	-	-	38,608
Interest payable	7,333	1,204	-	8,537
Due to subsidiary	12,940	170	-	13,110
Income tax payable	5,792	-	-	5,792
Accounts payable	43,774	5,324	883	49,981
Deferred income tax liability	81	-	-	81
Shareholders' equity	203,283	470	(46)	203,707
Total liabilities and equity	2,462,107	428,708	837	2,891,652
Net financial position	(61,926)	61,555	371	-
Credit commitments	79,189			79,189

23. Financial Risk Management (continued)

(d) Market risks (continued)

(iii) Currency risk (continued)

Concentration of financial assets and financial liabilities by currency (continued)

The Company

	2019			
	TT	**US**	**Other**	**Total**
	TT $'000	**TT $'000**	**TT $'000**	**TT $'000**
Assets				
Cash and cash equivalent	17,066	127,861	243	145,170
Balances with Central Bank	351,335	-	-	351,335
Interest receivable	12,698	2,643	-	15,341
Loans and advances	1,178,290	52,124	-	1,230,414
Reverse repurchase agreement	-	7,433	-	7,433
Investment securities	357,990	319,887	-	677,877
Investment in subsidiary	15,000	-	-	15,000
Accounts receivable	8,751	144	-	8,895
Due from subsidiary	23,000	294	-	23,294
Plant and equipment	23,249	-	-	23,249
Deferred income tax assets	7	-	-	7
Total assets	1,987,386	510,386	243	2,498,015
Liabilities and equity				
Customers' deposits	1,692,102	371,908	-	2,064,010
Repurchase agreement	-	67,570	-	67,570
Debt Securities in issue	100,000	-	-	100,000
Due to subsidiary	9,820	137	-	9,957
Interest payable	4,550	1,046	-	5,596
Income tax payable	7,957	-	-	7,957
Accounts payable	33,945	5,148	20	39,113
Deferred income tax liability	546	-	-	546
Shareholders' equity	205,870	(2,604)	-	203,266
Total liabilities and equity	2,054,790	443,205	20	2,498,015
Net financial position	(67,404)	67,181	223	-
Credit commitments	108,942	-	-	-

23. Financial Risk Management (continued)

(d) Market risks (continued)

(iii) Currency risk (continued)

The following tables indicate the currencies to which the Group had significant exposure on their monetary assets and liabilities and 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

	2020		2019	
	Change in currency rate	**Effect on Profit**	**Change in currency rate**	**Effect on Profit**
	%	**$'000**	**%**	**$'000**
Currency				
BBD	6	0	4	0
CAD	6	1	4	1
EUR	6	1	4	0
GBP	6	1	4	1
USD	6	551	4	341
XCD	6	-	4	-
		554		343

23. Financial Risk Management (continued)

(e)(i) Operational risks

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 and are faced by all business entities.

The Group's objective is to manage operational risk 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 the Operational Risk Management Committee. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

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

A significant component of operational risk that has become increasingly prevalent in the business environment and that affects the operations of the Group, is technology and information security risk.

23. Financial Risk Management (continued)

(e)(ii) **Cyber Risk and IT Governance Security**

The Group acknowledges that the constantly evolving nature of technology and its importance in the conduct of financial transactions globally, have increased the risk of attacks on the networks and systems that support electronic and digital information and transactions flow. The impact of any such attack on the Group's technology and information systems includes, among others, unauthorised access to these systems, loss, misappropriation and destruction of data including that of customers and other stakeholders, critical system unavailability, increased costs of operations, potential fines and penalties for breaches of privacy laws, reputational damage and financial loss.

The Group has adopted a proactive, enterprise-wide approach and has implemented appropriate processes and controls across all its critical electronic interfaces and touch points to continuously monitor, manage and mitigate the impact of this risk on its networks, systems and other technology infrastructure in order to safeguard its information and other assets and by extension those of its customers and other stakeholders. Specifically, cybersecurity risk is managed and monitored using a separate risk dashboard and a cybersecurity response plan is in place to manage cyber-attacks. These controls are supported by ongoing updates to its technology infrastructure, system vulnerability assessments, training of it team members and sensitisation of customers and other stakeholders to any new and emerging threats.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit

23. Financial Risk Management (continued)

(e)(iii) Business continuity

The Group's Business Continuity Plan (BCP) encompasses a defined set of planning, preparatory and related activities which are intended to ensure that the critical business functions will either continue to operate despite serious incidents or disasters that might otherwise have interrupted its operations, or will be recovered to an operational state within a reasonably short period. The oversight of Business Continuity falls largely within the sphere of Risk Management.

