JMMB Express Finance (T&T) Limited

Financial Statements

As at and for the year ended 31 March 2024
(Expressed in Trinidad and Tobago dollars)

JMMB Express Finance (T&T) Limited
Index
31 March 2024

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

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of JMMB Express Finance (T&T) Limited (the Company), which comprise the statement of financial position as at March 31, 2024, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of material accounting policies and other explanatory information;

- Ensuring that the Company 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 Company's assets, detection/prevention of fraud and the achievement of the Company'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 financial statements, management utilised the International IFRS Accounting Standards, as issued by the International Accounting Standards Board (IFRS Accounting Standards) and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS Accounting 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 Company will not remain a going concern for the next twelve months from the reporting date, or from the date the financial statements have been authorised for issue, if later.

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

Elson James
Chief Executive Officer

Date: June 27, 2024

Naomi Arjoonsingh
Chief Financial Officer

Date: June 27, 2024

KPMG Chartered Accountants
Savannah East
11 Queen's Park East
Port-of-Spain
Trinidad and Tobago, W.I.
Tel +1 868 612 5764
Web www.kpmg.com/tt

Independent Auditors' Report
To the Shareholder of JMMB Express Finance (T&T) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JMMB Express Finance (T&T) Limited ("the Company"), which comprise the statement of financial position as at March 31, 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards)

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Independent Auditors' Report (continued)
To the Shareholder of JMMB Express Finance (T&T) Limited (continued)

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

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 Financial Statements

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

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

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

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

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

Independent Auditors' Report (continued)
To the Shareholder of JMMB Express Finance (T&T) Limited (continued)

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

- 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.

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.

KPMG

Chartered Accountants

Port of Spain
Trinidad, and Tobago
June 27 2024

JMMB Express Finance (T&T) Limited

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2024
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2024 $'000	2023 $'000
Net interest income			
Interest income calculated using the effective interest method	4	70,177	61,258
Interest expense	5	(6,516)	(5,388)
		63,661	55,870
Other revenue			
Fees and commission income		13	11
		13	11
Revenue net of interest expense		63,674	55,881
Operating Expenses			
Staff costs	6	(16,482)	(17,159)
Other expenses	7	(12,444)	(11,910)
		(28,926)	(29,069)
Profit before impairment losses and taxation		34,748	26,812
Impairment losses on financial assets	8	(9,792)	(6,597)
Profit before taxation		24,956	20,215
Taxation	9	(8,845)	(7,144)
Profit for the year		16,111	13,071

The accompanying notes on pages 10 to 74 are an integral part of these financial statements.

JMMB Express Finance (T&T) Limited

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

Year ended 31 March 2024
(Expressed in thousands of Trinidad and Tobago dollars)

	2024 $'000	2023 $'000
Profit for the year	16,111	13,071
Other Comprehensive Income		
Items that are or may be reclassified subsequently to profit or loss		
Net gain (loss) on investments in debt instruments measured at FVOCI	7	(9)
Total comprehensive Income	16,118	13,062

The accompanying notes on pages 10 to 74 are an integral part of these financial statements.

JMMB Express Finance (T&T) Limited

Statement of Financial Position

Year ended 31 March 2024
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2024 $'000	2023 $'000
Assets			
Cash and cash equivalents	10	22,868	15,546
Balances with Central Bank	11	16,978	16,978
Interest receivable		2,253	1,777
Accounts receivable	12	1,134	1,446
Investment securities	13	1,296	223
Loans and notes receivable	14	257,090	203,106
Property and equipment	15	2,547	2,733
Right of use asset	21(i)	7,337	4,531
Deferred tax assets	16	2,251	2,735
Total Assets		313,754	249,075
Equity and Liabilities			
Equity			
Share capital	17(i)	15,000	15,000
Retained earnings		36,535	22,035
Statutory reserve		5,958	4,347
Investment revaluation reserve	17(ii)	(34)	(41)
Total Equity		57,459	41,341
Liabilities			
Customer deposits	18	75,279	73,247
Due to parent	19	153,179	114,336
Lease liability	21(ii)	7,736	4,849
Interest payable		2,654	2,343
Accounts payable	20	9,674	7,559
Taxation payable		7,107	5,216
Due to related party	19	510	-
Deferred tax liabilities	16	156	184
Total Liabilities		256,295	207,734
Total Equity and Liabilities		313,754	249,075

The accompanying notes on pages 10 to 74 are an integral part of these financial statements.

Approved for issue by the Board of Directors on June 17, 2024 and signed on its behalf by:

Lorraine Kam Director

Catherine Kumar Director

JMMB Express Finance (T&T) Limited

Statement of Changes in Equity

Year ended 31 March 2024
(Expressed in thousands of Trinidad and Tobago dollars)

	Share Capital $'000	Retained Earnings $'000	Statutory Reserve $'000	Investment Revaluation Reserve $'000	Total Equity $'000
Balance as at 1 April 2022	15,000	10,271	3,040	(32)	28,279
Profit for the year	-	13,071	-	-	13,071
Other comprehensive income, net of tax					
Change in fair value of debt instruments at FVOCI	-	-	-	(9)	(9)
Total comprehensive income for the year	-	13,071	-	(9)	13,062
Transactions with owners of the Company					
Transfer to statutory reserve	-	(1,307)	1,307	-	-
Balance as at 31 March 2023	15,000	22,035	4,347	(41)	41,341
Balance as at 1 April 2023	15,000	22,035	4,347	(41)	41,341
Profit for the year	-	16,111	-	-	16,111
Other comprehensive income, net of tax					
Change in fair value of debt instruments at FVOCI	-	-	-	7	7
Total comprehensive income for the year	-	16,111	-	7	16,118
Transactions with owners of the Company					
Transfer to statutory reserve	-	(1,611)	1,611	-	-
Balance as at 31 March 2024	15,000	36,535	5,958	(34)	57,459

The accompanying notes on pages 10 to 74 are an integral part of these financial statements.

JMMB Express Finance (T&T) Limited

Statement of Cash Flows

Year ended 31 March 2024
(*Expressed in thousands of Trinidad and Tobago dollars)*

	Note	2024	2023
		$'000	**$'000**
Cash Flows from Operating Activities			
Profit for the year		16,111	13,071
Adjustments for:			
Interest income	4	(70,177)	(61,258)
Interest expense	5	6,115	5,120
Taxation	9	8,845	7,144
Impairment losses on financial assets	8	9,792	6,597
Depreciation on property and equipment	7 & 15	785	1,018
Depreciation on right of use asset	7 & 21	1,918	1,797
Finance lease interest charge	5 & 21 (ii)	401	268
		(26,210)	(26,243)
Changes in operating assets and liabilities			
Accounts receivable		312	(865)
Loans and notes receivable		(63,776)	(62,288)
Due to parent		38,843	12,172
CBTT Reserve – Primary		(167)	(4,161)
Customer deposits		2,032	35,522
Due to related party		510	-
Accounts payable		2,115	3,769
		(46,341)	(42,094)
Interest received		69,700	60,634
Interest paid		(6,202)	(4,561)
Taxes refunded		-	11
Taxation paid		(6,499)	(5,253)
Net cash from operating activities		10,658	8,737
Cash Flows from Investing Activities			
Purchase of property and equipment	15	(599)	(143)
Purchase of investment securities		(1,093)	-
Proceeds on principal repayment on investment securities		26	85
Net cash used in investing activities		(1,666)	(58)
Cash Flows from Financing Activities			
Payment of lease liabilities	21	(1,837)	(1,822)
Net cash used in financing activities		(1,837)	(1,822)
Net increase in cash and cash equivalents		7,155	6,857
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		16,390	9,533
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		23,545	16,390
Cash and cash equivalents are represented by:			
Cash and cash equivalents	10	22,868	15,546
Balance with Central Bank other than Primary Reserve Deposit	11	677	844
		23,545	16,390

The accompanying notes on pages 10 to 74 are an integral part of these financial statements.

1. Identification

JMMB Express Finance (T&T) Limited, (previously Intercommercial Trust and Merchant Bank Limited) (JEF/the Company) was incorporated in the Republic of Trinidad and Tobago in 31 January 2001 and commenced operations in October 2001. JEF is focused primarily on consumer lending. Its registered office was changed to 86 Ramsaran Street, Chaguanas. JEF is a wholly owned subsidiary of JMMB Bank (T&T) Limited (JMMB Bank).

Effective 31 January 2024, the Trinidad and Tobago financial entities of the JMMB Group Limited (which includes JEF and its parent, JMMB Bank) are now indirectly controlled by JMMB Financial Holdings Limited which is a financial holding company licensed by the Bank of Jamaica.

The ultimate parent remains JMMB Group Limited, a company listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

As a licensed trust company, merchant bank and finance house/finance company, JEF operates under a licence from the Financial Institutions Act, 2008. Principal activities under this licence include providing medium and long term finance, mortgages, accepting medium and long term fixed deposits from the public, invoice financing, trade and inventory financing, investment services, leasing, project financing and arranging and underwriting issues of marketable securities.

