JMMB Bank (T&T) Limited

Financial Statements

As at and for the year ended 31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

Statement of Management Responsibilities
JMMB Bank (T&T) Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying separate and consolidated financial statements of JMMB Bank (T&T) Limited (the Company), and its subsidiary (together defined as the Group) which comprise the separate and consolidated statements of financial position as at 31 March 2021, the separate and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;

- Ensuring that the Group keeps proper accounting records;

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

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

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

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

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

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

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

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

Ronald Carter	Naomi Arjoonsingh
Chief Country Officer	Chief Financial Officer
Date: June 29, 2021	Date: June 29, 2021

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

Opinion

We have audited the separate financial statements of JMMB Bank (T&T) Limited ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the consolidated and the separate statement of financial position as at March 31, 2021, the consolidated and the separate statements of profit or loss and other comprehensive income, the consolidated and the separate changes in equity and the consolidated and the separate cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at March 31, 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (continued)

1. Expected Credit Losses on Financial Assets

See Notes 13and 24 to the financial statements for disclosures of related accounting policies, judgement, estimates and balances.

The key audit matter	How the matter was addressed in our audit
Loans and advances to customers amounted to $1,487 million for the Group and $1,372 million for the Company. Investment securities amounted to $626 million for the Group and $626 million for the Company. Impairment is calculated based on an expected loss model, which the Group estimates on both an individual and a collective basis. This calculation entails a considerable level of judgment as this is a subjective and complex estimate. The key areas requiring greater management judgement include the significant uncertainty associated with the assumptions used in the estimation in respect of the timing and measurement of expected credit losses (ECL) include: - Allocation of assets to stage 1, 2, or 3 on a timely basis using criteria in accordance with IFRS 9 considering the impact of COVID-19 and related government support measures, such as payment deferrals, on customer behaviours. - Accounting interpretations, modelling assumptions and data used to build and run the model that calculate the ECL considering the impact of COVID-19 on model performance and any additional data to be considered in the ECL calculation. These assumptions are in relation to the probability of default (PD), loss given default (LGD) and exposures at default (EAD).	The primary procedures we performed to address this key audit matter. **Control testing** Our procedures related to the control environment focused on assessing the main controls in the following key areas: - Development and approval of the credit risk management framework, the Group's accounting policies and the methodology used to estimate expected loss. - Identification of the methods and assumptions used to estimate EAD, PD and LGD and to determine the future macroeconomic variables, considering the expected impacts of COVID-19. - Evaluation of the functioning of the internal models for estimating both individual and collective allowances and provisions for expected losses, and of the management and valuation of collateral. - Management's review of the integrity, accuracy and updating of the data used.

Key Audit Matters (continued)

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

The key audit matter	How the matter was addressed in our audit
- Forward looking macroeconomic factors, including developing and incorporating macroeconomic scenarios, given the wide range of potential economic outcomes and impacts from COVID-19 that may impact future expected credit losses. - Measurement of individual provisions including the assessment of probability weighted scenarios and the impact COVID-19 had on exit strategies, collateral valuations and time to collect. These factors, individually and collectively, result in a higher judgmental risk and thus are considered a significant matter in the context of the financial statements.	**Substantive testing** We involved credit risk, economics and information technology professionals with specialized skills, industry knowledge and relevant experience who assisted in: - Evaluating the methodology and macroeconomic variables used in certain inputs into the models including the determination of significant increases in credit risk by assessing compliance with IFRS 9 and recalculating model monitoring tests in respect of certain inputs and thresholds used for significant increases in credit risk - Evaluating whether management has adequately incorporated the impact of COVID-19 in the assumptions. - Evaluating scenarios and probability-weighted outcome assumptions used in the ECL calculation by assessing the appropriateness of the underlying macroeconomic variables including consideration of alternative inputs for certain variables. - Testing, management's ECL calculations to determine if they were in line with management's assumptions, model design and were consistently applied. - Testing the reliability of source data used in the models, on a sample basis, by corroborating to historical data or external public information where available.

Key Audit Matters (continued)

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

The key audit matter	How the matter was addressed in our audit
	- Testing the completeness and accuracy of data from underlying systems through to the models used to determine the ECLs. This included testing the critical data fields used in the ECL model, such as the maturity date, amortized cost, accrued interest, credit rating, date of default (if any), interest rate, write-off data and product category by tracing data back to source documents. - Re-performed credit assessments of high risk Stage 3 loans. For each loan selected, we challenged the Company's credit risk rating and assumptions, taking into account our assessment of the customer's financial position and the valuation of security, and the impact on the credit allowance. To do this, we used the information on the loan file, discussed the facts and circumstances of the case with the loan officer, and performed our own assessment of recoverability. Exercising our judgment, our procedures included using our understanding of relevant industries and the macroeconomic environment and data and assumptions used by the Company in recoverability assessments to externally sourced evidence, publicly available audited financial statements and comparable external valuations of collateral held. Where relevant we assessed the forecasted timing of future cash flows in the context of underlying valuations and challenged key assumptions in the valuations. - We evaluated the criteria used to allocate financial assets to stage 1, 2 or 3 in accordance with IFRS 9. We reperformed the staging distribution for a sample of assets and assessed the reasonableness of staging downgrades applied by management No material exceptions were noted as part of our testing.

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Key Audit Matters (continued)

2. Fair value of unquoted investment securities

See notes 14, 24, and 26 to the financial statements for disclosures of related accounting policies, judgement, estimates and balances.

The key audit matter	How the matter was addressed in our audit
The Group's investments measured at fair value amounted to $626 million for the Group and the Company. Of these investments, $246 million was categorised as Level 2 and $225 million was categorised as Level 3 in the fair value hierarchy, as no quoted prices are available for these instruments. As a result of the COVID-19 pandemic, volatility in the financial markets and in interest rates has increased, there have been sharp declines in value, greater illiquidity of financial assets and higher credit risk for securities issuers, all of which has diminished the observability of the market data needed to measure these financial instruments, making their measurement more complex. In the absence of a quoted price in an active market, determining the fair value of financial instruments requires a complex estimate using valuation techniques that may take into consideration market data that are neither directly nor indirectly observable, or complex pricing models that require a high degree of subjectivity.	Our audit procedures with regard to the fair value measurement of financial instruments focused on assessing the models and valuation methods used by the Group to estimate the fair value of complex financial instruments (those classified in level 2 or 3). To this end, we performed tests of controls and tests of detail on the Group's decisions and estimates, with the involvement of our own financial instrument valuation specialists. Our procedures relating to the assessment of the design and operating effectiveness of the relevant controls associated with the process of measuring financial instruments focused on the following key areas: - Identification and approval of the risk management framework and controls relating to operations in the financial markets in which the Group operates. - Evaluation of the application of the Group's accounting policies. - Examination of the key controls associated with the process of measuring financial instruments. - Analysis of the integrity, accuracy and updating of the data used and of the control and management process in place with regard to existing databases.

Key Audit Matters (continued)

2. Fair value of unquoted investment securities (continued)

The key audit matter	How the matter was addressed in our audit
	Our procedures as regards the tests of detail performed were as follows: - Assessing the fair value of Level 2 and Level 3 financial instruments through the use of our own valuation specialist to independently test the valuation model and assess the appropriateness of the valuation by management, such as discount factors as well as utilized key underlying financial data inputs from external sources, as applicable - We evaluated the adjustments made by the Group to the parameters and data that have been affected by the impacts of COVID-19. No material exceptions were noted as part of our testing.

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

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

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

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

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

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

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Marissa Quashie.

KPMG

Chartered Accountants
Port of Spain
Trinidad, West Indies
June 29, 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2021 $'000	2020 $'000
Net interest income			
Interest income calculated using the effective interest method	4	145,473	144,754
Interest expense	5	(38,654)	(40,790)
		106,819	103,964
Other revenue			
Gains on securities trading		54	3,876
Net Revenue from financial instruments at fair value through profit or loss		32	-
Fees and commission income		8,701	14,960
Foreign exchange gains		23,725	34,853
		32,512	53,689
Revenue		139,331	157,653
Operating Expenses			
Staff costs	6	(63,183)	(75,425)
Other expenses	7	(54,493)	(51,330)
		(117,676)	(126,755)
Profit before Impairment losses and Taxation		21,655	30,898
Impairment losses on financial assets	8	(28,673)	(24,226)
(Loss)/Profit before Taxation		(7,018)	6,672
Taxation	9	9,955	(923)
Profit for the Year		2,937	5,749

The accompanying notes on pages 23 to 142 are an integral part of these financial statements.

JMMB Bank (T&T) Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued**)**
Year ended 31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2021 $'000	2020 $'000
Profit for the year		2,937	5,749
Other Comprehensive Income (Loss)			
Items that are or may be reclassified subsequently to profit or loss			
Debt instruments at FVOCI:			
Reclassified to profit and loss		40	368
Remeasurement of investments that existed throughout the year		13,383	(8,283)
Remeasurement of purchased investments		3,295	(3,342)
Related tax	15	(6,105)	3,892
Net movement in Investment Revaluation Reserve		10,613	(7,365)
Total comprehensive income (loss) for the year		13,550	(1,616)

The accompanying notes on pages 23 to 142 are an integral part of these financial statements.

JMMB Bank (T&T) Limited

Consolidated Statement of Financial Position
31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2021 $'000	2020 $'000
Assets			
Cash and cash equivalents	10	159,330	134,938
Balances with Central Bank	11	634,465	554,963
Interest receivable		24,594	19,476
Accounts receivable		14,614	15,767
Taxation recoverable		5,911	467
Loans and notes receivable	12	1,487,006	1,649,448
Investment securities	13(i)	626,294	468,634
Property and equipment	14	21,585	24,423
Right of use asset	22	34,988	45,012
Deferred tax assets	15	17,996	11,125
Total Assets		3,026,783	2,924,253
Equity and Liabilities			
Equity			
Stated capital	16(i)	107,631	107,631
Investment revaluation reserve	16(ii)	4,200	(6,413)
Statutory reserve	16(iii)	37,136	36,842
Retained earnings		72,954	70,311
		221,921	208,371
Liabilities			
Customer deposits	17	2,579,073	2,492,063
Securities sold under agreements to repurchase	18	-	10,000
Subordinated debt	19	100,000	100,000
Lease liability	22	37,170	46,364
Interest payable		8,959	9,890
Accounts payable	21	77,259	51,436
Taxation payable		-	5,792
Deferred tax liabilities	15	2,401	337
		2,804,862	2,715,882
Total Equity and Liabilities		3,026,783	2,924,253

Approved for issue by the Board of Directors on June 07, 2021 and signed on its behalf by:

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

The accompanying notes on pages 23 to 142 are an integral part of these financial statements.

JMMB Bank (T&T) Limited

Consolidated Statement of Changes in Equity
Year ended 31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Stated Capital $'000	Investment Revaluation Reserve $'000	Statutory Reserve $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 April 2019	107,631	952	36,061	65,343	209,987
Profit for the year	-	-	-	5,749	5,749
Other comprehensive income, net of tax					
Debt instrument at FVOCI – reclassification to profit or loss	-	368	-	-	368
Change in fair value of debt instruments at FVOCI	-	(7,733)	-	-	(7,733)
Total comprehensive income for the year	-	(7,365)	-	5,749	(1,616)
Transactions with owners of the Company					
Transfer to statutory reserve	-	-	781	(781)	-
Balance at 31 March 2020	107,631	(6,413)	36,842	70,311	208,371
Balance at 1 April 2021	107,631	(6,413)	36,842	70,311	208,371
Profit for the year	-	-	-	2,937	2,937
Other comprehensive income, net of tax					
Debt instrument at FVOCI – reclassification to profit or loss	-	40	-	-	40
Change in fair value of debt instruments - at FVOCI	-	10,573	-	-	10,573
Total comprehensive income for the year	-	10,613	-	2,937	13,550
Transactions with owners of the Company					
Transfer to statutory reserve	-	-	294	(294)	-
Balance as at 31 March 2021	107,631	4,200	37,136	72,954	221,921

The accompanying notes on pages 23 to 142 are an integral part of these financial statements.