The objectives of the Group's BCP are to:

1. Protect human life.
2. Identify processes critical to the operations of the Group and safe guard the Group's assets.
3. Provide tested plans which, when executed, will permit timely and efficient recovery and resumption of the Group's critical business functions.
4. Minimize the inconvenience and potential disruption of service to internal and external customers.
5. Describe the organizational structure necessary for executing the plan.
6. Identify the equipment, procedures and activities for recovery.
7. Ensure that the reputation and financial viability of the Group is maintained at all times.
8. Ensure compliance with regulatory requirements.

The BCP is focused on minimizing the down time and data loss within the thresholds identified by the Group. The plan is meant to minimize the loss to the Group and or negative impact to customer service as a result of serious incidents or disasters that may occur for some time.

Group standards are supported by periodic reviews undertaken by the Internal Audit department.

A proactive approach is being taken to manage the risk of COVID-19 in the workspace. The Group triggered, prior to the lockdown, its Pandemic Preparedness and Response Plan which detailed various scenarios and response strategies based on feedback from the BCP Committee / Crisis Management and Communication Team. One of the key measures implemented is the Pandemic Risk Dashboard, which highlights the key risk elements of the plan that are monitored on a weekly basis to ensure that the risks associated with the Pandemic are mitigated. The Group has since documented and communicated to key stakeholders its 'return to work' strategies which includes workplace readiness for re-entry.

24. Contingent Liabilities

As at March 31, 2020, there was one legal proceeding outstanding against the Group. Based on legal advice, the directors do not expect the outcome of that action to have material impact on the Group's financial position and as such no provisions were required (2019: NIL).

25. Credit Commitments

The commitments of a credit nature are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Undrawn commitments for loans and advances	29,190	108,942	29,190	108,942
Loans and advances approved pending final documents	41,575	79,995	41,575	79,995

26. Operating Segment

The Group has the following four strategic business lines, which are reportable segments. These divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure.

Reportable segments	**Operations**
Retail	Loans, deposits and other transactions and balances with retail customers
Corporate/Commercial	Loans, deposits and other transactions and balances with corporate/commercial customers
Treasury management and investment banking	FX trading, liquidity management and investment banking services including corporate finance, and specialised financial trading
Other Functions	All other revenue and support functions within the Group

The Group

	Retail	Corporate/ Commercial	Treasury	Other Functions	Total
	$'000	$'000	$'000	$'000	$'000
Year ended March 31, 2020					
Net interest income	44,442	72,390	(9,741)	-	107,091
Net fee and commission income	8,060	3,463	14	3,423	14,960
Foreign exchange gains	-	-	34,853	-	34,853
Other income	-	-	3,876	-	3,876
Total income	52,502	75,853	29,002	3,423	160,780
Impairment losses	(6,235)	(17,745)	(246)	-	(24,226)
Staff costs	(27,185)	(6,410)	(3,297)	(38,533)	(75,425)
Other expenses	(27,892)	(1,998)	(1,254)	(23,313)	(54,457)
Total non-interest expenses	(61,312)	(26,153)	(4,797)	(61,846)	(154,108)
Profit before taxation	(8,810)	49,700	24,205	(58,423)	6,672
Segment assets	217,650	1,495,627	1,129,122	81,854	2,924,253
Segments liabilities	1,105,763	484,937	1,057,860	67,322	2,715,882

26. Operating Segment (continued)

The Group

	Retail	Corporate/ Commercial	Treasury	Other Functions	Total
	$'000	$'000	$'000	$'000	$'000
Year ended March 31, 2019					
Net interest income	22,508	69,628	73	-	92,209
Net fee and commission income	4,080	4,082	41	2,739	10,942
Foreign exchange gains	-	-	38,984	-	38,984
Other income	-	-	1,522	-	1,522
Total income	26,588	73,710	40,620	2,739	143,657
Impairment losses	(707)	(2,658)	41	-	(3,324)
Staff costs	(22,665)	(5,908)	(2,669)	(33,210)	(64,452)
Other expenses	(32,802)	(2,418)	(1,087)	(12,716)	(49,023)
Total non-interest expenses	(56,174)	(10,984)	(3,715)	(45,926)	(116,799)
Profit before taxation	(29,586)	62,726	36,905	(43,187)	26,858
Segment assets	121,449	1,187,137	1,170,012	17,416	2,496,014
Segments liabilities	944,423	367,465	952,666	21,473	2,286,027