2. Statement of Compliance and Basis of Preparation

(a) Statement of Compliance

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

Details of JEF’s material accounting policies are included in Note 27.

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis except for the following:

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

(c) Functional and presentation currency

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

The financial statements are presented in Trinidad and Tobago dollars, which is JEF’s functional and presentation currency. All amounts are rounded to the nearest thousand, unless otherwise indicated.

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

(d) Use of estimates and judgments

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

Note 3 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.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effects on amounts recognised in the financial statements, or which have a risk of material adjustment in the next financial year, are as follows:

(a) Key sources of estimation uncertainty

(i) Impairment of financial assets

Loans and notes receivable accounted for at amortised cost and FVOCI are evaluated for impairment on the basis described in accounting policy Note 27(a)(iii).

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 22(a)(ii)(5), 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:

- 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 global geopolitical events for each type of product/market and the associated ECL and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(Expressed in thousands of Trinidad and Tobago dollars)

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

(a) Key sources of estimation uncertainty (continued)

(ii) Fair value of financial instruments

There are no quoted market prices for a significant portion of the Company's financial assets. Accordingly, fair values of several financial assets are estimated using prices derived from a yield curve. The yield curve is, in turn, obtained from a pricing source which uses indicative prices from the local market. There is significant uncertainty inherent in this approach. The fair values determined in this way are classified as Level 2 or 3 fair values.

The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction (Note 24).

(b) Critical accounting judgments in applying JEF's accounting policies

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

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

Impairment of financial assets

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit losses (ECL) and selection and approval of models used to measure ECL require significant judgement (see notes 22(a)(a.ii.4) and 27(a)(iii)).

4. Interest Income calculated using the effective interest method

	2024 $'000	2023 $'000
Loans and notes receivable measured at amortised cost	70,148	61,232
Investment securities at FVOCI	29	25
Investment securities at FVTPL	-	1
	70,177	61,258

5. Interest Expense

Interest on customer deposits	2,479	2,018
Lease liability expense	401	268
Interest paid to parent	3,636	3,102
	6,516	5,388

The amounts above, calculated using the effective interest method, relate to financial liabilities measures at amortised cost.

(Expressed in thousands of Trinidad and Tobago dollars)

6. Staff Costs

	2024 $'000	2023 $'000
Salaries and wages	7,892	7,105
Statutory payroll contributions	595	517
Pension scheme contributions	741	675
Training and development	23	7
Other staff benefits	7,231	8,855
	16,482	17,159

Other staff benefits include employee health and life plan payments, expenses for staff functions and events, sales commissions and other incentive payments, and other miscellaneous staff benefits.

7. Other Expenses

	2024 $'000	2023 $'000
Advertising and promotion	2,529	2,631
Auditors' remuneration	433	283
Bank charges and interest	52	43
Credit bureau fees	1,044	828
Depreciation on property and equipment	785	1,018
Depreciation on right of use asset	1,918	1,797
Directors' fees	491	295
Information technology	2,181	1,999
Legal and other professional fees	323	467
Other	715	228
Regulatory fees	269	246
Repairs and maintenance	528	652
Security	408	376
Stationery, printing and postage	83	97
Travel and entertainment	165	97
Utilities	520	853
	12,444	11,910

8. Impairment Losses on Financial Assets

	2024 $'000	2023 $'000
Impairment loss on loans and notes receivable	11,290	8,610
Recoveries	(1,498)	(2,013)
	9,792	6,597

(Expressed in thousands of Trinidad and Tobago dollars)

9. Taxation

Income tax is computed at 35% on the profit for the year adjusted for tax purposes. Business levy is calculated as 0.6% of gross revenue.

	2024 $'000	2023 $'000
(i) Taxation charge		
Business Levy	-	11
Current income tax:		
- Provision for charge on current year's profit	8,378	6,328
- Changes in estimates related to prior years	11	-
Deferred income tax relating to the origination and reversal of temporary differences		
- Current year	423	743
- Changes in estimates related to prior years	33	62
	8,845	7,144

(ii) Reconciliation of the effective tax rate

	2024 %	2024 $'000	2023 %	2023 $'000
Profit before taxation	100	24,956	100	20,215
Tax calculated at relevant rates	35	8,735	35	7,075
Adjusted for the effects of:				
Changes in estimates related to prior years	-	44	-	62
Business Levy	-	-	-	11
Expenses not allowable	-	66	-	(4)
	35	8,845	35	7,144

(Expressed in thousands of Trinidad and Tobago dollars)

10. Cash and cash equivalents

	2024 $'000	2023 $,000
Balances held with parent	17,380	13,081
Balances held with other financial institutions	5,488	2,465
	22,868	15,546

11. Balances with Central Bank

	2024 $'000	2023 $,000
Primary Reserve Balance	16,301	16,134
Surplus Balance	677	844
	16,978	16,978

12. Accounts Receivable

	2024 $'000	2023 $'000
Prepayments and other receivables	795	1,107
Rental deposits	339	339
	1,134	1,446

13. Investment Securities

	2024 $'000	2023 $'000
Fair value through other comprehensive income (FVOCI)		
Other sovereign bonds	203	223
Unquoted equity securities	1,093	-
	1,296	223

The maturity profile of investment securities, from the reporting date is as follows:

Other sovereign bonds:		
Over 5 years	203	223
Unquoted equity securities:		
No fixed maturity	1,093	-
	1,296	223
Summary		
Over 5 years	203	223
No fixed maturity	1,093	-
	1,296	223

(Expressed in thousands of Trinidad and Tobago dollars)

14. (a) (i) Loans and Notes Receivable

	2024 $'000	2023 $'000
Stage 1	257,139	205,599
Stage 2	5,983	4,999
Stage 3	6,415	4,473
Gross loans and notes receivable	269,537	215,071
Expected credit loss allowance	(12,447)	(10,167)
Net loans after impairment allowance	257,090	204,904
Effect of deferred loan fees	-	(1,798)
Net loans and notes receivable	257,090	203,106
(ii) Concentration of gross loans		
Retail	269,537	215,071
(iii) Impairment allowance on loans and notes receivable		
Balance at 1 April	(10,167)	(7,994)
Expected credit loss allowance (Note 8)	(11,290)	(8,610)
Write off	9,010	6,437
Balance at 31 March	(12,447)	(10,167)

15. Property and Equipment

	Capital Work-in-Progress $'000	Leasehold Improvements $'000	Furniture And Computer Fixtures $'000	Equipment $'000	Total $'000
Cost					
1 April 2022	-	1,034	3,052	2,487	6,573
Additions	-	-	15	128	143
Adjustments	-	(1)	(2)	1	(2)
1 April 2023	-	1,033	3,065	2,616	6,714
Additions	188	-	20	391	599
Adjustments	-	-	-	-	-
31 March 2024	188	1,033	3,085	3,007	7,313
Accumulated depreciation					
1 April 2022	-	720	906	1,337	2,963
Charge for the year	-	220	306	494	1,020
Adjustments	-	(1)	-	(1)	(2)
1 April 2023	-	939	1,212	1,830	3,981
Charge for the year	-	94	308	383	785
Adjustments	-	-	-	-	-
31 March 2024	-	1,033	1,520	2,213	4,766
Net Book Value					
31 March 2024	188	-	1,565	794	2,547
31 March 2023	-	94	1,853	786	2,733

(Expressed in thousands of Trinidad and Tobago dollars)

16. Deferred Income Taxes

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 tax.

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

	2024 $'000	2023 $'000
Deferred tax asset:		
Impairment on financial instruments	2,111	1,994
Leases	140	112
Deferred fees - loan fees	-	629
	2,251	2,735
Deferred income tax liability:		
Property and equipment	(156)	(184)
Net deferred income tax asset	2,095	2,551

(ii) The movement in the net deferred tax account comprised:

	2024		
	Balance at Beginning Of Year $'000	Recognised in Profit or Loss $'000	Balance at End of Year $'000
Impairment on financial instruments	1,994	117	2,111
Property and equipment	(184)	28	(156)
Leases	112	28	140
Deferred fees – loan fees	629	(629)	-
	2,551	(456)	2,095

	2023		
	Balance at Beginning Of Year $'000	Recognised in Profit or Loss $'000	Balance at End of Year $'000
Impairment on financial instruments	1,509	485	1,994
Property and equipment	(240)	56	(184)
Leases	120	(8)	112
Deferred fees – loan fees	1,967	(1,338)	629
	3,356	(805)	2,551

(Expressed in thousands of Trinidad and Tobago dollars)

17. Share Capital and Reserves

(i) Share Capital

	2024 $'000	2023 $'000
Authorised		
An unlimited number of shares, par value $1.00		
Issued and fully paid		
15,000,000 ordinary shares	15,000	15,000

The Company has elected, under the Companies Act 1995, to maintain par value status for its ordinary shares.