JMMB Bank (T&T) Limited

Consolidated Statement of Cash Flows
Year ended 31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Profit for the year		2,937	5,749
Adjustments for:			
Interest income		(145,473)	(144,754)
Interest expense		35,923	37,663
Taxation		(9,955)	923
Impairment losses on financial assets	8	28,673	24,226
Net gain from investment securities		(86)	(3,876)
Amortisation of securities and discount cost		(736)	(718)
Depreciation on property and equipment	7	5,682	5,767
Depreciation on right of use asset	7	8,243	7,725
Finance lease interest charge	22	2,731	3,126
Loss on the disposal of property and equipment	7	361	68
		(71,700)	(64,101)
Changes in operating assets and liabilities			
Accounts receivable		1,153	(6,526)
CBTT Reserve-Primary		(43,986)	2,063
Loans and notes receivable		133,046	(414,184)
Customer deposits		87,010	427,827
Accounts payable		25,823	11,538
		131,346	(43,383)
Interest received		141,258	142,749
Interest paid		(37,775)	(34,879)
Taxation paid		(12,362)	(9,461)
Net cash from operating activities		222,467	55,026
Cash Flows from Investing Activities			
Purchase of property and equipment		(3,207)	(4,006)
Purchase of investments		(1,159,813)	(2,002,332)
Proceeds from sale or maturity of investments		1,021,421	2,213,213
Net cash (used in) from investing activities		(141,599)	206,875
Cash Flows from Financing Activities			
Payment of lease liabilities	22	(10,144)	(9,499)
Repayment of repurchase agreements		(10,000)	(57,570)
Net cash (used in) financing activities		(20,144)	(67,069)
Net increase in cash and cash equivalents		60,724	194,832
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		409,988	215,156
CASH AND CASH EQUIVALENTS AT END OF YEAR		470,712	409,988

The accompanying notes on pages 23 to 142 are an integral part of these financial statements.

(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2021 $'000	2020 $'000
Cash and cash equivalents are represented by:			
Cash and due from other financial institutions	10	159,330	134,938
Balance with Central Bank other than the Primary Reserve Deposit	11	311,382	275,050
		470,712	409,988

The accompanying notes on pages 23 to 142 are an integral part of these financial statements.

JMMB Bank (T&T) Limited

Separate Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2021 $'000	2020 $'000
Net interest income			
Interest income using the effective interest rate method	4	117,697	127,325
Interest expense	5	(35,742)	(39,833)
		81,955	87,492
Other revenue			
Gains on securities trading, net		86	3,876
Fees and commissions income		6,551	12,596
Foreign exchange gains		23,724	34,854
		30,361	51,326
Revenue		112,316	138,818
Operating expenses			
Staff costs	6	(53,738)	(67,888)
Other expenses	7	(48,120)	(44,540)
		(101,858)	(112,428)
Profit before Impairment losses and Taxation		10,458	26,390
Impairment losses on financial assets	8	(21,914)	(16,251)
(Loss)/Profit before Taxation		(11,456)	10,139
Taxation	9	11,560	(2,331)
Profit for the Year		104	7,808

The accompanying notes on pages 23 to 142 are an integral part of these financial statements.

JMMB Bank (T&T) Limited

Separate Statement of Profit or Loss and Other Comprehensive Income (continued)
Year ended 31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2021 $'000	2020 $'000
Profit for the Year		104	7,808
Other Comprehensive Income (Loss)			
Items that are or may be reclassified subsequently to profit or loss			
Debt instruments at FVOCI:			
Reclassified to profit and loss		40	368
Remeasurement of investments that existed throughout the year		13,411	(8,285)
Remeasurement of purchased investments		3,295	(3,342)
Related tax	15	(6,105)	3,892
Net movement in Investment Revaluation Reserve		10,641	(7,367)
Total comprehensive income for the year		10,745	441

The accompanying notes on pages 23 to 142 are an integral part of these financial statements.

JMMB Bank (T&T) Limited

Separate Statement of Financial Position
31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2021	2020
		$'000	$'000
ASSETS			
Cash and cash equivalents	10	158,972	132,115
Balances with Central Bank	11	623,302	545,299
Interest receivable		23,201	16,820
Accounts receivable		13,983	15,268
Taxation recoverable		5,834	-
Loans and notes receivable	12	1,372,787	1,564,311
Investment securities	13(i)	625,921	468,217
Investment in subsidiary	13(ii)	15,000	15,000
Due from subsidiary	20	81,006	69,127
Property and equipment	14	17,709	19,791
Right of use asset	22	29,208	37,445
Deferred tax assets	15	16,506	8,259
Total Assets		2,983,429	2,891,652
Equity and Liabilities			
Equity			
Stated capital	16(i)	107,631	107,631
Investment revaluation reserve	16(ii)	4,222	(6,419)
Statutory reserve	16(iii)	34,807	34,797
Retained earnings		67,792	67,698
		214,452	203,707
Liabilities			
Customer deposits	17	2,534,509	2,461,836
Securities sold under agreements to repurchase	18	-	10,000
Subordinated debt	19	100,000	100,000
Lease liability	22	31,077	38,608
Due to subsidiary	20	19,377	13,110
Interest payable		7,500	8,537
Accounts payable	21	74,106	49,981
Taxation payable		-	5,792
Deferred tax liabilities	15	2,408	81
		2,768,977	2,687,945
Total Equity and Liabilities		2,983,429	2,891,652

Approved for issue by the Board of Directors on June 07, 2021 and signed on its behalf by:

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

The accompanying notes on pages 23 to 142 are an integral part of these financial statements.

JMMB Bank (T&T) Limited

Separate Statement of Changes in Equity
Year ended 31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Stated Capital $'000	Investment Revaluation Reserve $'000	Statutory Reserve $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 April 2019	107,631	948	34,016	60,671	203,266
Profit for the year	-	-	-	7,808	7,808
Other comprehensive income, net of tax					
Debt instrument at FVOCI – reclassified to profit or loss	-	368	-	-	368
Net change in fair value of debt instruments at FVOCI	-	(7,735)	-	-	(7,735)
Total comprehensive income for the year	-	(7,367)	-	7,808	441
Transactions with owners of the company					
Transfer to statutory reserve	-	-	781	(781)	-
Balance at 31 March 2020	107,631	(6,419)	34,797	67,698	203,707
Balance at 1 April 2021	107,631	(6,419)	34,797	67,698	203,707
Profit for the year	-	-	-	104	104
Other comprehensive income, net of tax					
Debt instrument at FVOCI – reclassified to profit or loss	-	40	-	-	40
Net change in fair value of debt instruments at FVOCI	-	10,601	-	-	10,601
Total comprehensive income for the year	-	10,641	-	104	10,745
Transactions with owners of the Company					
Transfer to statutory reserve	-	-	10	(10)	-
Balance at 31 March 2021	107,631	4,222	34,807	67,792	214,452

The accompanying notes on pages 23 to 142 are an integral part of these financial statements.

JMMB Bank (T&T) Limited

Separate Statement of Cash Flows
Year ended 31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2021	2020
		$'000	$'000
Cash Flows from Operating Activities			
Profit for the year		104	7,808
Adjustments for:			
Interest income		(117,697)	(127,325)
Interest expense		33,416	37,157
Taxation		(11,560)	2,331
Impairment losses on financial assets	8	21,914	16,251
Net gain from investment securities		(86)	(3,876)
Amortisation of securities and discount cost		(736)	(718)
Depreciation on property and equipment	7	4,716	4,876
Depreciation on right of use asset	7	6,456	6,206
Finance lease charge	22	2,326	2,676
Loss on the disposal of property and equipment	7	357	68
		(60,790)	(54,546)
Changes in operating assets and liabilities			
Accounts receivable		1,285	(6,372)
CBTT Reserve - Primary		(41,298)	9,528
Loans and notes receivable		169,491	(350,314)
Customer deposits		72,674	397,825
Due from subsidiary		(11,879)	(45,833)
Due to subsidiary		6,267	3,153
Accounts payable		24,125	10,868
		159,875	(35,691)
Interest received		111,316	125,846
Interest paid		(34,453)	(34,216)
Taxation paid		(12,091)	(9,320)
Net cash from operating activities		224,647	46,619
Cash Flows from Investing Activities			
Purchase of property and equipment		(2,990)	(1,487)
Purchase of investments		(1,159,596)	(2,002,332)
Proceeds from sale and maturity of investments		1,019,579	2,212,927
Net cash used in investing activities		(143,007)	209,108
Cash Flows From Financing Activities			
Payment on Lease Liabilities	22	(8,076)	(7,719)
Repayment of repurchase agreements		(10,000)	(57,570)
Net cash (used in) financing activities		(18,076)	(65,289)
Net increase in cash and cash equivalents		63,562	190,437
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		405,571	215,134
CASH AND CASH EQUIVALENTS AT END OF YEAR		469,133	405,571

The accompanying notes on pages 23 to 142 are an integral part of these financial statements.

JMMB Bank (T&T) Limited

Separate Statement of Cash Flows (continued)
Year ended 31 March 2021
(Expressed in Trinidad and Tobago dollars)

	Note	2021 $'000	2020 $'000
Cash and cash equivalents are represented by:			
Cash at bank and due from other financial institutions	10	158,972	132,115
Balance with Central Bank other than the Primary Reserve Deposit	11	310,161	273,456
		469,133	405,041

The accompanying notes on pages 23 to 142 are an integral part of these financial statements.

1. General Information

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

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

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

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

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

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

2. Basis of Preparation

(a) Basis of accounting

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

Details of the Group's accounting policies, including changes during the year, are included in Note 3.1.

(b) Basis of consolidation

(i) Subsidiary

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

2. Basis of Preparation (continued)

(b) Basis of consolidation (continued)

(ii) Transactions eliminated on consolidation

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

(c) Basis of preparation

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

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

(d) Functional and presentation currency

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

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

(e) Use of estimates and judgements

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

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 are evaluated for impairment on the basis described in accounting policy Note 30(a) policy.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 24(a ii)(3), which also sets out key sensitivities of the ECL to changes in these elements.

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

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

(ii) Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets and financial liabilities. Accordingly, fair values of the financial assets are estimated using prices obtained from other sources. There is significant uncertainty inherent in this approach, particularly due to COVID-19 with the fair values estimated being categorised as Level 2 fair values; consequently, the estimates arrived at may be different from the actual price of the instrument in an actual arm's length transaction (Note 25).

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

The Group'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, 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.

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

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

(i) Classification of financial assets

In classifying financial assets, management makes judgements about whether the criteria are met. For example, the determination of whether a financial asset may be classified fair value through profit or loss (FVTPL), FVOCI, or amortised cost. Also, whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy requires judgement as to whether a market is active.

(ii) Deferred tax assets

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

(Expressed in thousands of Trinidad and Tobago dollars)

4. Interest Income calculated using the effective interest rate method

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Interest income from loans and notes receivable measured at amortised cost	126,110	124,758	97,459	105,955
Interest income from investment securities:				
FVOCI	19,328	19,574	20,235	20,949
FVTPL	-	344	-	343
Other interest income	35	78	3	78
	145,473	144,754	117,697	127,325

5. Interest Expense on liabilities measured at amortized cost

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Interest on customers' deposits	30,834	30,766	28,327	30,261
Interest expense on debt securities	5,089	5,015	5,089	5,014
Interest expense on securities sold under agreements to repurchase	-	1,882	-	1,882
Lease liability expense	2,731	3,127	2,326	2,676
	38,654	40,790	35,742	39,833

6. Staff Costs

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Salaries and wages	46,492	48,814	40,168	43,289
Statutory payroll contributions	2,951	3,059	2,503	2,691
Pension scheme contributions	2,021	4,302	1,721	3,877
Training and development	106	741	107	676
Other staff benefits	11,613	18,509	9,239	17,355
	63,183	75,425	53,738	67,888

(Expressed in thousands of Trinidad and Tobago dollars)

7. Other Expenses

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Advertising promotion	1,196	2,984	1,077	2,476
Auditors' remuneration	1,089	964	766	670
Bank charges and interest	523	417	503	401
Depreciation on property and equipment	5,682	5,767	4,716	4,876
Depreciation on right of use asset	8,243	7,725	6,456	6,206
Repairs and maintenance	1,661	1,370	1,355	1,182
Directors' fees (Note 20 (iv))	1,207	1,183	1,207	1,183
Information technology	6,309	3,629	5,783	3,212
Legal and other professional fees	1,292	1,717	1,017	1,450
Loss on disposal of property, and equipment	361	68	357	68
Other	17,798	15,408	16,835	13,814
Security	3,363	3,808	2,939	3,383
Stationery, printing and postage	509	841	491	754
Travel and entertainment	86	870	59	792
Utilities	5,174	4,579	4,559	4,073
	54,493	51,330	48,120	44,540

8. Impairment Losses on Financial Assets

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Net impairment losses:				
Impairment loss on loans and notes receivable	(29,396)	(24,392)	(22,033)	(16,417)
Impairment reversal (loss) on investment securities	120	(246)	114	(246)
Recoveries	603	412	3	412
	(28,673)	(24,226)	(21,914)	(16,251)

The COVID-19 pandemic has resulted in a significant adverse change in both the global and national economic outlook. This has been factored into the forward looking information (FLI) used in the calculation of the Expected Credit Loss (ECL) and is one of the main contributors to the increase in impairment losses on the Group's and Company's loans and advances to customers and investment portfolios for the financial year ended 31 March 2021.

(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. Green Fund Levy is computed at 0.3% of gross revenue and Business Levy is calculated at 0.6% of gross revenue.