The Company

	Retail	Corporate/ Commercial	Treasury	Other Functions	Total
	$'000	$'000	$'000	$'000	$'000
Year ended March 31, 2020					
Net interest income	26,145	72,390	(8,367)	-	90,168
Net fee and commission income	5,696	3,463	14	3,423	12,596
Foreign exchange gains	-	-	34,854	-	34,854
Other income	-	-	3,876	-	3,876
Total income	31,841	75,853	30,377	3,423	141,494
Impairment losses	(6,235)	(9,770)	(246)	-	(16,251)
Staff costs	(19,659)	(6,410)	(3,297)	(38,522)	(67,888)
Other expenses	(22,727)	(1,998)	(1,265)	(21,226)	(47,216)
Total non-interest expenses	(48,621)	(18,178)	(4,808)	(59,748)	(131,355)
Profit before taxation	(16,780)	57,675	25,569	(56,325)	10,139
Segment assets	114,312	1,495,627	1,116,252	165,461	2,891,652
Segments liabilities	1,077,828	484,937	1,057,860	67,320	2,687,945

26. Operating Segment (continued)

The Company

	Retail	Corporate/ Commercial	Treasury	Other Functions	Total
	$'000	$'000	$'000	$'000	$'000
Year ended March 31, 2019					
Net interest income	19,681	69,627	92	-	89,400
Net fee and commission income	3,463	4,082	41	2,737	10,323
Foreign exchange gains	-	-	38,983	-	38,983
Other income	-	-	1,522	-	1,522
Total income	23,144	73,709	40,638	2,737	140,228
Impairment charges	(670)	(2,658)	41	-	(3,287)
Staff costs	(18,980)	(5,908)	(2,669)	(33,210)	(60,767)
Other expenses	(30,191)	(2,418)	(1,098)	(12,084)	(45,791)
Total non-interest expenses	(49,841)	(10,984)	(3,726)	(45,294)	(109,845)
Profit before taxation	(26,697)	62,725	36,912	(42,557)	30,383
Segment assets	88,104	1,187,137	1,168,628	54,146	2,498,015
Segments liabilities	953,306	367,465	952,666	21,312	2,294,749

27. Capital Management

Regulatory capital

The Group's lead regulator, the Central Bank of Trinidad and Tobago sets and monitors capital requirements for the bank and the subsidiary. In implementing current capital requirements, the Central Bank of Trinidad and Tobago requires that the Bank and its subsidiary maintain a prescribed ratio of total capital to total risk-weighted assets.

Regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, retained earnings statutory reserve after deductions for intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes. These capital elements are considered core because they are either: (i) permanent in nature, or (ii) available to absorb losses while the institution remains a going concern.

- Tier 2 capital, which includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as fair value through other comprehensive income.

The regulatory framework sets out the following capital requirements: Qualifying Tier 2 capital cannot exceed Tier 1 capital, the minimum ratio of Tier 1 capital to risk weighted assets is 4% and the minimum total capital to risk weighted assets is 8%. There are also restrictions on the amount of collective impairment allowances that may be included as part of Tier 2 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items.

The Group's policy is to maintain a strong capital base in line with its defined risk appetite.

The Group have complied with all externally imposed capital requirements throughout the year. The Group's approach to capital management has been consistent with prior years.

The Central Bank has communicated its intention to replace the existing capital management framework by implementing Basel II and some aspects of the Basel III framework in 2020.

Management is of the view that the Group will comply with the new capital adequacy requirements, based on the results of a series of quantitative impact studies (QIS) conducted by the Central Bank.