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 Company. All ordinary shares rank equally with regard to JEF's residual assets.

(ii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of debt securities and equity securities measured at FVOCI until the assets are derecognised or reclassified, $34 (2023: $41).

(iii) Statutory Reserve

The Company and its subsidiary transferred 10% of their net income after tax to the statutory reserve fund, in accordance with the Financial Institutions Act, 2008.The statutory reserve fund balance is as follows:

	2024 $'000	2023 $'000
Statutory reserve balance at end of year	5,958	4,347

18. Customer Deposits

	2024 $'000	2023 $'000
Time deposits	75,279	73,247
Sector analysis		
Corporate and commercial	7,676	7,614
Personal	67,603	65,633
	75,279	73,247

19. Related Party Transactions and Balances

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, 'JEF"/'the Company".

(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 JEF or to the parent of JEF.

(9) 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.

(Expressed in thousands of Trinidad and Tobago dollars)

19. Related Party Transactions and Balances (continued)

(iii) The following tables provide the total amount of transactions, which have been entered into with related parties for the relevant financial year.

The statement of financial position includes balances, other than those specifically disclosed on the statements as follows:

Due from related parties:

	2024 $'000	2023 $'000
Cash balances held with parent	17,380	13,081

These balances relate to bank accounts held with the parent at commercial terms.

Due to related parties:

	2024 $'000	2023 $'000
Interest payable on deposits from parent	1,267	1,101
Amounts payable to parent	32,594	7,230
Deposits from parent	120,585	107,106
Due to parent	153,179	114,336
Due to affiliated company	510	-

These balances relate to deposits at commercial terms from the parent with varying tenors ranging from six to twelve months and interest rates ranging from 1.9% to 3.25%.

Amounts payable to parent have no specific conditions or terms attached to the transactions.

Affiliated companies are fellow subsidiaries of the JMMB Group.

Amounts reported in statement of comprehensive income are as follows:

	2024 $'000	2023 $'000
Interest paid to parent	3,636	3,102
Interest received from parent	41	17

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of JEF, 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:

(Expressed in thousands of Trinidad and Tobago dollars)

19. Related Party Transactions and Balances (continued)

	2024 $'000	2023 $'000
Key Management Personnel and their close family members		
Directors	491	295
Other short term employee benefits	3,048	3,251
Post-employment benefits	218	226
	3,757	3,772

The Company has determined that there is no Expected Credit Loss (ECL) on related party balances as at 31 March 2024 (2023: NIL) and no amounts were written off during the year (2023: NIL).

20. Accounts payable

	2024 $'000	2023 $'000
Accrued expenses	9,674	7,559

21. Leases - Right of Use Asset and Lease Liability

(a) Leases as lessee

JEF leases properties for office space and other uses. The leases run for a period of 1 years to 5 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.

JEF holds short term leases (one to three years) and/or leases of low value items (less that USD$1,000) and has elected not to recognise right-of-use assets and lease liabilities for these leases. Information about leases for which the Group is a lessee is presented below.

Information about leases for which JEF 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 Buildings	
	2024 $'000	2023 $'000
Balance at 1 April	4,531	3,992
Additions to right of use assets	4,724	2,336
Depreciation charge for the year	(1,918)	(1,797)
Balance at 31 March	7,337	4,531

(Expressed in thousands of Trinidad and Tobago dollars)

21. Leases - Right of Use Asset and Lease Liability (continued)

(a) Leases as lessee (continued)

(ii) Lease liability

	Land and Buildings	
	2024	**2023**
	$'000	**$'000**
Balance at 1 April	4,849	4,335
Additions to lease liability	4,724	2,336
Interest expense	401	268
Lease payments for the year	(2,238)	(2,090)
Balance at 31 March	7,736	4,849

(iii) Amounts recognised in statement of cash flows and profit or loss

	2024	**2023**
	$'000	**$'000**
Cash flow		
Total cash outflow for leases	1,837	1,822
Profit or loss		
Expenses relating to short-term leases and low-value assets	59	134

(iv) Extension options

Where the renewal option is exercisable by JEF (lessee) and are reasonably expected to be exercised, these have been included in the lease liability.

(v) Lease Liability Maturity Analysis

	2024	**2023**
	$'000	**$'000**
Less than 1 year	2,224	1,392
Between 1 and 5 years	6,499	3,790
Over 5 years	-	440
Interest	(987)	(773)
Present value of minimum lease payments	7,736	4,849
Less than 1 year	1,829	1,138
Between 1 and 5 years	5,907	3,285
Over 5 years	-	426
	7,736	4,849

22. Financial Risk Management

Introduction and overview

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

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

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

This note presents information about JEF'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 JEF's Risk Management Framework. The Board has delegated responsibilities to various sub committees for the areas of Credit Risk Management, Audit and Compliance 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 JEF'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 JEF's Risk Management policies in their specified areas. All Board committees have non-executive members and report regularly to the Board.

JEF's Risk Management policies, as approved by the Board, establish a framework for identification, assessment, analysis and measurement of the risks faced by JEF, 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. JEF, 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 JEF Board Audit and Compliance and Enterprise Risk Management Committees are responsible for monitoring compliance with the Risk Management policies and procedures and for reviewing the adequacy of the Enterprise Risk Management Framework in relation to the risks faced by JEF and in keeping with the risk appetite. The Board Audit and Compliance and Enterprise Risk Management Committees are assisted in these functions by Internal Audit, Compliance 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 and Compliance and Enterprise Risk Management Committees. The Risk Management and Compliance Units ensures adherence to internal policies and procedures, and regulatory rules and guidelines.

22. Financial Risk Management (continued)

(a) Credit risk

Credit risk is the risk of financial loss to JEF should any of its customers, clients or market counterparties fail to fulfil their contractual obligations to JEF. Credit risk of JEF arises mainly from its loans and notes receivable to customers and other banks and investment securities.

JEF structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to an industry segment.

Management of credit risk

The Board has delegated responsibility for the management of credit risk to its Enterprise Risk Management Committee (ERMC) (formerly the Board Credit and Risk Committees), the Management Credit Committee and individual Team Members as deemed necessary. A separate Credit Risk department, reporting to the Chief Risk Officer, is responsible for oversight of JEF'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 basis and/or committee basis which includes the Credit Risk managers or individuals, Board ERMC, 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*. The Credit Risk department 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* by obligor/issuer, credit rating band and exposure by country (for investment securities).
- *Developing and maintaining JEF's risk* rating system and guidelines is an integral part of the credit appraisal process. A scoring model is used in the appraisal process. The risk rating or the credit score of the obligor reflects the level of risk associated with the exposure.
- *Reviewing compliance with agreed exposure limits, including those for selected industries, country, cross border and product types*: Regular reports are provided by the Credit Risk department to the Management Credit Committee and the Board ERMC on the credit quality of JEF's portfolios and where necessary, the appropriate corrective action is taken.
- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout JEF in the management of credit risk.

22. Financial Risk Management (continued)

(a) Credit risk (continued)

JEF is required to implement credit policies and procedures, with credit approval authorities delegated to the Board ERMC, Management Credit Committee and Credit Risk Officers. JEF 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 JEF's credit processes are undertaken by Internal Audit.

Current global geopolitical events and the resulting macro-economic fallout have caused market volatility which has increased JEF's credit risk. The downgrading of credit ratings and/or outlooks for counterparties have resulted in an increase in credit risk for debt securities and loans.

The credit risk on key financial assets are managed as follows:

(i) Loans and notes receivable

JEF assesses the probability of default of individual counterparties using internal ratings. Clients are segmented into rating classes and JEF's rating scale, reflects the range of default probabilities defined for each rating class.

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

Risk ratings are subject to regular review. The credit quality review process allows JEF to assess the potential loss as a result of the risk to which it is exposed and to take corrective action. Though JEF's loan and notes receivable portfolio is unsecured, exposure to credit risk is managed in part by salary assignments and payroll deductions.

Under the IFRS 9 'three stage' model for impairment (Note 22 (a.ii) Expected Credit Loss Measurement), exposures rated 1-4 are generally classified as stage 1 and requiring standard monitoring, exposures rated as 5 are classified as stage 2 and requiring special monitoring, while exposures rated 6 and above are classified as stage 3 in the default category.

(ii) Investment securities

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

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

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(iii) Cash and cash equivalents

Cash and cash equivalents are mainly held in with its parent. Any other cash and cash equivalent balances are held in financial institutions which management regards as possessing acceptable credit quality and there is no significant concentration. The strength of these financial institutions is continually reviewed by the credit and risk management committees.

(iv) Receivables

Exposure to credit risk on receivables is managed through regular analysis of the ability of continuing customers and new customers to meet repayment obligations.