(i) Taxation charge

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Green Fund levy	559	582	465	522
Business Levy	167	-	-	-
Current income tax:				
Provision for charge on current year's profit	231	7,556	-	7,557
Changes in estimates related to prior years corporation tax	-	(993)	-	(923)
Deferred income tax relating to the origination and reversal of temporary differences				
- Current year (Note 15)	(10,912)	(6,222)	(12,025)	(4,825)
	(9,955)	923	(11,560)	2,331

(ii) Reconciliation of the effective tax rate

	The Group				The Company			
	2021 %	2021 $'000	2020 %	2020 $'000	2021 %	2021 $'000	2020 %	2020 $'000
(Loss) Profit before taxation	(100)	(7,017)	100	6,672	(100)	(11,456)	100	10,139
Tax calculated at statutory rates	(35)	(2,456)	35	2,335	(35)	(4,010)	35	3,549
Adjusted for the effects of:								
- Income not subject to tax	(10)	(672)	(14)	(931)	(6)	(672)	(9)	(932)
- Change in estimates related to prior years	(108)	(7,556)	(15)	(993)	(64)	(7,378)	(9)	(923)
- Green Fund Levy	8	559	9	582	4	465	5	522
- Business Levy	2	167	-	-	-	-	-	-
- Expenses not allowable	-	3	(1)	(70)	-	35	1	115
	143	(9,955)	14	923	101	(11,560)	23	2,331

(iii) At the reporting date, taxation losses, subject to the agreement of the Inland Revenue Department, available for set-off against future taxable profits, amounted to approximately $5,851 thousand (2020: $6,389 thousand) for the Group and $5,851 thousand (2020: NIL) for the Company.

(Expressed in thousands of Trinidad and Tobago dollars)

10. Cash and cash equivalents

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash at Bank	15,866	12,516	15,866	12,495
Due from other financial institutions	143,464	122,422	143,106	119,620
	159,330	134,938	158,972	132,115

11. Balances with Central Bank

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Primary Reserve Deposit	323,083	279,913	313,141	271,843
Balance with Central Bank other than the Primary Reserve Deposit	311,382	275,050	310,161	273,456
	634,465	554,963	623,302	545,299

12. Loans and Notes Receivable

(i) Analysis of loans

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Stage 1	1,131,667	1,375,079	1,020,915	1,293,366
Stage 2	282,303	229,339	275,794	223,919
Stage 3	150,196	102,042	146,481	95,396
Gross loans and notes receivable	1,564,166	1,706,460	1,443,190	1,612,681
Impairment loss allowance	(77,160)	(57,012)	(70,403)	(48,370)
	1,487,006	1,649,448	1,372,787	1,564,311

(Expressed in thousands of Trinidad and Tobago dollars)

12. Loans and Notes Receivable (continued)

(ii) Impairment allowance on loans and notes receivable (continued)

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balance at 1 April	(57,012)	(33,192)	(48,370)	(32,525)
Charge for year (Note 8)	(29,396)	(24,392)	(22,033)	(16,417)
Write off	9,248	572	-	572
Balance as 31 March	(77,160)	(57,012)	(70,403)	(48,370)

(iii) Concentration of gross loans

	The Group 2021	The Group 2020	The Company 2021	The Company 2020
Corporate and commercial	1,001,804	964,587	1,001,804	964,587
Retail	562,362	741,873	441,386	648,094
	1,564,166	1,706,460	1,443,190	1,612,681

13. Investment Securities and Investment in Subsidiary

(i) Investment Securities

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Fair value through other comprehensive income (FVOCI)				
Government of Trinidad and Tobago Securities	256,604	166,509	256,604	166,509
Other sovereign bonds	85,202	70,639	84,906	70,299
Corporate bonds	221,987	163,444	221,988	163,443
	563,793	400,592	563,498	400,251
Unquoted equity securities	1,555	1,553	1,555	1,553
	565,348	402,145	565,053	401,804
Fair value through profit and loss (FVTPL)				
Corporate bonds	60,946	66,489	60,868	66,413
	626,294	468,634	625,921	468,217

(Expressed in thousands of Trinidad and Tobago dollars)

13. Investment Securities and Investment in Subsidiary (continued)

(i) Investment Securities (continued)

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
The maturity profile of investment securities, from the reporting date is as follows:				
Government of Trinidad and Tobago Securities				
Within 3 months	23,729	65	23,729	65
From 3 months to 1 year	95,511	120,892	95,511	120,892
From 1 year to 5 years	85,364	13,483	85,364	13,483
Over 5 years	52,000	32,069	52,000	32,069
	256,604	166,509	256,604	166,509
Other sovereign bonds				
Within 3 months	67,603	66,629	67,603	66,629
From 3 months to 1 year	13,520	-	13,520	-
From 1 year to 5 years	3,784	3,670	3,783	3,670
Over 5 years	295	340	-	-
	85,202	70,639	84,906	70,299
Corporate bonds				
Within 3 months	93,862	66,489	93,785	66,413
From 3 months to 1 year	62,115	26,920	62,115	26,920
From 1 year to 5 years	82,813	85,475	82,813	85,475
Over 5 years	44,143	51,049	44,143	51,048
	282,933	229,933	282,856	229,856
Equity				
No fixed maturity	1,555	1,553	1,555	1,553
	626,294	468,634	625,921	468,217
Summary				
Within 3 months	185,194	133,183	185,117	133,107
From 3 months to 1 year	171,146	147,812	171,146	147,812
From 1 year to 5 years	171,961	102,628	171,960	102,618
Over 5 years	96,438	83,458	96,143	83,117
No fixed maturity	1,555	1,553	1,555	1,553
	626,294	468,634	625,921	468,217

(ii) Investment in Subsidiary

	2021 $'000	2020 $'000
JMMB Express Finance (T&T) Limited 15,000,000 ordinary shares, par value $1	15,000	15,000

(Expressed in thousands of Trinidad and Tobago dollars)

14. Property and Equipment

	The Group				
	Capital Work-in-Progress	Leasehold Improvements	Furniture Fixtures	Computer Equipment	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
31 March 2019	1,638	26,835	23,374	43,353	95,200
Additions	2,576	34	507	889	4,006
Transfer from work-in-progress	(3,690)	242	3,182	266	-
Disposals	-	(6,697)	(1,949)	(7,271)	(15,917)
31 March 2020	524	20,414	25,114	37,237	83,289
Additions	2,123	93	278	712	3,206
Transfer from work-in-progress					
Disposals	(335)	-	(11)	(17,082)	(17,428)
31 March 2021	2,312	20,507	25,381	20,867	69,067
Accumulated depreciation					
31 March 2019	-	16,658	14,125	38,165	68,948
Charge for the year	-	1,810	2,080	1,877	5,767
Disposals	-	(6,697)	(2,067)	(7,084)	(15,848)
31 March 2020	-	11,771	14,138	32,957	58,867
Charge for the year	-	1,857	1,658	2,167	5,682
Disposals	-	-	-	(17,067)	(17,067)
31 March 2021	-	13,629	15,796	18,057	47,482
Net Book Value					
31 March 2021	2,312	6,878	9,585	2,810	21,585
31 March 2020	524	8,643	10,976	4,280	24,423

Capital Work- in- Progress includes costs incurred for various infrastructure and technology related projects which were not yet completed as at 31 March 2021.

(Expressed in thousands of Trinidad and Tobago dollars)

14. Property, Plant and Equipment (continued)

	The Company				
	Capital Work-in-Progress $'000	Leasehold Improvements $'000	Furniture Fixtures $'000	Computer Equipment $'000	Total $'000
Cost					
31 March 2019	1,589	26,563	21,390	42,419	91,961
Additions	865	-	112	509	1,486
Transfer from work in progress	(1,930)	-	1,879	51	-
Adjustments	-	(6,697)	(1,949)	(7,270)	(15,916)
31 March 2020	524	19,866	21,432	35,709	77,531
Additions	2,123	93	278	495	2,989
Transfer from work in progress	-	-	-	-	-
Adjustments	(335)	-	(10)	(17,075)	(17,420)
31 March 2021	2,312	19,959	21,700	19,129	63,100
Accumulated depreciation					
31 March 2019	-	16,633	14,017	38,062	68,712
Charge for the year	-	1,714	1,673	1,489	4,876
Adjustments	-	(6,697)	(2,063)	(7,088)	(15,848)
31 March 2020	-	11,650	13,627	32,463	57,740
Charge for the year	-	1,722	1,179	1,815	4,716
Adjustments	-	-		(17,065)	(17,065)
31 March 2021	-	13,372	14,806	17,213	45,391
Net Book Value					
31 March 2021	2,312	6,587	6,894	1,916	17,709
31 March 2020	524	8,216	7,805	3,346	19,791

Capital Work- in- Progress includes costs incurred for various infrastructure and technology related projects which were not yet completed as at 31 March 2021.

(Expressed in thousands of Trinidad and Tobago dollars)

15. Deferred Taxes

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets				
Investment securities	-	3,726	-	3,726
Property and equipment	243	-	468	-
Tax losses carried forward	2,048	2,236	2,048	-
Impairment losses on financial assets	14,043	4,676	12,980	4,126
Leases	764	473	654	407
Deferred fees-loan fees	898	14	356	-
	17,996	11,125	16,506	8,259
Deferred income tax liability:				
Deferred fees-sub debt	(6)	(25)	(13)	(25)
Property and equipment	-	(312)		(56)
Investment securities	(2,395)	-	(2,395)	-
	(2,401)	(337)	(2,408)	(81)
Net deferred tax asset	**15,595**	**10,788**	**14,098**	**8,178**

(Expressed in thousands of Trinidad and Tobago dollars)

15. Deferred Taxes (continued)

The movement in the net deferred tax asset is as follows:

	2021 The Group			
	Balance at beginning of year	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Investment securities	3,726	(16)	(6,105)	(2,395)
Tax losses	2,236	(188)	-	2,048
Impairment losses on financial assets	4,676	9,367	-	14,043
Property, and equipment	(312)	555	-	243
Leases	473	291	-	764
Deferred fees - loan fees	-	542	-	542
Deferred fees - sub debt	(11)	361	-	350
	10,788	10,912	(6,105)	15,595

	2020 The Group			
	Balance at beginning of year	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Investment securities	(166)		3,891	3,726
Tax losses	1,373	863	-	2,236
Impairment losses on financial assets	-	4,676	-	4,676
Property and equipment	(515)	203	-	(312)
Leases		473	-	473
Deferred fees - sub debt	(18)	7	-	(11)
	674	6,222	3,891	10,788

(Expressed in thousands of Trinidad and Tobago dollars)

15. Deferred Taxes (continued)

The movement in the net deferred income tax asset is as follows:

	2021 The Company			
	Balance at beginning of year	**Recognised in Profit or Loss**	**Recognised in Other Comprehensive Income**	**Balance at End of Year**
	$'000	**$'000**	**$'000**	**$'000**
Investment securities	3,726	(16)	(6,105)	(2,395)
Tax losses	-	2,048	-	2,048
Impairment losses on financial assets	4,126	8,854	-	12,980
Property, and equipment	(56)	524	-	468
Leases	407	247	-	654
Deferred fees	(25)	368	-	343
	8,178	12,025	(6,105)	14,098

	2020 The Company			
	Balance at beginning of year	**Recognised in Income**	**Recognised in Other Comprehensive Income**	**Balance at End of Year**
	$'000	**$'000**	**$'000**	**$'000**
Investment securities	(166)	-	3,891	3,726
Impairment losses on financial assets	-	4,126	-	4,126
Property, and equipment	(335)	279	-	(56)
Leases	-	407	-	407
Deferred fees	(38)	13		(25)
	(539)	4,825	3,891	8,178

(Expressed in thousands of Trinidad and Tobago dollars)

16. Share Capital and Reserves

(i) Stated Capital

	Group and Company	
	2021	2020
	$'000	$'000
Authorised: An unlimited number of ordinary shares, par value TT$1.00		
Issued and fully paid: 107,630,756 (2020: 107,630,756) ordinary shares	107,631	107,631

	Group and Company	
	2021	2020
	$'000	$'000
Share capital	107,631	107,631

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 Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

(i) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of debt securities measured at FVOCI until the assets are derecognised or reclassified. This amount is increased by the amount of the loss allowance

(ii) Statutory reserve

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

(Expressed in thousands of Trinidad and Tobago dollars)

17. Customer Deposits

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Savings	414,870	775,044	414,870	775,044
Demand	984,967	479,219	984,967	479,219
Time	1,179,236	1,237,800	1,134,672	1,207,573
	2,579,073	2,492,063	2,534,509	2,461,836

Sectoral analysis of deposits is as follows:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
State enterprises	314,930	142,074	314,930	142,074
Corporate and commercial	1,476,838	1,557,653	1,476,838	1,557,653
Personal	787,305	792,336	742,741	762,109
	2,579,073	2,492,063	2,534,509	2,461,836

18. Securities Sold Under Agreements to Repurchase

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Denominated in Trinidad and Tobago dollars	-	10,000	-	10,000

The Company had no securities sold under repurchase agreements in existence as at 31 March 2021.