27. Capital Management (continued)

Regulatory capital (continued)

The Parent's regulatory capital position at March 31 was as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Tier 1 capital	214,784	209,035	210,126	202,318
Tier 2 capital	114,943	100,952	98,083	100,948
Total regulatory capital	329,727	309,987	308,209	303,266
Risk-weighted assets:				
Loans and advances, investment securities and other assets, being total risk-weighted assets	1,758,016	1,370,116	1,665,801	1,405,741
Market risk capital requirement	25,001	32,818	24,951	32,797
	1,783,017	1,402,934	1,690,752	1,438,538
Ratio of total regulatory capital to risk weighted assets - Actual	15.92%	17.41%	15.58%	15.88%
Ratio of total tier 1 capital to risk-weighted assets - Actual	12.05%	14.90%	12.43%	14.06%

On April 4, 2014, JMMB Bank (T&T) Limited issued $80,000,000 of unsecured, subordinated debt. This debt was increased to $100,000,000 effective February 2018. The Financial Institutions (Prudential Criteria) Regulation 1994 limits the amount of the subordinated debt that can qualify as Tier 2 supplementary capital to 50% of the Bank's Tier 1capital.

28. Fair Value of Financial Assets and Liabilities

The fair value of financial instruments that are recognised on the statement of financial position and the fair value of financial instruments that are not recognised on the statement of financial position are based on the valuation methods and assumptions set out in the significant accounting policies note 3(b)

(a) Valuation models

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

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

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

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

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

There were no transfers between levels during the year.

28. **Fair Value of Financial Assets and Liabilities** (continued)

(b) ***Financial instruments measured at fair value – fair value hierarchy***

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	The Group 31-Mar-20							
	Amortised Cost $'000	Fair Value through Other Comprehensive Income (FVOCI) $'000	Fair Value Through Profit & Loss (FVTPL) $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value								
Government of Trinidad and Tobago securities	-	166,509	-	166,509	42,293	124,216	-	166,509
Other Sovereign	-	70,639	-	70,639	70,299	-	340	70,639
Corporate bonds	-	163,444	66,489	229,933	73,363	16,961	140,609	229,933
Quoted and unquoted equities	-	1,553	-	1,553			1,553	1,553
	-	402,145	66,489	468,634	184,955	141,177	142,502	468,634
Financial assets not measured at fair value								
Cash and cash equivalents	134,938	-	-	134,938				
Balances with Central Bank	554,963	-	-	554,963				
Interest receivable	19,476	-	-	19,476				
Loans and advances to customers	1,649,448	-	-	1,649,448				
Accounts receivable	15,767	-	-	15,767				
	2,374,592	-	-	2,374,592				
Financial Liabilities not measured at fair value								
Customer deposits	2,492,063	-	-	2,492,063				
Repurchase agreements	10,000	-	-	10,000				
Subordinated debt	100,000	-	-	100,000				
Lease liability	46,364	-	-	46,364				
Interest payable	9,890	-	-	9,890				
Accounts payable	51,436	-	-	51,436				
	2,709,753	-	-	2,709,753				

28. Fair Value of Financial Assets and Liabilities (continued)

(b) Financial instruments measured at fair value – fair value hierarchy (continued)

	The Group 31-Mar-19							
	Amortised Cost $'000	Fair Value through Other Comprehensive Income (FVOCI) $'000	Fair Value Through Profit & Loss (FVTPL) $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value								
Government of Trinidad and Tobago securities	-	202,567	-	202,567	88,967	113,600	-	202,567
Other Sovereign	-	104,013	-	104,013	103,649	-	364	104,013
Corporate bonds	-	304,087	66,095	370,182	49,256	253,354	67,572	370,182
Quoted and unquoted equities	-	1,555	-	1,555			1,555	1,555
	-	612,222	66,095	678,317	241,872	366,954	69,491	678,317

	Amortised Cost $'000	FVOCI $'000	FVTPL $'000	Total $'000
Financial assets not measured at fair value				
Cash and cash equivalents	145,191	-	-	145,191
Balances with Central Bank	352,199	-	-	352,199
Interest receivable	16,032	-	-	16,032
Loans and advances to customers	1,259,656	-	-	1,259,656
Reverse repurchase agreement	7,433	-	-	7,433
Accounts receivable	9,239	-	-	9,239
	1,789,750	-	-	1,789,750
Financial Liabilities not measured at fair value				
Customer deposits	2,064,236	-	-	2,064,236
Repurchase agreements	67,570	-	-	67,570
Subordinated debt	100,000	-	-	100,000
Interest payable	5,668	-	-	5,668
Accounts payable	39,890	-	-	39,890
	2,277,364	-	-	2,277,364