(a.i) Credit risk measurement

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. JEF 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 22(a.ii) for more details.

Credit risk grading

JEF uses internal credit risk grading that reflects its assessment of the probability of default of individual counterparties. JEF 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 payment method) 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 of the investment portfolio is managed in part 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.

Retail

After the date of initial recognition, 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.

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.i) Credit risk measurement

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 Company.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. A description of how the Company determines when a significant increase in credit risk has occurred is detailed below.

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A description of inputs, assumptions and estimation techniques used in measuring the ECL is detailed in note 22.(a).ii.3. below

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. An explanation of how the Company has incorporated this in its ECL models is included in Note 22.a.ii.4 below.

- 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).

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

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii.1) Expected credit loss measurement

Significant increase in credit risk (SICR)

Determining when credit risk has increased significantly

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

The Company 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 Company'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 as a result of specific business or environment impacts.

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

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

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

Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Company determines a probation period ranging from immediate to twelve months, depending on the nature of the portfolio, 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.

Management overlays have been applied to the model outputs where this is consistent with the objective of identifying a significant increase in credit risk.

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii.2) Definition of default

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

- The borrower is more than 90 days past due on its obligation to JEF.
- A decrease in internal rating beyond specific rating thresholds.
- The borrower is unlikely to pay its obligation to the Company in full, without recourse by the Company 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.

Financial assets classified as 'default', are considered 'cured' once all outstanding amounts are cleared and normal payments are resumed for a reasonable time frame which is determined based on the exposure type (secured/unsecured) repayment history and continued ability to repay. Cure periods generally range from immediately to six months or up to one year for renegotiated loans.

In accordance with the local regulations, during the cure period all payments towards the loans are taken to principal only. In the case of a renegotiated loan, at the end of the cure period, the loan is re-amortised to include the accrued interest and subsequently returned to stage 1.A re-amortised loan is amortised for the remaining tenor of the loan at the end of the cure period with the accrued interest being added onto the principal outstanding at that point.

(a.ii.2)(1) Credit-impaired financial assets

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that it would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii.2)(1) Credit-impaired financial assets

- the disappearance of an active market for a security because of financial difficulties.
- a loan that is overdue for 90 days or more is considered credit-impaired.

(a.ii.3) **Presentation of allowance for ECL in the statement of financial position**

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component and the Company cannot distinguish the ECL separately, the Company
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

(a.ii.4) Expected credit loss measurement

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

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

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

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

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

LGD is the magnitude of the likely loss if there is a default. JEF estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models incorporates the unsecured nature of JEF’s loan and notes receivable portfolio. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

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

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii.4) Expected credit loss measurement (continued)

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

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

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

(a.ii.5) Incorporation of forward-looking information

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

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

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

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

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

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

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii.5) Incorporation of forward-looking information

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

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

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

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

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

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

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

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

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)in

(a) Credit risk (continued)

(a.ii.5) Incorporation of forward-looking information (continued)

JEF has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments, and using the scorecard approach has estimated relationships between macro-economic variables and credit risk and credit losses.

2024			
Measure	**Base Scenario**	**Upside Scenario**	**Downside Scenario**
Debt/GDP ratio	70% to 75% - Stable outlook	Less than 70% - Stable outlook	Greater than 75% - Stable outlook
GDP annual growth rate	2% to 4% - Positive outlook	Greater than 4% - Positive outlook	Less than 2% - Negative outlook
Inflation rate	4% to 6% - Positive outlook	Less than 4% - Positive outlook	Greater than 6% - Negative outlook
Current account/GDP ratio	2% to 6% - Positive outlook	Greater than 6% - Positive outlook	Less than 2% - Negative outlook
Net international Reserves	USD11B to USD13B - Stable outlook	Greater than USD13B - Positive outlook	Less than USD11B - Stable outlook
Interest rates	Increase - Negative outlook	Flat/Marginal Decrease - Stable outlook	Increase - Negative outlook
Unemployment rate	4% to 5% - Positive outlook	Less than 4% - Positive outlook	Greater than 5% - Negative outlook

2023			
Measure	**Base Scenario**	**Upside Scenario**	**Downside Scenario**
Debt/GDP ratio	70% to 75%- stable outlook	Less than 70%- stable outlook	Greater than 75%- negative outlook
GDP annual growth rate	2% to 4%- positive outlook	Greater than 4%- positive outlook	Less than 2%- negative outlook
Inflation rate	3.5% to 5%- positive outlook	Less than 3.5%- positive outlook	Greater than 5%- negative outlook
Current account/GDP ratio	2% to 6%- positive outlook	Greater than 6%- positive outlook	Less than 2%- negative outlook
Net international Reserves	$11 to $13 billion US dollars- stable outlook	Greater than $13 billion US dollars- stable outlook	Less than $11 billion US dollars- stable outlook
Interest rates	Increase- negative outlook	Remain flat to marginal decrease- stable outlook	Increase- negative outlook
Unemployment rate	7% to 9%-positive outlook	Less than 7%- positive outlook	Greater than 9%- negative outlook

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii.5) Incorporation of forward-looking information (continued)

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

Geopolitical and economic conditions are reviewed periodically and updates are made to the forward looking information which is incorporated in the ECL models or management overlays are applied where necessary.

(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 JEF's maximum exposure to credit risk on these assets.

Loans and notes receivable

	2024			
	ECL staging			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Credit Grade				
Standard monitoring	257,139	-	-	257,139
Special monitoring	-	5,983	-	5,983
Default	-	-	6,415	6,415
Gross carrying Amount	257,139	5,983	6,415	269,537
Loss allowance	(4,583)	(1,449)	(6,415)	(12,447)
Net Loan after impairment allowance	252,556	4,534	-	257,090

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

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

	2023			
	ECL staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Credit Grade				
Standard monitoring	205,599	-	-	205,599
Special monitoring	-	4,999		4,999
Default	-	-	4,473	4,473
Gross carrying amount	205,599	4,999	4,473	215,071
Loss allowance	(3,684)	(2,010)	(4,473)	(10,167)
Net Loan after impairment allowance	201,915	2,989	-	204,904

Investment securities

	2024			
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	TT'000	TT'000	TT'000	TT'000
Credit Grade				
Watch	203	-	-	203
Carrying Amount	203	-	-	203

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

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

	2023 ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	TT'000	TT'000	TT'000	TT'000
Credit Grade				
Watch	223	-	-	223
Carrying Amount	223	-	-	223

Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in Note 22(a)(ii)(1) 'Expected credit loss measurement'.

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;
- 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.

There were no purchased or originated credit-impaired financial assets during the year (2023: NIL). The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

Loans and notes receivable	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at 1 April 2023	3,684	2,010	4,473	10,167
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(58)	58	-	-
- Transfer from Stage 1 to Stage 3	(3,627)	-	3,627	-
- Transfer from Stage 2 to Stage 1	4	(4)	-	-
- Transfer from Stage 2 to Stage 3	-	(554)	554	-
- Transfer from Stage 3 to Stage 2	-	1	(1)	-
New financial assets originated or purchased	10,328	85	19,639*	30,052
Changes in PDs/LGDs/EADs	(3,162)	(1,380)	(8,812)	(13,354)
Changes to model assumptions and Methodologies	-	1,298	-	1,298
Financial assets derecognised during the period	(2,586)	(65)	(4,055)	(6,706)
Write offs	-	-	(9,010)	(9,010)
Loss allowance as at 31 March 2024	4,583	1,449	6,415	12,447

* All new financial assets that were originated or purchased during the current period were classified as stage 1 and may have subsequently moved to stage 2 or stage 3 during the current period.

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

Loans and notes receivable	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance as at 1 April 2022	3,076	1,231	3,687	7,994
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(32)	32	-	-
- Transfer from Stage 1 to Stage 3	(1,938)	-	1,938	-
- Transfer from Stage 2 to Stage 1	2	(2)	-	-
- Transfer from Stage 2 to Stage 3	-	(503)	503	-
- Transfer from Stage 3 to Stage 2	-	1	(1)	-
New financial assets originated or purchased	3,338	73	1,745*	5,156
Changes in PDs/LGDs/EADs	1,469	(658)	5,980	6,791
Changes to model assumptions and Methodologies	-	1,899	-	1,899
Financial assets derecognised during the period	(2,231)	(63)	(2,942)	(5,236)
Write offs	-	-	(6,437)	(6,437)
Loss allowance as at 31 March 2023	3,684	2,010	4,473	10,167

* All new financial assets that were originated or purchased during the current period were classified as stage 1 and may have subsequently moved to stage 2 or stage 3 during the current period.

Investment securities

	Stage 1 12 month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance as at 1 April 2023	4	-	-	4
Loss allowance as at 31 March 2024	4	-	-	4

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

Investment securities (continued)

	Stage 1 12 month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at 1 April 2022	4	-	-	4
Loss allowance as at 31 March 2023	4	-	-	4

The following tables further explain changes in the gross carrying amounts of the loans and notes receivable and investment portfolios to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above.