In the prior financial year, the repurchase agreements were valued at TT$10 million with collaterised investments with a carrying value of $$10.312 million (Note 13).

(Expressed in thousands of Trinidad and Tobago dollars)

19. Debt Securities in Issue

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Subordinated debt	100,000	100,000	100,000	100,000

This represents subordinated debt issued for an initial term of five (5) years, to mature on 28 March 2022 at a fixed rate of 4.5% per annum. This debt was increased to $100 million in December 2017 and investors agreed to extend the tenor of the debt to 2027 with an interest rate of 5%.

20. Related Party Transactions and Balances

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

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

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

(2) has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

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

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

(Expressed in thousands of Trinidad and Tobago dollars)

20. Related Party Transactions and Balances (continued)

The statement of financial position includes balances, other than those specifically disclosed, as shown below:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
(i) Due from related parties				
Advances, investments, cash and balances with bank and other assets				
Ultimate parent company				
JMMB Group Limited				
Accounts receivable	572	1,659	572	1,659
Affiliated companies				
Investment Securities	-	3,365	-	3,365
Accounts receivable	2,779	1,719	2,779	1,719
	2,779	5,084	2,779	5,084
Investment in Subsidiary company	-	-	81,006	69,127
Interest received from subsidiary	-	-	2,122	657
	-	-	83,128	69,784
Key Management Personnel and close family members	5,732	6,755	5,732	4,609
(ii) Due to related parties				
Deposits and liabilities				
Subsidiary company				
Deposits	-	-	19,377	13,110
Interest paid to subsidiary	-	-	32	54
	-	-	19,409	13,164
Affiliated companies				
Deposits	119,814	102,331	119,814	102,331
Ultimate parent company				
JMMB Group Limited				
Deposits	7,925	3,805	7,925	3,805
Accounts payable	3,565	2,715	3,565	2,715
	11,490	6,520	11,490	6,520

For related party transactions, general payables and receivables have no specific condition or terms attached to the transaction.

(Expressed in thousands of Trinidad and Tobago dollars)

20. Related Party Transactions and Balances (continued)

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
(iii) Credit Commitments in respect of affiliated companies				
Letters of Credit	7,500	7,500	7,500	7,500
Undrawn Commitments	8,000	-	8,000	-
	15,500	7,500	15,500	7,500

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Directors				
Deposits	774	141	774	141
Key management personnel and close family members				
Deposits	583	1,320	583	1,218
(iv) Amounts reported in profit or loss				
Interest Income	324	297	324	200
Interest Expense	(4)	(8)	(4)	(70)

Compensation

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

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Directors fees	1,207	1,183	1,207	1,183
Other short term employee benefits	11,119	13,039	8,832	10,988
Post-employment benefits	980	950	778	768
	13,306	15,172	10,817	12,939

The Group has determined that there is no Expected Credit Loss (ECL) on related party balances as at 31, March 2021 (31 March 2020: NIL).

(Expressed in thousands of Trinidad and Tobago dollars)

21. Accounts Payable

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Accrued expenses	20,952	19,593	18,385	18,100
Uncashed manager's cheques	18,446	21,915	18,446	21,915
Other miscellaneous– note below	37,861	9,928	37,275	9,966
	77,259	51,436	74,106	49,981

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

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

(a) Leases as lessee

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

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

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

(i) Right-of-use assets

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

The Group	Land and building	
	2021	2020
	$'000	$'000
Balance at 1 April	45,012	49,982
Depreciation charge for the year (Note 7)	(8,243)	(7,725)
Additions	-	2,755
**Re-measurement	(1,781)	-
Balance at 31 March	34,988	45,012

(Expressed in thousands of Trinidad and Tobago dollars)

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

(a) Leases as lessee (continued)

(i) Right-of-use assets (continued)

The Company

	2021 $'000	2020 $'000
Balance at 1 April	37,445	42,280
Depreciation charge for the year (Note 7)	(6,456)	(6,206)
Additions	-	1,371
**Re-measurement (note below)	(1,781)	-
Balance at 31 March	29,208	37,445

**** Right of use asset re-measurement due to modification of lease term.**

(ii) Lease liability

The Group

	2021 $'000	2020 $'000
Balance at 1 April	46,364	49,981
Interest expense	2,731	3,126
Additions to right of use liabilities	-	2,755
Re-measurement (note above)	(1,781)	-
Lease payments	(10,144)	(9,498)
Balance at 31 March	37,170	46,364
Amounts recognised in cash flow	10,145	9,499

(Expressed in thousands of Trinidad and Tobago dollars)

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

(ii) Lease liability (continued)

The Company

	2021 $'000	2020 $'000
Balance at 1 April	38,608	42,280
Interest expense	2,326	2,676
Additions to right of use liabilities	-	1,371
Re-measurement	(1,781)	-
Lease payments	(8,076)	(7,719)
Balance at 31 March	31,077	38,608
Amounts recognised in cash flow	8,076	7,719

Lease Liability Maturity Analysis

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Less than 1 year	9,138	10,214	7,069	8,145
Between 1 and 5 years	25,619	31,770	21,509	26,071
Over 5 years	12,654	18,153	11,733	16,753
Interest	(10,241)	(13,773)	(9,234)	(12,361)
Present value of minimum Lease payments	37,170	46,364	31,077	38,608

Less than 1 year	6,946	7,446	5,189	5,781
Between 1 and 5 years	19,412	23,708	15,941	18,891
Over 5 years	10,812	15,210	9,947	13,936
	37,170	46,364	31,077	38,608

(Expressed in thousands of Trinidad and Tobago dollars)

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

(iii) Amounts recognised in profit or loss

2021 – Leases under IFRS 16

The Group

	2021 $'000	2020 $'000
Interest on lease liabilities	2,731	3,126
Expenses relating to short-term leases and low-value assets	945	1,162
Lease payments	10,145	9,499
Contingent lease payments	47,411	60,138

The Company

	2021 $'000	2020 $'000
Interest on lease liabilities	2,326	2,676
Expenses relating to short-term leases and low-value assets	739	1,026
Contingent rent expense	40,311	50,969

(iv) Amounts recognised in statement of cash flows

The Group

	2021 $'000	2020 $'000
Total cash outflows for leases	10,145	9,499

The Company

	2021 $'000	2020 $'000
Total cash outflows for leases	8,076	7,719

(v) Extension options

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

The Bank expects to use the extension options granted by the lessor.

23. Financial Risk Management

Introduction and overview

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.

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

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

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

Risk Governance

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

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

The Group's Board, Audit and Risk Committees are responsible for monitoring compliance with the Group's Risk Management policies and procedures and for reviewing the adequacy of the Enterprise Risk Management Framework in relation to the risks faced by the Group in keeping with the risk appetite. The Group Audit and Risk Committees are assisted in these functions by Internal Audit, 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 committee. The Risk Management and Compliance Units ensures adherence to internal policies and procedures, and regulatory rules and guidelines.

23. Financial Risk Management (continued)

Introduction and overview (continued)

Impact of Covid-19

The World Health Organisation declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Trinidad and Tobago declared a national emergency on March 13, 2020. Those social restrictions eased during the year, the ongoing pandemic and the measures to control its human impact continued into the financial year March 31, 2021 and have resulted in disruptions to economic activity, business operations and asset prices. In response to the pandemic, the Group has adopted several measures specifically around financial risk management. These measures include:

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

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

(iii) Updating of the entity's Business Recovery and Response Plan which include:

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

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

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

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

23. Financial Risk Management (continued)

(a) Credit risk

Credit risk is the risk of financial loss should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk of the Group arises mainly from the Group's loans and notes receivable to customers and other banks and investment securities. . For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as the individual obligor, the obligor risk group and the obligor risk rating, country and sector risk).

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

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

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

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

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

23. Financial Risk Management (continued)

(a) Credit risk (continued)

Management of credit risk (continued)

- *Developing and maintaining the Group's risk* rating systems and guidelines is an integral part of the credit appraisal process. Each borrower under the business banking credit categories has to be risk rated in accordance with the model recommended by the Group Risk Unit and approved by the Board. The risk rating assigned is reviewed annually or earlier as appropriate. The risk rating model takes into account the risk relating to management, the business, collateral security, financial performance and transactional data. In the case of credit facilities to consumers a scoring model is used in the appraisal process. The risk rating or credit score of the obligor reflects the level of risk associated with the exposure and is the main driver in pricing.

- *Reviewing compliance* with agreed exposure limits, including those for selected industries, country and cross border risk and product types. Regular reports are provided by Group Credit Risk Unit to the Management Credit Committee, the Board Credit Committee and the Board Risk Committee on the credit quality of the Group's portfolios and where necessary appropriate corrective action is taken.

- *Providing advice*, *guidance and specialist skills* to business units to promote best practice throughout the Group in the management of credit risk.

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

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

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

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

(i) Loans and notes receivable

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

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

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(ii) Investment securities

The Group 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.

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

(iii) Cash and cash equivalents

Cash and cash equivalents are held in financial institutions which management regards as 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.

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.i) Credit risk measurement (continued)

The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to Note 23.(a ii)(3) for more details.

Credit risk grading

The Group uses internal credit risk grading that reflects its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model. In addition, exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees and for the treasury portfolio by investing in liquid securities with counterparties that have high credit quality.

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

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

Retail

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

Commercial & Corporate

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

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.i) Credit risk measurement (continued)

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) Expected credit loss measurement

The Group recognises loss allowances for ECL on the following financial instruments not measured at FVTPL:

- Financial assets that are debit instruments at FVOCI
- Loans and notes receivable
- Financial securities contracts issued; and
- Loan commitments issued.

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. A description of how the Group determines when a significant increase in credit risk has occurred is 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 below in Note 24a.ii.3.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. An explanation of how the Group has incorporated this in its ECL models is included in Note 23.(a.ii)(5) below.

23. Financial Risk Management (continued)

(a) Credit risk (continued)

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

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

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

(a.ii.)(i) Significant increase in credit risk (SICR)

Determining when credit risk has increased significantly

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

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

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

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

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

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

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

23. Financial Risk Management (continued)

(a) Credit risk (continued)

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

(2) Definition of default

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

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

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

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

(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 Bank cannot distinguish the ECL separately, the Bank presents a combined loss allowance for both components.
- 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.

23. Financial Risk Management (continued)

(a) Credit risk (continued)

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

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

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

During the financial year ended March 2021, the Group clarified its definition of EAD. 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. In so doing, ECL is no longer calculated on the carrying amounts after adjusting for unrealized gains/losses (MTM).

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

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

23. Financial Risk Management (continued)

(a) Credit risk (continued)

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

(5) Incorporation of forward-looking information

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

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

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

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

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

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

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

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

23. Financial Risk Management (continued)

(a) Credit risk (continued)

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

(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.

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

(6) Collateral held and other credit enhancements and their financial effects

Collateral

As part of Group's credit risk management strategy, the company ensures sufficient collateral is taken regarding funds advanced to its clients. Policies and procedures are developed with the oversight of the respective Management and Board sub-committees as well as the Risk department. The policies and procedures covers the specific security and their valuation that are acceptable to JMMB as collateral.

The main collateral types are as follows: -

- Mortgages over residential and commercial property.
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over debt instruments and equity instruments.

Valuation of collateral is updated when the credit risk of a loan deteriorates significantly. For each secured loan, the value of collateral is capped at the nominal amount of the loan that it is held against.

Repossessed collateral

JMMB enforces its power of sale agreements over various types of collateral (as noted above) as a consequence of failure by borrowers or counter-parties to honour their financial obligations to JMMB. Various methodologies are utilised to obtained for the current value of the collateral as an input to the impairment measurement, and once repossessed, the collateral is liquidated in the shortest possible timeframe. The proceeds net of disposal cost are then applied to the outstanding debt.

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iii) Maximum exposure to credit risk

The following table contains an analysis of the credit risk exposure of financial instruments, before collateral held or credit enhancements, for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk recognised on the statement of financial position.