28. Fair Value of Financial Assets and Liabilities (continued)

(b) *Financial instruments measured at fair value – fair value hierarchy* (continued)

	The Company 31-Mar-20							
	Amortised Cost $'000	**Fair Value through Other Comprehensive Income (FVOCI) $'000**	**Fair Value Through Profit & Loss (FVTPL) $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets measured at fair value								
Government of Trinidad and Tobago securities	-	166,509		166,509	42,293	124,216	-	166,509
Other Sovereign	-	70,299	-	70,299	70,299	-	-	70,299
Corporate bonds	-	163,443	66,413	229,856	79,437	16,961	133,458	229,856
Quoted and unquoted equities	-	1,553	-	1,553	-	-	1,553	1,553
	-	401,804	66,413	468,217	192,029	141,177	135,011	468,217
Financial assets not measured at fair value								
Cash and cash equivalents	132,115	-	-	132,115				
Balances with Central Bank	545,299	-	-	545,299				
Interest receivable	16,820	-	-	16,820				
Loans and advances to customers	1,564,311	-	-	1,564,311				
Accounts receivable	15,268	-	-	15,268				
Due from subsidiary	69,127	-	-	69,127				
	2,342,940	-	-	2,342,940				
Financial Liabilities not measured at fair value								
Customer deposits	2,461,836	-	-	2,461,836				
Repurchase agreements	10,000	-	-	10,000				
Subordinated debt	100,000	-	-	100,000				
Lease liability	38,608	-	-	38,608				
Interest payable	8,537	-	-	8,537				
Due to subsidiary	13,110	-	-	13,110				
Accounts payable	49,981	-	-	49,981				
	2,682,072	-	-	2,682,072				

28. Fair Value of Financial Assets and Liabilities (continued)

(b) Financial instruments measured at fair value – fair value hierarchy (continued)

	The Company 31-Mar-19							
	Amortised Cost $'000	Fair Value through Other Comprehensive Income (FVOCI) $'000	Fair Value Through Profit & Loss (FVTPL) $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value								
Government of Trinidad and Tobago securities	-	202,567	-	202,567	88,967	113,600	-	202,567
Other Sovereign	-	103,649	-	103,649	103,649	-	-	103,649
Corporate bonds	-	304,086	66,020	370,106	49,256	253,354	67,496	370,106
Quoted and unquoted equities	-	1,555	-	1,555			1,555	1,555
	-	611,857	66,020	677,877	241,872	366,954	69,051	677,877
Financial assets not measured at fair value								
Cash and cash equivalents	145,170	-	-	145,170				
Balances with Central Bank	351,335	-	-	351,335				
Interest receivable	15,341	-	-	15,341				
Loans and advances to customers	1,230,414	-	-	1,230,414				
Reverse repurchase agreement	7,433	-	-	7,433				
Accounts receivable	8,895	-	-	8,895				
Due from subsidiary	23,294	-	-	23,294				
	1,781,882	-	-	1,781,882				
Financial Liabilities not measured at fair value								
Customer deposits	2,064,010	-	-	2,064,010				
Repurchase agreements	67,570	-	-	67,570				
Subordinated debt	100,000	-	-	100,000				
Interest payable	5,596	-	-	5,596				
Due to subsidiary	9,957	-	-	9,957				
Accounts payable	39,113	-	-	39,113				
	2,286,246	-	-	2,286,246				

28. Fair Value of Financial Assets and Liabilities (continued)

(c) Level 3 fair value measurements

(i) Reconciliation

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	Government Bonds $'000	Other $'000	Total $'000
The Group 2020			
Balance at April 1	364	69,127	69,491
Additions (settlements)	(24)	73,375	73,351
Total gains or losses:			
- in OCI	-	-	-
Balance at March 31	340	142,502	142,842
The Group 2019			
Balance at April 1	386	42,784	43,170
Additions (settlements)	(22)	26,343	26,321
Total gains or losses:			
- in OCI	-	-	-
Balance at March 31	364	69,127	69,491
The Company 2020			
Balance at April 1	-	69,051	69,051
Additions (settlements)	-	65,960	65,960
Total gains or losses:			
- in OCI	-	-	-
Balance at March 31	-	135,011	135,011
The Company 2019			
Balance at April 1	-	39,887	39,887
Additions (settlements)		29,164	29,164
Total gains or losses:			
- in OCI	-	-	-
Balance at March 31	-	69,051	69,051