Loans and notes receivable

	Stage 1 12 month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross carrying amount as at 1 April 2023	205,599	4,999	4,473	215,071
Transfers:				
- Transfer from Stage 1 to Stage 2	(2,668)	2,668	-	-
- Transfer from Stage 1 to Stage 3	(3,627)	-	3,627	-
- Transfer from Stage 2 to Stage 3	-	(554)	554	-
- Transfer from Stage 3 to Stage 2	-	86	(86)	-
- Transfer from Stage 2 to Stage 1	382	(382)	-	-
Financial assets derecognised during the period other than write-offs	(163,093)	(3,618)	(12,316)	(179,027)
New financial assets originated or purchased	220,546	2,784	19,173	242,503
Write offs	-	-	(9,010)	(9,010)
Gross carrying amount as at 31 March 2024	257,139	5,983	6,415	269,537

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

Loans and notes receivable

	Stage 1 12 month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross carrying amount as at 1 April 2022	152,701	4,641	3,686	161,028
Transfers:				
- Transfer from Stage 1 to Stage 2	(1,863)	1,863	-	-
- Transfer from Stage 1 to Stage 3	(1,938)	-	1,938	-
- Transfer from Stage 2 to Stage 3	-	(503)	503	-
- Transfer from Stage 3 to Stage 2	-	90	(90)	-
- Transfer from Stage 2 to Stage 1	188	(188)	-	-
Financial assets derecognised during the period other than write-offs	(111,212)	(2,810)	(3,298)	(117,320)
New financial assets originated or purchased	167,723	1,906	8,171	177,800
Write offs	-	-	(6,437)	(6,437)
Gross carrying amount as at 31 March 2023	205,599	4,999	4,473	215,071

Investment securities

	Stage 1 12 month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Carrying Amount as at 1 April 2023	223	-	-	223
Paydowns	(20)	-	-	(20)
Carrying amount as at 31 March 2024	203	-	-	203

	Stage 1 12 month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Carrying Amount as at 1 April 2022	257	-	-	257
Paydowns	(34)	-	-	(34)
Carrying amount as at 31 March 2023	223	-	-	223

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.v) Write-off policy

The Company 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 ceasing enforcement activity.

The Company 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, 2024 was $9,010 (2023: $6,437). The Company still seeks to recover amounts it is legally owed, but which have been partially written off.

(a.vi) Concentration of credit risk

JEF monitors concentrations of credit risk by sector and by geographic location. Concentration by location for loans notes receivable 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.

An analysis of concentrations of credit risk of loans and notes receivable and investment securities at the reporting date is shown below:

	Loans and Notes Receivable		**Investment Securities**	
	2024 $'000	**2023 $'000**	**2024 $'000**	**2023 $'000**
Gross amount	269,537	215,071	1,296	223
Concentration by sector				
Sovereign	-	-	203	223
Bank	-	-	-	-
Retail	269,537	215,071	-	-
Equity	-	-	1,093	-
	269,537	215,071	1,296	223
Concentration by location				
Trinidad	269,537	215,071	1,093	-
Regional	-	-	203	223
	269,537	215,071	1,296	223

22. Financial Risk Management (continued)

(b) Settlement risk

JEF's activities may give rise to risk at the time of settlement of transactions. 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 assessments and limit determination with any additional positions over and above established limits requiring approval from the Risk Management Unit.

(c) Liquidity risk

Liquidity risk is the risk that JEF either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access these only at excessive cost.

Management of liquidity risk

JEF's approach to managing liquidity is primarily designed to ensure it has sufficient funds to meet all of its obligations under regular and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

JEF utilizes three primary sources of funds for liquidity purposes – retail, corporate and intercompany funding.

As part of its sound and robust liquidity management framework, the Company's Senior Management and the Board of Directors ("the Board") have full oversight of strategies, policies and practices to manage liquidity risk in accordance with risk tolerance set and approved by the Board, with the ultimate objective of ensuring that JEF maintains sufficient liquidity. Accordingly, the Asset/Liability Committee ("ALCO") sets targets for liquidity gaps, allowable liquid assets and funding diversification in line with established risk tolerance and system liquidity trends. The Enterprise Risk Management Committee ("ERMC") has immediate oversight of the ALCO and investment policies with bi-monthly updates as part of JEF's governance process.

The Company's liquidity monitoring and reporting is supported by ongoing reporting and stress analysis which are reviewed by the independent risk management unit. Regular liquidity reporting is submitted monthly to ALCO which assesses the overall liquidity and financial position of the Company. Furthermore, reporting of the liquidity metrics inclusive of concentration, market, geopolitical and systemic risks are submitted to the Enterprise Risk Management Committee and reported to the Board.

The Company prepares a liquidity and contingency funding plan biennially which incorporates the economic and business conditions impacting the liquidity of the country. As part of the funding and liquidity plan, liquidity limits, liquidity ratios, market triggers and assumptions for periodic stress tests are established and approved. The plan also includes the strategies for addressing liquidity and funding challenges in stress scenarios, triggers, procedures, roles and responsibilities, communication plan and key contacts to manage a local liquidity event.

22. Financial Risk Management (continued)

(c) Liquidity risk (continued)

Liquidity ratios

A series of standard liquidity ratios have been established to monitor the structural elements of the Company's liquidity. The key liquidity ratios include top five (5) large fund providers to total third party liabilities, liquid assets against liquidity gaps, core deposits to loans, and deposits to loans. Triggers for management discussion, which may result in other actions, have been established against these ratios. The Company also monitors other ratios and liquidity metrics as approved in its funding and liquidity plan.

Market triggers

Market triggers are internal or external market or economic factors that may imply a change to market liquidity or the Company's access to the markets. Appropriate market triggers are established and reviewed by the ALCO and independent risk management.

Liquidity Stress Testing
The Company's liquidity stress testing process utilises assumptions about significant changes in key funding sources, adverse changes in political and macroeconomic conditions, market triggers (such as credit ratings) and outlines contingent uses of funding. These conditions include expected and stressed market conditions as well as entity-specific events. The assumptions used in the liquidity stress tests are reviewed and approved by the ALCO.

The Company's stress testing and scenario analyses, sufficient liquidity on hand to manage through such an event. These scenarios include assumptions about significant changes in key funding sources, market triggers (such as credit ratings), potential uses of funding and macroeconomic, geopolitical and other conditions.

Liquidity stress tests are developed and performed to quantify the potential impact of an adverse liquidity event on the balance sheet and liquidity position and to ascertain potential mismatches between liquidity sources and uses over a variety of time horizons and over different stressed conditions. To monitor the liquidity of the Company, these stress tests and potential mismatches are calculated on an ongoing basis.

To mitigate against the impact of an adverse liquidity event, the Company maintains contingency funding plans. These plans specify a wide range of readily available actions for a variety of adverse market conditions or idiosyncratic stresses.

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(c) Liquidity risk (continued)

JEF continues to monitor the current global geopolitical events and the ongoing impact on market conditions with respect to asset and liability management. Against this backdrop, JEF 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.

There has been no change to the management of liquidity risk during the year.

Maturity analysis for assets and liabilities

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

2024

	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Nominal Cash Flow**	**Carrying Amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	22,868	-	-	-	22,868	22,868
Balances with Central Bank	16,978	-	-	-	16,978	16,978
Interest receivable	-	2,253	-	-	2,253	2,253
Loans and notes receivable	17,559	72,125	412,891	1,233	503,808	257,090
Investment securities	3	9	49	1,356	1,417	1,296
Accounts receivable	-	1,134	-	-	1,134	1,134
Total financial assets	57,408	75,521	412,940	2,589	548,458	301,619
Customer deposits	(619)	(26,058)	(54,589)	(34)	(81,300)	(75,279)
Due to parent	(43,765)	(113,855)	-		(157,620)	(153,179)
Lease liability	(556)	(1,668)	(6,499)	-	(8,723)	(7,736)
Interest payable	(2,654)	-	-	-	(2,654)	(2,654)
Due to related party	(510)	-	-	-	(510)	(510)
Accounts Payable	(9,674)	-	-	-	(9,674)	(9,674)
Total financial liabilities	(57,778)	(141,581)	(61,088)	(34)	(260,481)	(249,032)

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(c) Liquidity risk (continued)

Maturity analysis for financial liabilities (continued)

2023

	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Nominal Cash Flow**	**Carrying Amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	15,546	-	-	-	15,546	15,546
Balances with Central Bank	16,978	-	-	-	16,978	16,978
Interest receivable	-	1,777			1,777	1,777
Loans and notes receivable	820	8,861	429,085	-	438,765	203,106
Investment securities	3	10	53	223	290	223
Accounts receivable	-	1,446	-		1,446	1,446
Total financial assets	33,347	12,094	429,138	223	474,802	239,076
Customer deposits	(619)	(74,956)	-	-	(75,574)	(73,247)
Due to parent	(17,555)	(100,260)	-		(117,815)	(114,336)
Lease liability	(445)	(947)	(3,790)	(440)	(5,622)	(4,849)
Interest payable	(2,343)	-	-	-	(2,343)	(2,343)
Accounts payable	(7,559)	-	-	-	(7,559)	(7,559)
Total financial liabilities	(28,521)	(176,163)	(3,790)	(440)	(208,913)	(202,334)

22. Financial Risk Management (continued)

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices and foreign exchange rates will affect JEF'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

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

The Board Enterprise Risk Management Committee (ERMC) (formerly Board Risk and 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 Risk Unit is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

The current global geopolitical events have caused significant market volatility which has increased JEF's market risk. The downgrading of credit rating and/or outlook for investment securities has resulted in increased trading and liquidity risk.