Loans and Notes Receivable

The Group

	2021			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Standard monitoring	1,131,667	-	-	1,131,667
Special monitoring	-	282,303	-	282,303
Default	-	-	150,196	150,196
Gross carrying amount	1,131,667	282,303	150,196	1,564,166
Loss allowance	(15,891)	(23,479)	(37,790)	(77,160)
Carrying amount	1,115,776	258,824	112,406	1,487,006

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

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

Loans

The Group

	2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Standard monitoring	1,375,079	-	-	1,375,079
Special monitoring	-	229,339	-	229,339
Default	-	-	102,042	102,042
Gross carrying amount	1,375,079	229,339	102,042	1,706,460
Loss allowance	(21,356)	(12,518)	(23,138)	(57,012)
Carrying amount	1,353,723	216,821	78,904	1,649,448

The Company

	2021			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Standard monitoring	1,020,915	-	-	1,020,915
Special Monitoring		275,794	-	275,794
Default	-	-	146,481	146,481
Gross carrying amount	1,020,915	275,794	146,481	1,443,190
Loss allowance	(13,652)	(22,676)	(34,075)	(70,403)
Carrying amount	1,007,263	253,118	112,406	1,372,787

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

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

The Company

	2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Standard monitoring	1,293,366	-	-	1,293,366
Special Monitoring		223,919	-	223,919
Default	-	-	95,396	95,396
Gross carrying amount	1,293,366	223,919	95,396	1,612,681
Loss allowance	(19,501)	(12,378)	(16,491)	(48,370)
Carrying amount	1,273,865	211,541	78,905	1,564,311

Credit risk not recognised on the Statement of Financial Position

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Acceptances, guarantees, Letters of credit	8,733	9,099	8,733	9,099
Undrawn credit commitments	17,258	110,923	17,258	110,923
ECL	-	-	-	-
	25,991	120,022	25,991	120,022

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

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

Investments

The Group

	2021			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Investment grade	153,253	-	-	153,253
Watch	395,553	14,987	-	410,540
Carrying amount	548,806	14,987	-	563,793

	2020			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Investment grade	112,809	-	-	112,809
Watch	287,783	-	-	287,783
Carrying amount	400,592	-	-	400,592

The Company

	2021			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Investment grade	152,958	-	-	152,958
Watch	395,553	14,987	-	410,540
Carrying amount	548,511	14,987	-	563,498

	2020			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Investment grade	152,958	-	-	152,958
Watch	395,553	14,987	-	410,540
Carrying amount	548,511	14,987	-	563,498

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

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

Investments (continued)

Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in Note 23(a.ii)(4) 'Expected credit loss measurement'.

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

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

	Maximum exposure from financial assets	
2021	**The Group**	**The Company**
	$'000	**$'000**
Financial assets designated at fair value through profit and loss (FVTPL):		
Debt securities	60,946	60,866
Financial assets at fair value through other comprehensive income (FVOCI)		
Equities	1,555	1,553

	Maximum exposure from financial assets	
2020	**The Group**	**The Company**
	$'000	**$'000**
Financial assets designated at fair value through profit and loss (FVTPL):		
Debt securities	66,489	66,413
Financial assets at fair value through other comprehensive income (FVOCI)		
Equities	1,553	1,553

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance

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

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- 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.

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

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

The Group

Loans and Notes Receivable
Retail

	2021			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance at 1 April 2020	9,014	1,763	10,271	21,048
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(3,491)	3,491	-	-
- Transfer from Stage 1 to Stage 3	(3,440)	-	3,440	-
- Transfer from Stage 2 to Stage 1	148	(148)	-	-
- Transfer from Stage 2 to Stage 3	-	(1,790)	1,790	-
- Transfer from Stage 3 to Stage 2	-	124	(124)	-
New financial assets originated or Purchased	2,445	469	1,898	4,812
Changes in PDs/LGDs/EADs	3,211	1,270	8,467	12,948
Financial assets derecognised during the period	(1,468)	(144)	(7,670)	(9,282)
Write-offs	-	-	(9,248)	(9,248)
Net profit or loss change during the period	(2,595)	3,272	(1,447)	(770)
Loss allowance at 31 March 2021	6,419	5,035	8,824	20,278

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

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

(a.iv) Loss allowance (continued)

The Group

Loans and Notes Receivable
Retail

	2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance at 1 April 2019	3,846	856	2,926	7,628
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(1,085)	1,085	-	-
- Transfer from Stage 1 to Stage 3	(3,296)	-	3,296	-
- Transfer from Stage 2 to Stage 1	40	(40)	-	-
- Transfer from Stage 2 to Stage 3	-	(1,930)	1,930	-
- Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or Purchased	4,616	497	3,129	8,242
Changes in PDs/LGDs/EADs	5,416	1,371	109	6,896
Financial assets derecognised during the period	(523)	(76)	(1,119)	(1,718)
Net profit or loss change during the period	5,168	907	7,345	13,420
Loss allowance at 31 March 2020	9,014	1,763	10,271	21,048

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Group/The Company

Loans and Notes Receivable
Commercial/Corporate

	2021			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance at 1 April 2020	12,343	10,756	12,864	35,963
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(9,094)	9,094	-	-
- Transfer from Stage 1 to Stage 3	(14,663)	-	14,663	-
- Transfer from Stage 2 to Stage 1	319	(319)	-	-
- Transfer from Stage 2 to Stage 3	-	-	-	-
- Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or Purchased	2,884	2,326	3,781	8,991
Changes in PDs/LGDs/EADs	21,544	(1,441)	1,797	21,900
Financial assets derecognised during the period	(3,861)	(1,971)	(4,140)	(9,972)
Net profit or loss change during the period	(2,871)	7,689	16,101	20,919
Loss allowance at 31 March 2021	9,472	18,444	28,966	56,882

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Group/The Company

Loans and Notes Receivable Commercial/Corporate

	2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance at 1 April 2019	6,916	8,896	9,752	25,564
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(2,465)	2,465	-	-
- Transfer from Stage 1 to Stage 3	(7,969)	-	7,969	-
- Transfer from Stage 2 to Stage 1	145	(145)	-	-
- Transfer from Stage 2 to Stage 3	-	(1,789)	1,789	-
New financial assets originated or Purchased	6,409	548	238	7,195
Changes in PDs/LGDs/EADs	10,394	1,061	(5,554)	5,901
Financial assets derecognised during the period	(1,087)	(280)	(1,330)	(2,697)
Net profit or loss change during the period	5,427	1,860	3,112	10,399
Loss allowance at 31 March 2020	12,343	10,756	12,864	35,963

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Company

Loans and Notes Receivable
Retail

	2021			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance at 1 April 2020	7,158	1,622	3,627	12,407
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(3,438)	3,438	-	-
- Transfer from Stage 1 to Stage 3	(1,720)	-	1,720	-
- Transfer from Stage 2 to Stage 1	143	(143)	-	-
- Transfer from Stage 2 to Stage 3	-	(1,475)	1,475	-
New financial assets originated or Purchased	564	377	245	1,186
Changes in PDs/LGDs/EADs	2,046	473	(774)	1,745
Financial assets derecognised during the period	(572)	(60)	(1,185)	(1,817)
Net profit or loss change during the period	(2,977)	2,610	1,481	1,114
Loss allowance at 31 March 2021	4,181	4,232	5,108	13,521

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Company

Loans and Notes Receivable Retail-2020	**2020**			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance at 1 April 2019	3,456	823	2,682	6,961
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(1,055)	1,055	-	-
- Transfer from Stage 1 to Stage 3	(330)	-	330	-
- Transfer from Stage 2 to Stage 1	36	(36)	-	-
- Transfer from Stage 2 to Stage 3	-	(1,087)	1,087	-
- Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or Purchased	2,903	389	451	3,743
Changes in PDs/LGDs/EADs	2,477	548	156	3,181
Financial assets derecognised during the period	(329)	(70)	(1,079)	(1,478)
Net profit or loss change during the period	3,702	799	945	5,446
Loss allowance at 31 March 2020	7,158	1,622	3,627	12,407

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Group

Investment Securities

	2021			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Loss allowance at 1 April 2020	877	-	-	877
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(19)	19	-	-
New financial assets originated or purchased	221	-	-	221
Financial assets derecognised during the period	(325)	-	-	(325)
FX and other changes in inputs used in ECL calculations	(39)	23	-	(16)
Net profit or loss change during the period	(162)	42	-	(120)
Loss allowance at 31 March 2021	715	42	-	757

	2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Loss allowance as at 1 April 2019	630	-	-	630
New financial assets originated or purchased	287	-	-	287
Financial assets derecognised during the period	(284)	-	-	(284)
FX and other changes in inputs used in ECL calculations	244	-	-	244
Net profit or loss change during the period	247	-	-	247
Loss allowance as at 31 March 2020	877	-	-	877

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) *Credit risk* (continued)

(a.iv) Loss allowance (continued)

The Company

Investment Securities

	2021			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance at 1 April 2020	872	-	-	872
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(19)	19	-	-
New financial assets originated or purchased	221	-	-	221
Financial assets derecognised during the period	(325)	-	-	(325)
FX and other changes in inputs used in ECL calculations	(34)	23	-	(11)
Net profit or loss change during the period	(157)	42	-	(115)
Loss allowance at 31 March 2021	715	42	-	757

	2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance at 1 April 2019	626	-	-	626
New financial assets originated or purchased	287	-	-	287
Financial assets derecognised during the period	(284)	-	-	(284)
FX and other changes in inputs used in ECL calculations	243	-	-	243
Net profit or loss change during the period	246	-	-	246
Loss allowance at 31 March 2020	872	-	-	872

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The following tables further explain changes in the gross carrying amount of the 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:

The Group

Loans and Notes Receivable
Retail

	2021			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Gross carrying amount at 1 April 2020	677,318	36,925	27,630	741,873
Transfers:				
- Transfer from Stage 1 to Stage 2	(35,910)	35,910	-	-
- Transfer from Stage 1 to Stage 3	(6,940)	-	6,940	-
- Transfer from Stage 2 to Stage 1	9,451	(9,451)	-	-
- Transfer from Stage 2 to Stage 3	-	(5,914)	5,914	-
- Transfer from Stage 3 to Stage 2	-	14	(14)	-
New financial assets originated or purchased	135,976	4,987	3,135	144,098
Financial assets derecognised during the period other than write-offs & paydowns	(289,107)	(16,333)	(8,921)	(314,361)
Write offs	-	-	(9,248)	(9,248)
Gross carrying amount at 31 March 2021	490,788	46,138	25,436	562,362

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Group

Loans and Notes Receivable
Retail

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

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Group/The Company

Commercial/Corporate

	2021			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Gross carrying amount at 1 April 2020	697,761	192,414	74,412	964,587
Transfers:				
- Transfer from Stage 1 to Stage 2	(116,019)	116,019	-	-
- Transfer from Stage 1 to Stage 3	(29,018)	-	29,018	-
- Transfer from Stage 2 to Stage 1	27,369	(27,369)	-	-
- Transfer from Stage 2 to Stage 3	-	(24,602)	24,602	-
New financial assets originated or purchased	216,547	29,464	4,947	250,958
Financial assets derecognised during the period other than write-offs & paydowns	(155,761)	(49,762)	(8,218)	(213,742)
Gross carrying amount at 31 March 2021	640,879	236,164	124,761	1,001,804

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Group/The Company

Commercial/Corporate

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

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Company

Retail

	2021			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Gross carrying amount at 1 April 2020	595,605	31,505	20,984	648,094
Transfers:				
- Transfer from Stage 1 to Stage 2	(33,368)	33,368	-	-
- Transfer from Stage 1 to Stage 3	(5,220)	-	5,220	-
- Transfer from Stage 2 to Stage 1	9,208	(9,208)	-	-
- Transfer from Stage 2 to Stage 3	-	(5,599)	5,599	-
New financial assets originated or purchased	45,211	1,473	1,482	48,166
Financial assets derecognised during the period other than write-offs & Paydowns	(231,400)	(11,909)	(11,565)	(254,874)
Gross carrying amount at 31 March 2021	380,036	39,630	21,720	441,386

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Company

Retail

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

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Group

Investment Securities

	2021				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased Credit Impaired**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Carrying amount at 1 April 2020	400,592	-	-	-	400,592
Transfers:					
- Transfer from Stage 1 to Stage 2	(13,483)	13,483	-		-
New financial assets originated or purchased	352,967	-	-	-	352,967
Financial assets derecognised	(239,167)	-	-	-	(239,167)
FX and other changes in inputs used in ECL calculations	47,896	1,504	-	-	49,400
Carrying amount at 31 March 2021	548,805	14,988	-	-	563,798

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

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

The Company

Investment Securities

	2021				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased Credit Impaired**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Carrying amount at 1 April 2020	400,251	-	-	-	400,251
Transfers:					
Transfer from Stage 1 to Stage 2	(13,483)	13,483	-	-	
New financial assets originated or purchased	352,967	-	-	-	352,967
Financial assets derecognised	(239,167)	-	-	-	(239,167)
FX and other changes in inputs used in ECL calculations	47,942	1,504	-	-	49,446
Carrying amount at 31 March 2021	548,510	14,987	-	-	563,497

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

The total amount of undiscounted expected credit losses at initial recognition for purchased or originated credit-impaired financial assets recognised during the period was Nil (2020: Nil).

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.v) Write-off policy

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

The Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended March 31, 2021 was $9,248 (2020: $572). The Group still seeks to recover amounts it is legally owed, but which have been partially written off.

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.vi) Concentration of credit risk

Concentration by location for loans and 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.