28. Fair Value of Financial Assets and Liabilities (continued)

(c) *Level 3 fair value measurements* (continued)

(ii) *Unobservable inputs used in measuring fair value*

The following table set out information about unobservable inputs used at year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type of Financial Instrument	Fair Values at March 31, 2020 $'000	Valuation Technique	Significant Unobservable Input	Range of Estimates (weighted-average) for Unobservable Inputs	Fair Value Measurement Sensitivity to Unobservable Inputs
Bond	340	Valued at par	There is no active market for these bonds	N.A.	N.A.
Equities	1,553	Valued at cost	There is no active market for these equities	N.A.	N.A.
Other	140,609	Valued at par	No prices available for these investments	N.A.	N.A.

(N.A. – not applicable)

29. Earnings per Share

Amounts are noted in thousands except per share

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Profit attributable to ordinary shares	16,300	1,073	3,683	18,729
Ordinary shares at Apr 1	107,631	107,631	107,631	107,631
	$0.15	$0.01	$0.03	$0.17

30. Significant Accounting Policies

(a) Financial instruments

(i) The Group's financial instruments fall under the following categories:

(a) Loans and advances to customers

The Group's loans and advances to customers are debt instruments with fixed or determinable payments and that are managed mainly for the collection of the contractual cash flows that management has classified within a hold to collect business model and are measured at amortised cost under IFRS 9. The detailed classification and measurement criteria are noted below.

(b) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. These are classified within a hold to collect business model and are measured at amortised cost under IFRS 9 classified. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method

The Group's investment securities include both debt and equity instruments. These instruments are classified and measured according to the business model for managing each asset as well as based on the cashflow characteristics of each instrument as detailed below.

30. Significant Accounting Policies (continued)

(c) Customer deposits

Deposits from customers are the Group's main source of funding and fall under the categories of savings, demand or time deposits, and are measured at amortised cost according to the business model for managing these instruments

(d) Debt securities in issue

The Group also uses debt securities as a source of funding. Debt securities in issue are initially measured at fair value which equates to the agreed terms at the issue date minus incremental direct transaction costs and are subsequently measured at amortised cost using the effective interest rate method according to the business model for managing these instruments

(e) Financial instruments

The Group's financial instruments fall under the following categories:

(i) Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

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

- The amount of the loss allowance (calculated as described in note 23(b)); and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

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

30. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

(ii) Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at 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 loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees that are integral to the effective interest rate, such as origination fees.

For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired (see definition on note 23(b)) at initial recognition - the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

30. Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(ii) Measurement methods (continued)

Interest income calculated using effective interest method

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

(a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

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

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

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income calculated using effective interest method presented in the statement of profit or loss and OCI includes:

- Interest on financial assets and financial liabilities measured at amortised cost;
- Interest on debt instruments measured at FVOCI

30. Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(ii) Measurement methods (continued)

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, 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, as described in note 30(b), 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 (i.e. Level 2 input) the difference is recognised as a gain or loss.

(iii) Financial assets

Classification and subsequent measurement

The Group has applied IFRS 9 and classifies 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:

30. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

(iii) Financial assets (continued)

Classification and subsequent measurement (continued)

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:

(i) the Group's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

30. Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(iii) Financial assets (continued)

Classification and subsequent measurement (continued)

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 recognised and measured as described in note 30(d)(iii). Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate 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). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- 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 and presented in the profit or loss statement within 'Gains/loss on investment at FVTPL'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

30. Significant Accounting Policies (continued)

(e) *Financial instruments* (continued)

(iii) Financial assets (continued)

Classification and subsequent measurement (continued)

Debt instruments (continued)

- Fair value through profit or loss (continued)

  Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. An example is the liquidity portfolio of assets, which is held by the Group as part of liquidity management and is generally classified within the hold to collect and sell business model. 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.

  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.

30. Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(iii) Financial assets (continued)

Classification and subsequent measurement (continued)

Debt instruments (continued)

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.

Equity instruments

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

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in the 'Net gain/loss from investment securities at fair value through profit and loss'.

30. Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(iii) Financial assets (continued)

Classification and subsequent measurement (continued)

Impairment

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loans, commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 23 (a)(ii) I provides more detail of how the expected credit loss allowance is measured.

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, that substantially affects the risk profile of the loan;
- Material change of the loan term when the borrower is not in financial difficulty;

30. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

(iii) Financial assets (continued)

Classification and subsequent measurement (continued)

Modification of loans (continued)

- Significant change in the interest rate;
- Change in the currency the loan is denominated in;
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

30. Significant Accounting Policies (continued)

(e) ***Financial instruments*** (continued)

(iii) ***Financial assets*** (continued)

Classification and subsequent measurement (continued)

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets,

(ii) Is prohibited from selling or pledging the assets; and

(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

30. Significant Accounting Policies (continued)

(e) *Financial instruments* (continued)

(iv) Financial liabilities

Classification and subsequent measurement

In both the current and prior period, financial liabilities of the Group are classified and subsequently measured at amortised cost.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

30. Significant Accounting Policies (continued)

(f) Revenue recognition

(i) Interest income and expense

Interest income and expense are recognised on the accruals basis in profit or loss for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investment and trading securities as well as accrued discount and premium on treasury bills and other instruments. Interest income is reversed when loans are 90 days overdue and considered non-performing.

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

(ii) Fee and commission income

Unless included in the effective interest calculation in accordance with IFRS 9, the majority of the Group's fees are transactional in nature and are recognised on an accrual basis as the service is provided. Commissions and fees not integral to the effective interest arising from negotiating or participating in negotiation of a transaction for a third party are recognised on the completion of the underlying transaction.

(iii) Dividends

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for quoted equity securities. Dividends are reflected as a component of net trading income, net income on other financial instruments at fair value or other operating income based on the underlying classification of the equity instrument.

(g) Foreign currency

Transactions in foreign currencies are initially recorded at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at the rate of exchange ruling on the reporting date. All differences arising are taken to the profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

30. Significant Accounting Policies (continued)

(h) Cash and cash equivalents

Cash and equivalents include notes and coins on hand, deposits held other financial institutions, which are highly liquid financial assets with less than 90 days to maturity from the date of acquisition, are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(i) Balances with Central Bank

Balances with Central Bank include deposits held with the Central Bank of Trinidad and Tobago (Central Bank). Under the provisions of Financial Institutions Act (2008)), the Bank and its subsidiary are required to hold and maintain as a deposit with the Central Bank a cash reserve balance equivalent to 14% and 9% respectively of prescribed liabilities. Prior to March 2020 the rates were 17% and 9% of prescribed liabilities.

(j) Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Costs subsequent to acquisition are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation on equipment, which consist of computer hardware, machinery and office equipment, is provided on the reducing balance method at various rates sufficient to write off the assets over their estimated useful lives. Depreciation on leasehold improvements is computed using the straight-line method over the life of the lease, or if shorter, the useful life of the asset.

The rates used are as follows:

Equipment - 10 – 33⅓% per annum

The assets residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. Gains and losses on disposal of plant and equipment are determined by comparing proceeds with their carrying amount and are taken into account in determining operating profit.

30. Significant Accounting Policies (continued)

(k) Provisions

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

(l) Statutory reserve fund

In accordance with the Financial Institutions Act, 2008, the Bank and its subsidiary are required to transfer at the end of each financial year no less than 10% of their net income after tax to a statutory reserve fund until the amount standing to the credit of the statutory reserve fund is not less than their paid-up capital.

(m) Leases – where the Group is the lessee

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

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.

This policy is applied to contracts entered into, on or after April 1, 2019.

(i) 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.

30. Significant Accounting Policies (continued)

(m) Leases – where the Group is the lessee (continued)

Policy applicable from April 1, 2019 (continued)

(i) As a lessee

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

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

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

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

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

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

30. Significant Accounting Policies (continued)

(m) Leases (continued)

Policy applicable from April 1, 2019 (continued)

(i) As a lessee (continued)

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 been reduced to zero.

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

Short-term leases and leases of low-value assets

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

(n) Employee benefits

(i) Short-term

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, National Insurance Scheme contributions, annual leave, and non-monetary benefits such as medical care and loans, post-employment 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. Post-employment benefits are accounted for as described below.