(i) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the operation to cash flow interest risk, whereas fixed interest rate instruments expose the operation to fair value interest risk. The primary form of interest rate risk encountered by JEF occurs due to the timing differences in the maturity (for fixed rate) and repricing (for floating rate) of bank assets, liabilities and off-balance positions.

In this regard, JEF has an effective risk management process that maintains interest rate risk within prudent levels which is essential to the safety and soundness of JEF. Interest rate risk is managed principally across four broad areas, these are repricing risk, yield curve risk, basis risk and optionality and the subsequent impact on earnings and economic value. JEF management of interest rate risk incorporates the following:

- Appropriate Board and senior management oversight;
- Adequate risk management policies and procedures;
- Appropriate risk measurement and monitoring systems; and
- Comprehensive internal controls and independent external audits

To this end, JEF has an ALCO which reviews on a monthly basis the non-credit and non-operational risk for each subsidiary, since asset and liability management is a vital part of the risk management framework. The mandate of the Committee is to assess and approve strategies for the management of the non-credit risks of JEF, including interest rate, foreign exchange, liquidity and market risks. The primary tools currently in use are gap analysis, interest rate sensitivity analysis and exposure limits for financial instruments. The limits are defined in terms of amount, term, issuer, depositor, country as well as interest rate gap buckets. Interest on financial instruments classified as floating is repriced at intervals of less than one year while interest on financial instruments classified as fixed is fixed until the maturity of the instrument.

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(d) Market risks (continued)

(i) Interest rate risk (continued)

There has been no change to the management of market risks during the year.

The following table summarises the carrying amounts of financial assets, financial liabilities and equity to arrive at JEF's interest rate gap based on the earlier of contractual repricing and maturity dates.

	2024						
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Over 5 Years	Non Interest Bearing	Total
	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)
31 March 2024							
Financial Assets							
Cash and cash	-	-	-	-	-	22,868	22,868
Balances with Central Bank	-	-	-	-	-	16,398	16,398
Interest receivable	-	-	-	-	-	2,253	2,253
Loans and notes receivable	16,398	19,503	39,987	181,144	58	-	257,090
Investment securities	-	-	-	-	203	1,093	1,296
Accounts receivable	-	-	-	-	-	1,134	1,134
Total financial assets	16,398	19,503	39,987	181,144	261	43,746	301,039
Financial Liabilities							
Customers' deposits	600	20,227	5,000	49,452	-	-	75,279
Due to parent	10,325	18,264	91,996	-	-	32,594	153,179
Due to related party	-	-	-	-	-	510	510
Interest payable						2,654	2,654
Lease liability	448	454	927	5,907	-	-	7,736
Accounts payable	-	-	-	-	-	9,674	9,674
Total financial liabilities	11,373	38,945	97,923	55,359	-	45,432	249,032
Total interest rate sensitivity gap	5,025	(19,442)	(57,936)	125,785	261	(1,686)	52,007
Cumulative interest rate sensitivity gap	5,025	(14,417)	(72,353)	53,432	53,693	52,007	-

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(d) Market risk (continued)

Interest rate sensitivity of assets and liabilities (continued)

	2023						
	Within 3 Months	**3 to 6 Months**	**6 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non Interest Bearing**	**Total**
	($'000)	**($'000)**	**($'000)**	**($'000)**	**($'000)**	**($'000)**	**($'000)**
31 March 2023							
Financial Assets							
Cash and cash	-	-	-	-	-	15,546	15,546
Balances with Central Bank	-		-	-	-	16,978	16,978
Interest receivable	-	-	-	-	-	1,777	1,777
Loans and notes receivable	762	861	6,373	195,110	-	-	203,106
Investment securities	-	-	-	-	223	-	223
Accounts receivable	-	-	-	-	-	1,446	1,446
Total financial assets	762	861	6,373	195,110	223	35,747	239,076
Financial Liabilities							
Customers' deposits	600	29,647	43,000	-	-	-	73,247
Due to parent	10,000	17,692	79,413	-	-	7,231	114,336
Interest payable	-	-	-	-	-	2,343	2,343
Lease liability	375	348	415	3,285	426	-	4,849
Accounts payable						7,559	7,559
Total financial liabilities	10,975	47,687	122,828	3,285	426	17,133	202,334
Total interest rate sensitivity gap	(10,213)	(46,826)	(116,455)	191,825	(203)	18,614	36,742
Cumulative interest rate sensitivity gap	(10,213)	(57,039)	(173,494)	18,331	18,128	36,742	-

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(d) Market risk (continued)

Sensitivity to interest rate movements

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

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on floating rate financial assets and revaluing fixed rate financial assets at available for sale for the effects of the assumed changes in interest rates. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

31 March 2024		31 March 2023	
Change in basis points	Effect on Equity $'000	Change in basis points	Effect on Equity $'000
-100	13	-100	16
100	(12)	100	(14)
-50	6	-50	8
50	(6)	50	(7)

Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. JEF is exposed to foreign currency risk on transactions that it undertakes in foreign currencies that give rise to the net currency gains and losses recognised during the year. Such exposures comprise the assets and liabilities of JEF that are not denominated in its functional currency. JEF ensures that the risk is kept to an acceptable level by monitoring its value at risk exposure.

The techniques 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. JEF does not trade in foreign exchange and therefore has no trading position subject to currency risk.

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

	The Company		Exchange Rates	
	2024 $'000	2023 $'000	2024	2023
United States Dollars	(36)	(42)	6.74	6.75

22. Financial Risk Management (continued)

(d) Market risk (continued)

Foreign currency risk (continued)

The following tables indicate the currencies to which JEF had significant exposure on its 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:

	2024		**2023**	
	Change in currency rate	**Effect on Profit**	**Change in currency rate**	**Effect on Profit**
	%	**$'000**	**%**	**$'000**
Currency				
USD	6.0	13.1	6.0	13.1

(e) (i) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with JEF'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 JEF's operations and are faced by all business entities.

JEF's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to JEF's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. JEF follows the three lines of defence governance model, encompassing the organizational roles and responsibilities for the management of operational risks.

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 JEF 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.

22. Financial Risk Management (continued)

(e) (i) Operational risk (continued)

Sound Operational Risk Management allows JEF to better understand and mitigate its risks. Operational Risk Management encompasses:

- Risk Identification and Assessment: JEF utilises key tools such as Risk and Control Self-Assessments (RCSA), Business Process Mapping, Scenario Analysis, Audit Reviews, Key Risk Indicators, Operational Loss Data and Analysis to identify and assess Operational Risks inherent in all material products, activities, processes, systems, third-party arrangements, as well as ongoing monitoring post-implementation of Operational Risk, to ensure that inherent risks and incentives are well understood. Additionally, these tools help risk owners understand and proactively manage operational risk exposures. Management uses outputs of these tools to make informed risk decisions.

- Control and mitigation: Another critical element to sound Operational Risk Management is the existence of a sound internal control system. Internal controls are embedded into JEF's day-to-day business activities and are designed to ensure, to the extent possible, that the Company's activities are efficient and effective; that information is reliable, timely and complete; and that JEF is compliant with applicable laws and regulations.

- Monitoring and Reporting: An effective monitoring process is essential for managing Operational Risk at it assists in early detection and correction of emerging Operational Risk issues. Additionally, appropriate reporting mechanisms are implemented at the Business Unit, Senior Management and Board levels to support proactive management of Operational Risk and to establish the overall operational risk profile of JEF. Any changes to the operational risk profile that are not aligned to our business strategy or operational risk appetite are identified and discussed at the Management and Board Committees.

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

(ii) Cyber Risk and IT Governance Security

JEF 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 JEF'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.

JEF 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 its team members and sensitisation of customers and other stakeholders to any new and emerging threats.