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

The Group

	Loans and Advances to Customers		Investment Securities	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Gross amount	1,564,166	1,706,460	626,294	468,634
Concentration by sector				
Corporate/commercial	1,001,804	964,587	255,189	212,282
	Sovereign	-	-	341,806
	237,148			
Bank	-	-	27,744	17,651
Retail	562,362	741,873	-	-
Equities	-	-	1,555	1,553
	1,564,166	1,706,460	626,294	468,634
Concentration by location				
Trinidad	1,528,102	1,678,258	521,747	379,214
Regional	519	613	23,423	4,010
Other	35,545	27,589	81,124	85,410
	1,564,166	1,706,460	626,294	468,634

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(a) Credit risk (continued)

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

The Company

	Loans and Advances to Customers		Investment Securities	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Gross amount	1,443,190	1,612,681	625,921	468,217
Concentration by sector				
Corporate/commercial	1,001,804	964,587	255,189	212,282
Sovereign	-	-	341,510	236,808
Bank	-	-	27,667	17,574
Retail	441,386	648,094	-	-
Equities	-	-	1,555	1,553
	1,443,190	1,612,681	625,921	468,217
Concentration by location				
Trinidad	1,407,127	1,584,479	521,669	379,137
Regional	519	613	23,128	3,670
Other	35,544	27,589	81,124	85,410
	1,443,190	1,612,681	625,921	468,217

23. Financial Risk Management (continued)

(b) Settlement risk

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

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

(c) Liquidity risk

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

Management of liquidity risk

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

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

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

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

There was no change in the Group's approach to managing its liquidity risk during the year.

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(c) Liquidity risk (continued)

(i) Maturity analysis for financial liabilities

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

	2021 The Group					
	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
Customer deposits	1,401,345	920,103	215,183	101	2,536,732	2,579,073
Subordinated debt	-	2,521	25,014	102,479	130,014	100,000
Lease liability	1,911	5,035	19,412	10,812	37,170	37,170
Interest payable	8,959	-	-	-	8,959	8,959
Accounts payable	77,259	-	-	-	77,259	77,259
Total Financial liabilities	1,489,474	927,659	259,609	113,392	2,790,134	2,802,461
Bonds guarantees and letters of credit	7,965	176	592	-	8,733	8,733
Undrawn credit commitments	17,258	-	-	-	17,258	17,258
Total Credit Commitments	25,223	176	592	-	25,991	25,991

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(c) Liquidity risk (continued)

(i) Maturity analysis for financial liabilities (continued)

	2020 The Group					
	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**
Customer deposits	606,492	1,824,817	86,460	-	2,517,769	2,492,063
Securities sold under agreements to repurchase	-	10,058	-	-	10,058	10,000
Subordinated debt	-	2,521	25,014	107,479	135,014	100,000
Lease liability	1,818	5,628	23,708	15,210	46,364	46,364
Interest payable	9,890	-	-	-	9,890	9,890
Accounts payable	51,436	-	-	-	51,436	51,436
Total Financial liabilities	669,636	1,843,024	135,182	122,689	2,770,531	2,709,753
Bonds guarantees and letters of credit	8,085	204	810	-	9,099	9,099
Undrawn credit commitments	110,923	-	-	-	110,923	110,923
Total Credit Commitments	119,008	204	810		120,022	120,022

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(c) Liquidity risk (continued)

(i) Maturity analysis for financial liabilities (continued)

2021
The Company

	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
Customer deposits	1,401,345	920,103	215,183	101	2,536,732	2,534,509
Subordinated debt	-	2,521	25,014	102,479	130,014	100,000
Lease liability	1,481	3,708	15,941	9,947	31,077	31,077
Interest payable	7,500	-	-	-	7,500	7,500
Accounts payable	74,106	-	-		74,106	74,106
Due to subsidiary	19,377	-	-	-	19,377	19,377
Total Financial liabilities	1,503,809	926,332	256,138	112,527	2,798,806	2,766,569
Bonds guarantees and letters of credit	7,965	176	592	-	8,733	8,733
Undrawn credit commitments	17,258	-	-	-	17,258	17,258
Total Credit Commitments	25,223	176	592	-	25,991	25,991

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(c) Liquidity risk (continued)

(i) Maturity analysis for financial liabilities (continued)

	2020 The Company					
	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**
Customer deposits	606,491	1,824,588	52,860	-	2,483,939	2,461,836
Securities sold under agreements to repuchase	-	10,058	-	-	10,058	10,000
Subordinated debt	-	2,521	25,014	107,479	135,014	100,000
Lease liability	1,410	4,371	18,891	13,936	38,608	38,608
Interest payable	8,537	-	-	-	8,537	8,537
Accounts payable	49,981	-	-	-	49,981	49,981
Due to subsidiary	13,110	-	-	-	13,110	13,110
Total Financial liabilities	679,529	1,841,538	96,765	121,415	2,739,247	2,682,072
Bonds guarantees and letters of credit	8,085	204	810	-	9,099	9,099
Undrawn credit commit-ments	110,923	-	-	-	110,923	110,923
Total Credit Commitments	119,008	204	810	-	120,022	120,022

23. Financial Risk Management (continued)

(d) Market risk (continued)

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

Management of market risks

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

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

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

Value at Risk (VaR)

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

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

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

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(d) Market risks (continued)

Value at Risk (VaR) (continued)

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

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

	March 31	Average for Year	Maximum during Year	Minimum during Year
	$'000	$'000	$'000	$'000
2021 Overall VaR	10,121	6,125	10,121	3,434
2020 Overall VaR	8,540	5,613	8,540	4,303

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

(i) Interest rate risk

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.

Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing gaps. The ALCO is the monitoring body for compliance with these limits and is assisted by the Risk Unit in its day-to-day monitoring activities.

There was no change in the Group's approach to managing its interest rate risks during the year.

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(d) Market risks (continued)

(i) Interest rate risk (continued)

Interest sensitivity of financial assets and financial liabilities

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

The Group

	2021						
	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, 2021							
Financial assets							
Cash and cash equivalents	-	-	-	-	-	159,330	159,330
Balances with Central Bank	-	-	-	-	-	634,465	634,465
Interest receivable	-	-	-	-	-	24,594	24,594
Loans and notes receivable	229,609	166,832	803,562	193,003	94,000	-	1,487,006
Investment securities	185,195	50,629	120,516	171,960	96,439	1,555	626,294
Accounts receivable	-	-	-	-	-	14,614	14,614
Total financial assets	414,804	217,461	924,078	364,963	190,439	834,558	2,946,303
Financial liabilities							
Customer deposits	1,703,459	414,879	378,941	81,794	-	-	2,579,073
Subordinated debt	-	-	-	-	100,000	-	100,000
Lease liability	-	-	-	-	-	37,170	37,170
Interest payables	-	-	-	-	-	8,959	8,959
Accounts payable	-	-	-	-	-	77,259	77,259
Total financial Liabilities	1,703,459	414,879	378,941	81,794	100,000	123,388	2,802,461
Total Interest sensitivity Gap	(1,288,655)	(197,418)	545,137	283,169	90,439	711,170	143,842
Cumulative interest sensitvity gap	(1,288,655)	(1,486,073)	(940,936)	(657,767)	(567,328)	143,842	-

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(d) Market risks (continued)

(i) Interest rate risk (continued)

Interest sensitivity of financial assets and financial liabilities (continued)

The Group

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

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(d) Market risks (continued)

(i) Interest rate risk (continued)

Interest sensitivity of financial assets and financial liabilities (continued)

The Company

	2021						
	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 2021							
Financial assets							
Cash and cash equivalents	-	-	-	-	-	158,972	158,972
Balances with Central Bank	-	-	-	-	-	623,302	623,302
Interest receivable	-	-	-	-	-	23,201	23,201
Loans and notes receivable	228,921	166,211	798,123	85,532	94,000	-	1,372,787
Investment securities	185,117	50,629	120,516	171,960	96,144	1,555	625,921
Investment in subsidiary	-	-	-	-	-	15,000	15,000
Accounts receivable	-	-	-	-	-	13,983	13,983
Due from subsidiary	-	-	-	-	-	81,006	81,006
Total financial assets	414,038	216,840	918,639	257,492	190,144	917,019	2,914,172
Financial liabilities							
Customers' deposits	1,703,459	412,217	367,040	51,793	-	-	2,534,509
Subordinated debt	-	-	-	-	100,000	-	100,000
Lease liability	-	-	-	-	-	31,077	31,077
Interest payable	-	-	-	-	-	7,500	7,500
Accounts payable	-	-	-	-	-	74,106	74,106
Due to subsidiary	-	-	-	-	-	19,377	19,377
Total financial liabilities	1,703,459	412,217	367,040	51,793	100,000	132,060	2,766,569
Total interest sensitivity gap	(1,289,421)	(195,377)	551,599	205,699	90,144	784,959	147,603
Cumulative interest sensitivity gap	(1,289,421)	(1,484,798)	(933,199)	(727,500)	(637,356)	147,603	-

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(d) Market risks (continued)

(i) Interest rate risk (continued)

Interest sensitivity of financial assets and financial liabilities (continued)

The Company

	2020						
	Within 3 Months	**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 2020							
Financial assets							
Cash and cash equivalents	-	-	808	-	-	131,307	132,115
Balances with Central Bank	-	-	-	-	-	545,299	545,299
Interest receivable	-	-	-	-	-	16,820	16,820
Loans and notes receivable	341,351	46,732	974,308	115,394	86,526	-	1,564,311
Investment securities	136,496	23,461	154,351	81,809	70,547	1,553	468,217
Investment in subsidiary	-	-	-	-	-	15,000	15,000
Accounts receivable	-	-	-	-	-	15,268	15,268
Due from subsidiary	-	-	-	-	-	69,127	69,127
Total financial assets	477,847	70,193	1,129,467	197,203	157,073	794,374	2,826,157
Financial liabilities							
Customers' deposits	1,643,452	374,486	288,851	79,138	-	75,909	2,461,836
Repurchase agreement	10,000	-	-	-	-	-	10,000
Subordinated debt	-	-	-	-	100,000	-	100,000
Lease liability	-	-	-	-	-	38,608	38,608
Interest payable	-	-	-	-	-	8,537	8,537
Accounts payable	-	-	-	-	-	49,981	49,981
Due to subsidiary	-	-	-	-	-	13,110	13,110
Total financial liabilities	1,653,452	374,486	288,851	79,138	100,000	186,145	2,682,072
Total interest sensitivity gap	(1,175,605)	(304,293)	840,616	118,065	57,073	608,229	144,085
Cumulative interest Sensitivity gap	(1,175,605)	(1,479,898)	(639,282)	(521,217)	(464,144)	144,085	-

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(d) Market risks (continued)

(i) Interest rate risk (continued)

Interest sensitivity of financial assets and financial liabilities (continued)

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

The Group 31 March 2021			The Group 31 March 2020		
Change in basis points	**Effect on Net Profit**	**Effect on Equity**	**Change in basis points**	**Effect on Net Profit**	**Effect on Equity**
	$'000	**$'000**		**$'000**	**$'000**
-100	(165)	4,204	-100	(460)	9,499
100	329	(4,089)	100	460	(9,059)
-50	(165)	2,077	-50	(230)	4,672
50	329	(2,068)	50	230	(4,602)

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(d) Market risks (continued)

(ii) Other market risks – non-trading portfolios

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

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

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. Currency exposure resides mainly in trading activity where the Group buys and sells currencies in the spot markets. Trading portfolios are managed with the intent to buy and sell over short periods, rather than to hold positions for investments. Explicit limits are established by currency, position and term, and daily reports are reviewed for compliance.

There was no change in the Group's approach to managing its foreign currency risk during the year.

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

	The Group		The Company		Exchange Rates	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000		
United States Dollars	96,295	61,759	96,484	61,555	6.76	6.73
Great Britain Pound	456	140	456	140	9.59	8.49
Euros	1,182	129	1,182	129	8.21	7.58
Canadian Dollars	(494)	71	(494)	71	5.49	4.88

(Expressed in thousands of Trinidad and Tobago dollars)

23. Financial Risk Management (continued)

(d) Market risks (continued)

(iii) Foreign currency risk (continued)

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

	The Group			
	2021		2020	
	Change in currency rate	Effect on Profit	Change in currency rate	Effect on Profit
	%	TT $'000	%	TT $'000
Currency				
BBD	6	2	6	1
CAD	6	(30)	6	4
EUR	6	71	6	8
GBP	6	27	6	8
USD	6	5,778	6	3,706
XCD	6	-	6	1
		5,848		3,728

The currency shock was determined at the Group level and applied at the subsidiary level across all operating jurisdictions.