30. Significant Accounting Policies (continued)

(n) Employee benefits (continued)

(ii) Post employment

The Group operates a two tiered defined contribution arrangement with Guardian Life of the Caribbean Limited, which is in compliance with the provisions of the Income Tax Act of Trinidad & Tobago section 134(6). Under the terms of employment, the Group is obligated to contribute on behalf of all eligible employees an amount of 10% of the employees' pensionable salary directly to the Company's plan. Under this plan contribution are issued in the name of each eligible employee but is separate from the 5% plan contributed to by the employee.

In addition, all eligible employees contribute an amount of 5% of their pensionable salary to individual annuities.

The Group's contribution expense to this Plan is charged to the profit or loss in the year to which they relate For the current financial year, March 31, 2019, the Group's contributions amounted to $4.3 million (2019: $3.0 million).

(o) Taxation

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income (as for deferred tax).

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

A deferred tax asset is 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. 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.

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

Deferred tax assets and liabilities are offset only if certain criteria are met.

30. Significant Accounting Policies (continued)

(p) Earnings per share

Earnings per share has been computed by dividing the net profit attributable to ordinary shareholders, by the weighted average number of ordinary shares in issue during the year.

(q) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The 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.

(r) Other assets and liabilities

Other assets and liabilities, not classified as financial instruments, are initially recognised and subsequently measured at amortised cost in the statement of financial position with relevant costs recognised in profit or loss.

(s) Acceptances, guarantees and letters of credit

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that occurs because a specified debtor failed to make payments in accordance with the terms of a debt instrument.

The Group's commitments under acceptances, guarantees and letters of credit have been excluded from these financial statements because they do not meet the criteria for recognition. These commitments as at March 31, 2020 totalled $9,099 million (2019: $9,735 million). In the event of a call on these commitments, the Group has equal and offsetting claims against its customers.

30. Significant Accounting Policies (continued)

(t) New standards, amendments and interpretations not yet effective

There are a number of accounting standards that have been issued by the International Accounting Standards Board (IASB), but which are not yet effective for the year ended March 31, 2020. The Group does not plan on early adoption of these standards, these include:

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

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

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

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

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

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

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

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

30. Significant Accounting Policies (continued)

(u) New standards, amendments and interpretations not yet effective

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

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

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

- Amendment to IAS 1, Presentation of Financial Statements is effective for annual periods beginning on or after January 1, 2022 but with a possible deferral to January 1, 2023. An entity classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. The amendment clarifies that a right to defer exists only if the entity complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date. The settlement of a liability includes transferring a company's own equity instruments to the counterparty.

The Group is assessing the impact that the amendment will have on its 2022 or 2023 financial statements.

(v) Comparative Information

Certain changes in presentation have been made in these financial statements. These changes had no effect in the operating results or profit after tax on the Group for the previous year.

GLOSSARY

IFRS	International Financial Reporting Standards	Standardized accounting standards across international boundaries
IASB	International Accounting Standards Board	Independent account standard-setting body of the IFRS Foundation
FVOCI	Fair value through other comprehensive income	Comprising items of income and expense that are not recognised in profit or loss
FVTPL	Fair value through profit and loss	Comprising items of income and expense that are recognised in profit or loss
ECL	Expected Credit Losses	Measurement of expected credit losses that result from default of financial assets e.g. loans and investments
SICR	Significant increase in credit risk	Significant change in estimated default risk
PD	Probability of default	The likelihood of failure by borrower to repay debt
EAD	Exposure at default	The total value a bank is exposed to when a counterparty defaults
IG	Investment grade	A level of credit rating for counterparties and issues regarded as carrying a minimal risk to investors
LGD	Loss given default	The loss incurred by a financial institution when a borrower defaults on a loan
VaR	Value at Risk	Tool used to measure and control market risk exposures within a firm, portfolio or position over a specified time
Bp	Basis point	Used in expressing differences of interest rates
BCP	Business continuity plan	Process involved in creating a system of prevention and recovery from potential threats to a company
POCI	Purchased or originated credit-impaired	Assets that are credit impaired at initial recognition/purchase
SPPI	Solely payments of principal and interest	Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest
ROU	Right of Use Asset	The lessees right to use an asset over the life of a lease