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

22. Financial Risk Management (continued)

(e) (iii) Business continuity

JEF's Business Continuity Plan (BCP) encompasses a defined set of planning, preparatory and related activities which are intended to ensure 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 BCP are to:

1. Protect human life.

2. Identify processes critical to the operations of JEF and safeguard the Company's assets.

3. Provide tested plans which, when executed, will permit timely and efficient recovery and resumption of the Company'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 Company 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 Company. The plan is meant to minimize the loss to the Company and or negative impact to customer service as a result of serious incidents or disasters that may occur for some time.

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

23. Capital Management

Regulatory capital

JEF's lead regulator, The Central Bank of Trinidad and Tobago (the Central Bank), sets and monitors capital requirements for JEF. In implementing current capital requirements, the Central Bank requires that JEF maintains a prescribed ratio of total capital to total risk-weighted assets.

The Financial Institutions (Capital Adequacy) Regulations 2020 were promulgated effective 14 May 2020 and set out the industry's Basel II/III framework and regulatory limits as follows:

(i) Common equity Tier 1 capital ratio of at least 4.5%
(ii) Tier 1 capital ratio of at least 6%
(iii) Capital adequacy ratio of at least 10%
(iv) Each financial organisation must document and implement an internal capital adequacy assessment process which must be approved by the Board of Directors

(Expressed in thousands of Trinidad and Tobago dollars)

23. Capital Management (continued)

Regulatory capital (continued)

Based on the regulations Tier I capital is comprised of:

(a) Common equity Tier I Capital which includes inter alia fully paid issued ordinary share capital and surplus, statutory reserve fund, capital and general reserves excluding those created for asset revaluation and losses on assets, and audited retained earnings
(b) Fully paid up non-cumulative preference shares and related surplus

The composition of Tier II capital includes inter alia:
(a) Perpetual cumulative preference shares where the issue has no right to defer or eliminate dividends
(b) Limited life preference shares not less than five years in original maturity
(c) Capital instruments which consist of both debt and equity and are permanent in nature
(d) Subordinated term debt with an original maturity of no less than five years
(e) Unaudited profits
(f) General reserves or provisions for losses on assets.

JEF's policy is to maintain a strong capital base in line with its defined risk appetite. The impact of the level of capital on shareholders' return is also recognised, and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

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

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

	2024 $'000	2023 $'000
Tier 1 capital	41,382	28,311
Tier 2 capital	18,934	15,301
Total regulatory capital	60,316	43,612
Risk-weighted assets:		
Loans and notes receivable, investment securities and other assets, being total risk-weighted assets	225,844	178,403
Operational risk capital requirement	63,239	48,070
Market risk capital requirement	228	221
	289,311	226,694
Common Equity Tier 1 Ratio	14.30%	12.49%
Tier 1 Capital Ratio	14.30%	12.49%
Capital Adequacy Ratio	20.85%	19.24%

24. 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 material accounting policies Note 27.

(a) Valuation models

JEF'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 JEF 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; JEF 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.

(Expressed in thousands of Trinidad and Tobago dollars)

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

(b) Accounting classification and fair values

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

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

	Amortised Cost	Fair Value through Other Comprehensive Income (FVOCI)	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Other Sovereign	-	203	203	-	203	-	203
Unquoted Equities	-	1,093	1,093	-	-	1,093	1,093
	-	1,296	1,296	-	203	1,093	1,296
Financial assets not measured at fair value							
Cash and cash equivalents	22,868	-	22,868				
Balances with Central Bank	16,978	-	16,978				
Interest receivable	2,253	-	2,253				
Loans and notes receivables	257,090	-	257,090				
Accounts receivable	1,134	-	1,134				
	300,323		300,323				
Financial Liabilities not measured at fair value							
Customer deposits	75,279	-	75,279				
Due to parent	153,179	-	153,179				
Lease liability	7,736	-	7,736				
Due to related party	510	-	510				
Interest payable	2,654	-	2,654				
Accounts payable	9,674	-	9,674				
	249,032	-	249,032				

(Expressed in thousands of Trinidad and Tobago dollars)

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

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

	Amortised Cost	Fair Value through Other Comprehensive Income (FVOCI)	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Other Sovereign	-	223	223	-	223	-	223
	-	223	223	-	223	-	223
Financial assets not measured at fair value							
Cash and cash equivalents	15,546	-	15,546				
Balances with Central Bank	16,978	-	16,978				
Interest receivable	1,777	-	1,777				
Loans and notes receivables	203,106	-	203,106				
Accounts receivable	1,446	-	1,446				
	238,853	-	238,853				
Financial Liabilities not measured at fair value							
Customer deposits	73,247	-	73,247				
Due to parent	114,336	-	114,336				
Lease liability	4,849	-	4,849				
Interest payable	2,343	-	2,343				
Accounts payable	7,559	-	7,559				
	202,334	-	202,334				

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

(b) Financial instruments not measured at fair value (continued)

The following financial instruments are not measured at fair value and fair value is an approximation of the amount disclosed on the statement of financial position due to the factors disclosed below:

(1) Loans and advances

Loans and advances to customers are granted at market rates and their values are not adversely affected by unusual terms. The estimated future cash flows are discounted using a discount rate based on market rates at the reporting date for similar type facilities.

The fair value of the loan portfolio is considered to approximate to the amortised cost in the absence of an active market.

(2) Short-term financial assets and financial liabilities

The carrying amount of short term financial assets and financial liabilities comprising cash and cash equivalents, deposits with Central Bank, amounts due by affiliated companies, customer deposits and amounts due to parent and affiliated companies are a reasonable estimate of their fair values because of the short maturity of these instruments.

(3) Lease liabilities

The fair value is approximate to the carrying value which is determined using the discounted cash flow analysis. The discount rate used to present value the cash flows is based on current market rates for JEF's debt instruments.

(c) Fair value measurement

The following methods and assumptions have been used to estimate fair values:

	Financial Instrument	Fair value estimation technique
(i)	Cash and cash equivalents, other receivables, accounts payable, and repurchase agreements	Considered to approximate their carrying values, due to their short-term nature
(ii)	Non-Trinidad and Tobago sovereign bonds and corporate bonds	Estimated using bid-prices published by major overseas brokers
(iii)	Interest in money market funds	Considered to be the carrying value because of the short-term nature and variable interest rate.

25. Credit Commitments

As at 31 March 2024, JEF has no commitments of a credit nature (2023: NIL).

26. Capital Commitments

As at 31 March 2024, JEF'S capital commitments were $NIL (2023: NIL)

27. Material Accounting Policies

JEF adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) effective January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed and assessed the accounting policies accordingly. The information disclosed in this Material Accounting Policies (2023: Significant accounting policies) is in line with the amendments.

(a) Financial instruments

(i) JEF’s financial instruments fall under the following categories:

(a) Loans and notes receivable

JEF’s loans and notes receivable 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) Investment securities

JEF’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 cash flow characteristics of each instrument as detailed below.

(c) Cash and cash equivalents

Cash and equivalents include notes and coins on hand and 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 JEF in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

27. Material Accounting Policies (continued)

(a) Financial instruments (continued)

(i) JEF's financial instruments fall under the following categories: (continued)

(d) Balances with Central Bank

In accordance with the Financial Institutions Act, 2008, JEF is required to hold and maintain, as a non-interest bearing deposit with the Central Bank of Trinidad and Tobago (CBTT), a cash reserve balance equivalent to 9% (2023: 9%) of total prescribed liabilities in the primary reserve. The surplus deposits are held in the CBTT to facilitate interbank settlements, local investment trades and other local transactions.

(e) Customer deposits

Deposits from customers are JEF's main source of funding and fall under the categories of savings, demand or time deposits, and are initially measured at cost and subsequently measured at amortised cost using the effective interest method according to the business model for managing these instruments.

(f) Accounts payable

Accounts payable are recognised on trade date, that is, the date the transactions are contracted with counterparties and are stated at their amortised cost.

(g) Share capital

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the separate statement of financial position when, and only when, JMMB has a current legally enforceable right to set off the amounts and it intends to either settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

(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.

27. Material Accounting Policies (continued)

(a) Financial instruments (continued)

(ii) Measurement methods (continued)

Amortised cost and effective interest rate (continued)

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.

When JEF 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.

Interest income calculation using the effective interest rate method

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 and FVTPL

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 JEF commits to purchase or sell the asset.

At initial recognition, JEF 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 27(a)(iii), which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

27. Material Accounting Policies (continued)

(a) Financial instruments (continued)

(ii) Measurement methods (continued)

Initial recognition and measurement (continued*)*

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

JEF 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:

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

Based on these factors, JEF 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 22(a)(i). Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

27. Material Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Debt instruments (continued)

- 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 'Gains on securities trading'. 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 'net gain or loss from financial assets at FVTPL' in the period in which it arises. Interest income from these financial assets is included in interest income using the effective interest rate method.

Business model: the business model reflects how JEF manages the assets in order to generate cash flows. That is, whether JEF'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 JEF 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 JEF 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, JEF assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

In making this assessment, JEF 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.

27. Material Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (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.

JEF 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.