23. Financial Risk Management (continued)

(e) Operational risks

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

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

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Operational Risk Management Committee. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

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

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

23. Financial Risk Management (continued)

(e) Operational risks

***(i)* Cyber Risk and IT Governance Security**

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

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

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

23. Financial Risk Management (continued)

(e) Operational risks

(ii) Business continuity

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

The objectives of the Group's BCP are to:

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

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

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

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

23. Financial Risk Management (continued)

(e) Operational risks

(iii) Core Banking System Changes

The upgrade of the core banking platform and transition to the new e-banking platform in September 2020 resulted in some material operational and service delivery challenges, a significant portion of which were transient issues. These risks have been mitigated through a combination of manual controls, business process improvements, and increased vigilance by internal stakeholders through the process chain. All residual issues continue to be closely managed by Management as we move toward closure, with oversight of the CBTT and support of the JMMB Group.

24. Capital Management

Regulatory capital

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

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 organization must document and implement an internal capital adequacy assessment process which must be approved by the Board of Directors

Based on the regulations Tier I capital is comprised of:
a) Common equity Tier 1 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.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised, and the Group 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.

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

(Expressed in thousands of Trinidad and Tobago dollars)

24. Capital Management (continued)

Regulatory capital (continued)

The regulatory capital position at March 31 was as follows:

Limit		**The Group**		**The Company**	
		2021	**2020**	**2021**	**2020**
		$'000	**$'000**	**$'000**	**$'000**
Tier 1 capital		217,721	209,038	210,230	202,319
Tier 2 capital		115,891	116,809	113,652	117,399
Total regulatory capital		333,612	325,847	323,882	319,718
Risk-weighted assets:					
Loans and notes receivable, investment securities and other assets, being total risk-weighted assets		1,729,361	1,687,708	1,668,543	1,645,857
Operational risk capital requirement		220,765	213,421	195,289	196,958
Market risk capital requirement		240,871	166,650	240,279	165,778
		2,190,997	2,067,779	2,104,111	2,008,593
Common Equity Tier 1 Ratio	4.5%	9.94%	10.11%	9.99%	10.07%
Tier 1 Capital Ratio	6.0%	9.94%	10.11%	9.99%	10.07%
Capital Adequacy Ratio	10.0%	15.23%	15.76%	14.68%	15.17%

On April 4, 2014, JMMB Bank (T&T) Limited issued $80,000,000 of unsecured, subordinated debt. This debt was increased to $100,000,000 effective February 2018. The Financial Institutions (Capital Adequacy) Regulation 2020 limits the amount of the subordinated debt that can qualify as Tier 2 supplementary capital to 50% of the Bank's Tier 1capital.

25. Fair Value of Financial Assets and Liabilities

The fair value of financial instruments that are recognised on the statement of financial position and the fair value of financial instruments that are not recognised on the statement of financial position are based on the valuation methods and assumptions set out in the significant accounting policies Note 31.

(a) Valuation models

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

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

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

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

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

(Expressed in thousands of Trinidad and Tobago dollars)

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

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

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.

	The Group 31 March 2021							
	Amortised Cost	**Fair Value through Other Comprehensive Income (FVOCI)**	**Fair Value Through Profit & Loss (FVTPL)**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets measured at fair value								
Government of Trinidad and Tobago securities	-	256,604	-	256,604	21,312	235,292	-	256,604
Other Sovereign	-	85,202	-	85,202	85,202	-	-	85,202
Corporate bonds	-	221,987	60,946	282,933	48,929	11,041	222,963	282,933
Quoted and unquoted equities	-	1,555	-	1,555	-	-	1,555	1,555
	-	565,348	60,946	626,294	155,442	246,333	224,518	626,294
Financial assets not measured at fair value								
Cash and cash equivalents	159,330	-	-	159,330				
Balances with Central Bank	634,465	-	-	634,465				
Interest receivable	24,594	-	-	24,594				
Loans and advances to customers	1,487,006	-	-	1,487,006				
Accounts receivable	14,614	-	-	14,614				
	2,320,009	-	-	2,320,009				
Financial Liabilities not measured at fair value								
Customer deposits	2,579,073	-	-	2,579,073				
Subordinated debt	100,000	-	-	100,000				
Lease liability	37,170	-	-	37,170				
Interest payable	8,959	-	-	8,959				
Accounts payable	77,259	-	-	77,259				
		-	-					
	2,802,461	-	-	2,802,461				

(Expressed in thousands of Trinidad and Tobago dollars)

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

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

	The Group							
	31 March 2020							
	Amortised Cost	Fair Value through Other Comprehensive Income (FVOCI)	Fair Value Through Profit & Loss	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value								
Government of Trinidad and Tobago securities	-	166,509	-	166,509	42,293	124,216	-	166,509
Other Sovereign	-	70,639	-	70,639	70,299	-	340	70,639
Corporate bonds	-	163,444	66,489	229,933	72,363	16,961	140,609	229,933
Quoted and unquoted equities	-	1,553	-	1,553			1,553	1,553
	-	402,145	66,489	468,634	184,955	141,177	142,502	468,634
Financial assets not measured at fair value								
Cash and cash equivalents	134,938	-	-	134,938				
Balances with Central Bank	554,963	-	-	554,963				
Interest receivable	19,476	-	-	19,476				
Loans and advances to customers	1,649,448	-	-	1,649,448				
Accounts receivable	15,767	-	-	15,767				
	2,374,592	-	-	2,374,592				
Financial Liabilities not measured at fair								
Customer deposits	2,492,063	-	-	2,492,063				
Repurchase agreements	10,000	-	-	10,000				
Subordinated debt	100,000	-	-	100,000				
Lease liability	46,364	-	-	46,364				
Interest payable	9,890	-	-	9,890				
Accounts payable	51,436	-	-	51,436				
	2,709,753	-	-	2,709,753				

(Expressed in thousands of Trinidad and Tobago dollars)

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

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

	The Company 31 March 2021							
	Amortised Cost	**Fair Value through Other Comprehensive Income (FVOCI)**	**Fair Value Through Profit & Loss (FVTPL)**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets measured at fair value								
Government of Trinidad and Tobago securities		256,604		256,604	21,312	235,292		256,604
Other Sovereign		84,906		84,906	84,906			84,906
Corporate bonds		221,988	60,868	282,856	48,928	11,043	222,885	282,856
Quoted and unquoted equities		1,555		1,555			1,555	1,555
		565,053	60,868	625,921	155,146	246,335	224,440	625,921
Financial assets not measured at fair value								
Cash and cash equivalents	158,972	-	-	158,972				
Balances with Central Bank	623,302	-	-	623,302				
Interest receivable	23,201	-	-	23,201				
Loans and advances to customers	1,372,787	-	-	1,372,787				
Accounts receivable	13,983	-	-	13,983				
Due from subsidiary	81,006	-	-	81,006				
	2,273,251	-	-	2,273,251				
Financial Liabilities not measured at fair value								
Customer deposits	2,534,509	-	-	2,534,509				
Repurchase agreements		-	-					
Subordinated debt	100,000	-	-	100,000				
Lease liability	31,077	-	-	31,077				
Interest payable	7,500	-	-	7,500				
Due to subsidiary	19,377	-	-	19,377				
Accounts payable	74,106	-	-	74,106				
	2,766,569	-	-	2,766,569				

(Expressed in thousands of Trinidad and Tobago dollars)

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

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

	The Company							
	31 March 2020							
	Amortised Cost	Fair Value through Other Comprehensive Income (FVOCI)	Fair Value Through Profit & Loss (FVTPL)	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value								
Government of Trinidad and Tobago securities	-	166,509		166,509	42,293	124,216	-	166,509
Other Sovereign	-	70,299	-	70,299	70,299	-	-	70,299
Corporate bonds	-	163,443	66,413	229,856	79,437	16,961	133,458	229,856
Quoted and unquoted equities	-	1,553	-	1,553	-	-	1,553	1,553
	-	401,804	66,413	468,217	192,029	141,177	135,011	468,217
Financial assets not measured at fair value								
Cash and cash equivalents	132,115	-	-	132,115				
Balances with Central Bank	545,299	-	-	545,299				
Interest receivable	16,820	-	-	16,820				
Loans and advances to customers	1,564,311	-	-	1,564,311				
Accounts receivable	15,268	-	-	15,268				
Due from subsidiary	69,127	-	-	69,127				
	2,342,940	-	-	2,342,940				
Financial Liabilities not measured at fair value								
Customer deposits	2,461,836	-	-	2,461,836				
Repurchase agreements	10,000	-	-	10,000				
Subordinated debt	100,000	-	-	100,000				
Lease liability	38,608	-	-	38,608				
Interest payable	8,537	-	-	8,537				
Due to subsidiary	13,110	-	-	13,110				
Accounts payable	49,981	-	-	49,981				
	2,682,072	-	-	2,682,072				

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

Financial instruments not measured at fair value

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 parents 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 the bank's debt instruments.

(4) Subordinated debt

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.

(Expressed in thousands of Trinidad and Tobago dollars)

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

(c) Level 3 fair value measurements

(i) Reconciliation

The following table presents the changes in Level 3 instruments for the year ended 31 March 2021.

	Government Bonds $'000	Corporate $'000	Total $'000
The Group 2021			
Opening balance	340	142,162	142,502
Additions	-	82,356	82,356
Disposals	(340)		(340)
Total gains or losses:			
- in OCI	-	-	-
Closing balance	-	224,518	224,518
The Group 2020			
Opening balance	364	69,127	69,491
Additions	-	73,035	73,035
Disposals	(24)		(24)
Total gains or losses:			
- in OCI	-	-	-
Closing balance	340	142,162	142,502
The Company 2021			
Opening balance	-	135,011	135,011
Additions	-	89,429	89,429
Disposals	-	-	-
Total gains or losses:			
- in OCI	-	-	-
Closing balance	-	224,440	224,440
The Company 2020			
Opening balance	-	69,051	69,051
Additions	-	65,960	65,960
Disposals			
Total gains or losses:			
- in OCI	-	-	-
Closing balance	-	135,011	135,011

(Expressed in thousands of Trinidad and Tobago dollars)

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

(c) Level 3 fair value measurements (continued)

(ii) Unobservable inputs used in measuring fair value

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

Type of Financial Instrument	**Fair Values at March 31, 2021 $'000**	**Valuation Technique**	**Significant Unobservable Input**	**(1) Range**	**(2) Weighted Average**
Equities	$1,555 (2020: $1,553)	See below	See below	See below.	See below
Corporate	$222,963 (2020 $140,949)	Model- Discounted Cash flow	Credit Spread Market yields	3% to 5.5%	3.5%

Equities

Given the nature of the analysis in respect of private equity holding, it is not practical to quote a range of key unobservable inputs. The fair value was estimated to be equivalent to the cost.

Corporate

Significant unobservable inputs are developed as follows:

(1) The ranges of values shown in the above table represent the highest and lowest levels used in the valuation of the Group's Level 3 financial instruments as March 31, 2021. The ranges of values used are reflective of the underlying characteristics of these Level 3 financial instruments based on the market conditions at the balance sheet date. However, these ranges of values may not represent the uncertainty in fair value measurements of the Group's Level 3 financial instruments

(2) Weighted average has been calculated by weighting inputs by the relative fair value.

The following section describes the significant unobservable inputs identified in the valuation technique table:

- Market Yields is the rate that is used to discount the future cash flows in a discounted cash flow model. Though impacted by availability in the local market of comparable instruments, theoretically valuation using comparable instruments can be done by calculating an implied yield (or spread over a liquid benchmark) from the price of a comparable instrument (where available), then adjusting that yield (or spread) to derive a value for the instrument. The adjustment should account for relevant differences in the financial instruments such as maturity and/or credit quality. Alternatively, a price-to-price basis can be assumed between the comparable instrument and the instrument being valued in order to establish the value of the instrument. An increase in price, in isolation, would result in a favorable movement in the fair value of the asset. An increase in yield, in isolation, would result in an unfavorable movement in the fair value of the asset

(Expressed in thousands of Trinidad and Tobago dollars)

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

(c) Level 3 fair value measurements (continued)

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

- Credit spread represents the additional yield that a market participant would demand for taking exposure to the credit risk of the specific instrument

- Discount rate refers to the rate of return used to convert expected cash flows into present value

(iii) The effects of unobservable inputs in fair value measurement

Sensitivity analysis may be performed on products with significant unobservable inputs. The Group applies a 5 per cent increase or decrease on the values of these unobservable inputs, to generate a range of reasonably possible alternative valuations. The sensitivity analysis aims to measure a range of fair values consistent with the application of a 95% confidence interval. The percentage shift is determined by statistical analysis performed on a set of reference prices based on the composition of the Group's Level 3 portfolio as the measurement date. Favourable and unfavourable changes (which show the balance adjusted for input change) are determined on the basis of changes in the value of the instrument as a result of varying the levels of the unobservable parameters.

When the fair value of a financial instrument is affected by more than one unobservable assumption, the below table reflects the most favourable or the most unfavourable change from varying the assumptions individually.

Financial instruments held at fair value

	Net exposure	Favourable Change	Unfavourable Change
	$'000	**$'000**	**$'000**
The Group 2021			
Corporate bonds	222,963	57	(57)
The Group 2020			
Corporate bonds	140,949	82	(82)
The Company 2021			
Corporate bonds	222,885	57	(57)
The Company 2020			
Corporate bonds	133,458	82	(82)

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

(d) Valuation techniques for investment securities classified as Level 2

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)	Quoted equities	Quoted market bid prices.
(iii)	Non-Trinidad and Tobago sovereign bonds and corporate bonds	Estimated using bid-prices published by major overseas brokers
(iv)	Government of Trinidad and Tobago securities:	
	• Eurobonds	Estimated using bid-prices published by major overseas brokers.
	• Other	Estimated using mid-market prices published by Bloomberg.
(v)	Interest in money market funds	Considered to be the carrying value because of the short-term nature and variable interest rate.
(vi)	Loans and notes receivable	The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans the carrying value is assumed to be equal to their fair value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values.
(vii)	Demand deposits and other accounts with no specific maturity	Considered to be the amount payable on demand on the reporting date.
(viii)	Deposits and other liabilities maturing after one year	Discounting future cash flows using reporting date yields of similar investments.

(Expressed in thousands of Trinidad and Tobago dollars)

26. Contingent Liabilities

As at March 31, 2021, there was one legal proceeding outstanding against the Group. Based on legal advice, the directors do not expect the outcome of that action to have material impact on the Group's financial position and as such no provisions were required (2020: NIL).

27. Credit Commitments

The commitments of a credit nature are as follows:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Undrawn commitments for loans and advances	17,258	79,190	17,258	79,190
Loans and advances approved pending final documents	28,966	41,575	28,966	41,575

28. Operating Segment

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

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

(Expressed in thousands of Trinidad and Tobago dollars)

28. Operating Segment (continued)

The Group

	Retail	Corporate/ Commercial	Treasury	Other Functions	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Year ended 31 March 2021					
Net interest income	48,936	57,096	787	-	106,819
Net fee and commission income	7,205	1,171	300	25	8,701
Foreign exchange gains	-	-	23,725	-	23,725
Other income	-	-	86	-	86
Total income	56,141	58,267	24,898	25	139,331
Impairment losses	(6,759)	(21,914)	-	-	(28,673)
Staff costs	(24,613)	(5,277)	(2,543)	(30,750)	(63,183)
Other expenses	(24,485)	(2,336)	(1,757)	(25,915)	(54,493)
Total non-interest expenses	(55,857)	(29,527)	(4,300)	(56,665)	(146,349)
Profit before taxation	284	28,740	20,598	(56,640)	(7,018)
Segment assets	554,809	915,036	1,470,898	86,040	3,026,783
Segments liabilities	1,206,156	546,123	978,669	73,914	2,804,862

(Expressed in thousands of Trinidad and Tobago dollars)

28. Operating Segment (continued)

The Group

	Retail $'000	Corporate/ Commercial $'000	Treasury $'000	Other Functions $'000	Total $'000
Year ended 31 March 2020					
Net interest income	44,442	72,390	(9,741)	(3,127)	103,964
Net fee and commission income	8,060	3,463	14	3,423	14,960
Foreign exchange gains	-	-	34,853	-	34,853
Other income	-	-	3,876	-	3,876
Total income	52,502	75,853	29,002	296	157,653
Impairment losses	(6,235)	(17,745)	(246)	-	(24,226)
Staff costs	(27,185)	(6,410)	(3,297)	(38,533)	(75,425)
Other expenses	(27,892)	(1,998)	(1,254)	(20,186)	(51,330)
Total non-interest expenses	(61,312)	(26,153)	(4,797)	(58,719)	(150,981)
Profit before taxation	(8,810)	49,700	24,205	(58,423)	6,672
Segment assets	217,650	1,495,627	1,129,122	81,854	2,924,253
Segments liabilities	1,105,763	484,937	1,057,860	67,322	2,715,882

The Company

	Retail $'000	Corporate/ Commercial $'000	Treasury $'000	Other Functions $'000	Total $'000
Year ended 31 March 2021					
Net interest income	23,928	57,096	931	-	81,955
Net fee and commission income	5,054	1,171	300	26	6,551
Foreign exchange gains	-	-	23,724	-	23,724
Other income	-	-	86	-	86
Total income	28,982	58,267	25,041	26	112,316
Impairment losses	-	(21,914)	-	-	(21,914)
Staff costs	(15,168)	(5,277)	(2,543)	(30,750)	(53,738)
Other expenses	(18,113)	(2,336)	(1,757)	(25,914)	(48,120)
Total non-interest expenses	(33,281)	(29,527)	(4,300)	(56,664)	(123,772)
Profit before taxation	(4,299)	28,740	20,741	(56,638)	(11,456)
Segment assets	511,455	915,036	1,470,898	86,040	2,983,429
Segments liabilities	1,170,271	546,123	978,669	73,914	2,768,977

(Expressed in thousands of Trinidad and Tobago dollars)

28. Operating Segment (continued)

The Company

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

29. Earnings per Share

Amounts are noted in thousands except per share

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Profit attributable to ordinary shares	2,937	5,749	104	7,808
Ordinary shares at 1 Apr	107,631	107,631	107,631	107,631
	$0.03	$0.05	$0.001	$0.07

30. Significant Accounting Policies

(a) Financial instruments

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

(a) Loans and notes receivable

The Group'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) Repurchase and reverse repurchase agreements

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

(c) Investment Securities

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

(d) Cash and cash equivalents

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

(e) Balances with Central Bank

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

30. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(f) Customer deposits

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

(g) Debt securities in issue

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

(h) Accounts payable

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

(i) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. 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.

(j) Financial guarantee contracts and loan commitments

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

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

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

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

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

30. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(i) 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.

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

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

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

30. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(ii) Measurement methods (continued)

Interest income calculated using effective interest method

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

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

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

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

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

Presentation

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

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

30. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(ii) Measurement methods (continued)

Initial recognition and measurement

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

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, as described in note 30(a)(iii), which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets (i.e. Level 2 input) the difference is recognised as a gain or loss.

(iii) Financial assets

Classification and subsequent measurement

The Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

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

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

30. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Classification and subsequent measurement (continued)

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

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

30. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Classification and subsequent measurement (continued)

Debt instruments (continued)

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

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

- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

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

30. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Classification and subsequent measurement (continued)

Debt instruments (continued)

- Fair value through profit or loss (continued)

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

  SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

  In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

30. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Classification and subsequent measurement (continued)

Debt instruments (continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Equity instruments

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

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

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

30. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Classification and subsequent measurement (continued)

Impairment

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

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Note 23(a.ii)(1) provides more detail of how the expected credit loss allowance is measured.

Modification of loans

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

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

30. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Classification and subsequent measurement (continued)

Modification of loans (continued)

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

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

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

30. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Classification and subsequent measurement (continued)

Derecognition other than on a modification

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

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

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

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

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

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

30. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iv) Financial liabilities

Classification and subsequent measurement

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

Derecognition

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

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

30. Significant Accounting Policies (continued)

(b) Revenue recognition

Revenue is income that arises in the course of the ordinary activities of the Group, and is accounted for as follows:

(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 interest rate yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investment and trading securities as well as accrued discount and premium on treasury bills and other instruments. Interest income is reversed when loans are 90 days overdue and considered non-performing.

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

(ii) Gains on securities trading, net

Gains on sale of investment securities classified as FVOCI (net of any losses incurred) are recognized in the profit or loss and other comprehensive income on trade date.

(iii) Fee and commission income

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

(iv) Net income from financial instruments at FVTPL

Net income from financial instruments at FVTPL represents both realised gains and losses on the sale these instruments as well as fair value changes in the subsequent measurement. These are recognised in the statement of profit or loss and other comprehensive income on trade date or valuation date as applicable.

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(v) 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.

30. Significant Accounting Policies (continued)

(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.

(d) Property and equipment

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

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

The rates used are as follows:

Equipment - 10 – 33⅓% per annum

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

30. Significant Accounting Policies (continued)

(e) Provisions

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

(f) Statutory reserve fund

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

(g) Leases – where the Group is the lessee

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

(i) As a lessee

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

30. Significant Accounting Policies (continued)

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

(i) As a lessee

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

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

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

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

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

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

30. Significant Accounting Policies (continued)

(g) Leases (continued)

(i) As a lessee (continued)

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

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

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

Short-term leases and leases of low-value assets

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

(h) Employee benefits

(i) Short-term

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

Employee benefits that are earned as a result of past or current service are recognised in the following manner: short-term employee benefits are recognised as a liability, net of payments made, and charged as expense.

30. Significant Accounting Policies (continued)

(h) Employee benefits (continued)

(ii) Post employment

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

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

The Group's contribution expense to this Plan is charged to the profit or loss in the year to which they relate. For the current financial year, 31 March 2021, the Group's contributions amounted to $2.0 million (2020: $4.3 million).

(i) Taxation

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

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

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

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

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

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

30. Significant Accounting Policies (continued)

(j) Earnings per share

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

(k) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) 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.

(m) Acceptances, guarantees and letters of credit

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

The Group's commitments under acceptances, guarantees and letters of credit have been excluded from these financial statements because they do not meet the criteria for recognition. These commitments as at 31 March 2021 totalled $8.732 million (2020: $9.099 million). In the event of a call on these commitments, the Group has equal and offsetting claims against its customers.

30. Significant Accounting Policies (continued)

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

A number of new standards are also effective from 1 January 2020 but they do not have a material effect on the Group and Company's financial statements.

- **Amendments to IFRS 3, Business combinations**

  Amendments to IFRS 3, Business Combinations, became effective on 1 January 2020 and confirmed that a business must include inputs and a process, and clarified that the process must be substantive and that the inputs and process must together significantly contribute to creating outputs. The amendments narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs.

  The new standard added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

  This is not applicable to the Group and Company and thus had no impact.

- **Amendments to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement**

  Amendments to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement became effective on 1 January 2020 and modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. It amends the requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.

  The adoption of amendments to IFRS 7, IFRS 9 and IAS 39 did not result in any changes to the consolidated and separate financial statements.

- **Amendments to IFRS 16 Leases**

  Amendments to IFRS 16 Leases became effective on 1 June 2020 and provide lessees with an exemption from assessing whether a COVID-19-related rent concession (a rent concession that reduces lease payments due on or before June 30, 2021) is a lease modification.

  The adoption of amendments to IFRS 16 did not result in any changes to the consolidated and separate financial statements.

- **Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**

  Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors became effective on January 1, 2020 and clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

  The adoption of amendments to IAS 1 and IAS 8 did not result in any changes to the consolidated and separate financial statements.

30. Significant Accounting Policies (continued)

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

A number of new standards and amendments have been issued but are not yet effective. The Group is in the process of accessing the impact of these amendments for its future reporting period.

- **IAS 1- Presentation of financials statements and IAS 28, Investments in associates and joint ventures- Effective 1 January 2022**

  The new Standard provides guidance on the classification of liabilities as current or non-current and introduces narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

- **IAS 1, Presentation of Financial Statements and IAS 8, Accounting policies, changes in accounting estimates and errors. Effective 1 January 2022**

  The amended standard provides a definition of material to guide preparers of financial statements in making judgements about information to be included in the consolidated and separate financial statements.

- **IFRS 3 Business Combinations Effective 1 January 2022**

  The amended standard updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- **IFRS 7 Financial Instruments**: **Disclosures, IFRS 9 Financial Instruments, IFRS 16 Lease . Effective 1 January 2022**

  The amended standards require changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. The amendments require the Group to make additional disclosures in its financial statements so that investors can better understand the effects of IBOR (interbank lending rates) reform on the Group.

  The amendments also enable a company to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform.

  The amendments enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform, by requiring the Group to amend their hedging relationships to reflect:
  - designating an alternative benchmark rate as the hedged risk;
  - changing the description of the hedged item, including the designated portion, or of the hedging instrument.
  - or changing the description of how the entity would assess hedge effectiveness.

  The amendment to IFRS 16 enables a company to apply a practical expedient to account for a lease modification required by the IBOR reform.

30. Significant Accounting Policies (continued)

(o) New standards, amendments and interpretations not yet effective (continued)

- **IFRS 9 Financial Instruments Effective January 1 2022**

  The amended standard clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets Effective 1 January 2022**

  The amended standard specifies which costs should be included in the Group's assessment whether a contract will be loss-making.

- **IAS 16 Property, Plant and Equipment-Proceeds before Intended Use Effective 1 January 2022**

  The amendments prohibit the Group from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(p) Comparative information

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

(q) Events after the Reporting Date

There are no events occurring after the statement of financial position date and before the date of approval of the financial statements by the Board of Directors that require adjustment to or disclosure in these financial statements.

GLOSSARY

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