JEF subsequently measures all equity investments at fair value through profit or loss, except where JEF's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. JEF'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 JEF's right to receive payments is established.

Impairment

JEF 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 and commitments. JEF 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 22(a)(ii) provides more detail of how the expected credit loss allowance is measured.

27. Material Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Modification of loans

JEF sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, JEF assesses whether or not the new terms are substantially different to the original terms. JEF 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.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, JEF 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, JEF 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 JEF 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).

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) JEF transfers substantially all the risks and rewards of ownership, or

(ii) JEF neither transfers nor retains substantially all the risks and rewards of ownership and JEF has not retained control.

27. Material Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Derecognition other than on a modification (continued)

Collateral (shares and bonds) furnished by JEF under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because JEF retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. There were no such transactions during the year.

(vi) Financial liabilities

Classification and subsequent measurement

In both the current and prior period, financial liabilities of JEF 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 JEF 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.

(b) 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 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 “default”.

27. Material Accounting Policies (continued)

(b) Revenue recognition (continued)

(i) Interest income and expense (continued*)*

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, JEF 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.

Financial assets classified as ‘default’, are considered ‘cured’ once all outstanding amounts are cleared and normal payments are resumed for a reasonable time frame which is determined based on the exposure type (secured/unsecured) repayment history and continued ability to repay. Cure periods generally range from three to six months or up to one year for renegotiated loans.

In accordance with the local regulations, during the cure period all payments towards the loans are taken to principal only. In the case of a renegotiated loan, at the end of the cure period, the loan is re-amortised to include the accrued interest and subsequently returned to stage 1.A re-amortised loan is amortised for the remaining tenor of the loan at the end of the cure period with the accrued interest being added onto the principal outstanding at that point.

(ii) Fee and commissions

Unless included in the effective interest calculation in accordance with IFRS 9, the majority of JEF’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.

(c) Foreign currency

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss. Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in profit or loss (applicable for trading securities), or within other comprehensive income.

27. Material Accounting Policies (continued)

(d) Property and equipment

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

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

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

Leasehold improvements	The shorter of the estimated useful life and the period of the lease
Computer equipment	20% - 25%
Furniture and fixtures	10% - 20%

The depreciation method, useful lives and residual values are reassessed at each reporting date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

(e) Provisions

Provisions are recognised when JEF 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.

(f) Statutory reserve fund

In accordance with the Financial Institutions Act, 2008, JEF is required to transfer at the end of each financial year no less than 10% of its 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 its paid-up capital. This reserve is not available for distribution as dividend or for any other form of appropriation.

27. Material Accounting Policies (continued)

(g) Leases – where JEF is the lessee

At inception of a contract, JEF 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, JEF uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, JEF 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 JEF has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

JEF 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 JEF by the end of the lease term or the cost of the right of use asset reflects that JEF 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, JEF's incremental borrowing rate. Generally, JEF uses its incremental borrowing rate as the discount rate.

JEF 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 JEF is reasonably certain to exercise, lease payments in an optional renewal period if JEF is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless JEF is reasonably certain not to terminate early.

27. Material Accounting Policies (continued)

(g) Leases – where JEF is the lessee

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 JEF's estimate of the amount expected to be payable under a residual value guarantee, if JEF 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.

JEF presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' in the statement of financial position.

Short-term leases and leases of low-value assets

JEF 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. JEF recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(h) Employee benefits

(i) Short-term

Employee benefits are all forms of consideration given by JEF 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.

27. Material Accounting Policies (continued)

(h) Employee benefits (continued)

(ii) Post employment

The parent company operates a two tiered defined contribution plan with Guardian Life of the Caribbean Limited that is in compliance with the provisions of the Income Tax Act of Trinidad & Tobago section 134(6). Under the terms of employment, JEF is obligated to contribute on behalf of all eligible employees an amount of 10% of the employees' pensionable salary directly to JEF's plan. Under this plan, contributions 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.

JEF's contributions to the respective annuities are charged to profit or loss in the year to which they relate. For the current financial period to March 31, 2024, JEF's contribution expense in relation to this plan for the year amounts to $741 (2023: $675 thousand).

(i) 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.

27. Material Accounting Policies (continued)

(j) Impairment of non-financial assets

The carrying amounts of JEF'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.

(k) 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.

(l) New and amended standards and interpretations that became effective during the year:

Certain new amended standards that came into effect during the current financial year. JEF has assessed them and has adopted those which are relevant to its financial statements.

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

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

  The amendments are consistent with the refined definition of material:

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

  See page 61 for impact on implementation.

27. Material Accounting Policies (continued)

(l) New and amended standards and interpretations that became effective during the year:

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

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

  Developing an accounting estimate includes both:
  – selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
  – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

  The adoption of IAS 8 Accounting Policies did not result in any changes to the financial statements.

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

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

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

  The adoption of IAS 12 Income Taxes did not result in any changes to the financial statements.

27. Material Accounting Policies (continued)

(m) New and amended standards and interpretations not yet effective:

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

- Amendments to IAS 1 Presentation of Financial Statements, will apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

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

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

- Amendments to IFRS 16 Leases will apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and lease back transaction. The amendments introduce a new accounting model for variable payments and will require seller lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. The Bank does not expect the adoption of these new, revised and amended standards to have a significant impact on the financial statement.

28. Ukraine Russia Tensions

The continuing Russia-Ukraine war has caused significant humanitarian crisis and disruptions to global economic sectors and commodity markets. While the Group has no direct exposure to the region, we remain vigilant due to the potential for indirect impacts, such as increased volatility in global financial markets and supply chain disruptions. We continue to monitor and execute our management strategies to mitigate these risks and ensuring our resilience in the face of this ongoing geopolitical instability.

29. Climate Related Risk

The JMMB Group is committed to addressing the impacts of climate change on our business and our clients. We recognize climate change as a significant emerging risk with both threats and opportunities. This disclosure outlines potential risks, categorized as physical and transition risks, that could disrupt our financial performance as well as opportunities related to a low-carbon, sustainable economy and our plans to develop a framework to address this emerging risk area.

Physical risks arise from climate-driven events such as floods, storms, rising sea levels that could damage our physical assets and those of our clients and changing weather patterns that could disrupt our operations.

Transition risks arise from the shift towards a low-carbon economy. These risks are varied and include changes in policy and regulations, technological advancements, and consumer preferences which can have financial and reputational impacts on our operations. These changes could affect the viability of certain sectors or businesses, collateral valuation, and ultimately, borrower creditworthiness. There are also the risks associated with shifts in supply and demand, changes in energy prices, changes in asset valuations or changing sentiment towards certain industries that could affect the financial performance of our clients and impact our own investment and credit portfolios.

The transition to a sustainable future presents various opportunities for JMMB Group such as the growing demand for green finance products, sustainability-linked loans, and client advisory services related to climate-related issues.

The Group ensures that there are mitigants in place for certain climate related events such as insurance for its physical assets as well as assets held as collateral for credit exposures. There is also a Business Continuity Plan (BCP) in place to ensure that the Group can operate in situations where climate related disruptions to business may occur. The Group also integrated an environmental and social risk management framework into our existing lending policies, guidelines and business practices to promote sustainability within our credit portfolios.

The Group acknowledges that we are in the early stages of building our expertise to develop a robust climate-related risk management framework and remain committed to further progress in developing a formal policy with clear methodologies to identify, quantify, and manage climate risks potentially impacting both JMMB Group and our clients. We will be working to progress this in the upcoming fiscal 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 or 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.
	Standard Monitoring	This classification applies to financial assets that are current and whose original source of repayment is adequate. It has adequate collateral support and does not carry more than a normal risk of loss.
	Watch listed	This classification applies to financial assets that are of acceptable quality. However, due to particular weaknesses, it requires more than usual management attention to prevent deterioration.
	Credit Grades	Credit grades refer to the credit quality of an issuer and/or a specific debt investment security. The JMMB Group categorizes credit grades as either 'investment grade', 'watch', 'speculative' or 'default'.

GLOSSARY (continued)

	Investment Grade	Investment grade refers to a credit grade. The JMMB Group considers a debt investment security to be ‘investment grade’ when its credit risk rating is ‘BBB-’ or better on JMMB Group’s internal rating scale.
	Watch	Watch refers to a credit grade. The JMMB Group considers a debt investment security as ‘watch’ when its credit risk rating is ‘B-’ or better but worse than ‘BBB-’ on JMMB Group’s internal rating scale.
	Speculative	Speculative refers to a credit grade. The JMMB Group considers a debt investment security as ‘speculative’ when its credit risk rating is ‘C’ or better but worse than ‘B-’ on JMMB Group’s internal rating scale.
	Default	‘Default’ refers to a credit grade. The JMMB Group considers a debt investment security as ‘Default’ when its credit risk rating is ‘D’ or ‘SD’ on JMMB Group’s internal rating scale.