JMMB Express Finance (T&T) Limited

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

JMMB Express Finance (T&T) Limited
Index
31 March 2021

Statement of Management Responsibilities
JMMB Express Finance (T&T) Limited

Management is responsible for the following:

- Preparing and fairly presenting the financial statements of JMMB Express Finance (T&T) Limited (the Company) , which comprise of statement of financial position as at March 31, 2021, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information;

- Ensuring that the Company keeps proper accounting records;

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

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

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

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

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

In preparing these financial statements, management utilised the International 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 Company will not remain a going concern for the next twelve months from the reporting date, or from the date the financial statements have been authorised for issue, if later.

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

Elson James
Chief Executive Officer

Date: June 29, 2021

Naomi Arjoonsingh
Chief Financial Officer

Date: June 29, 2021

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

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter - comparative information

We draw attention to Note 22 in the financial statements which indicates that the comparative information presented as at and for the year ended March 31, 2020 has been restated. Our opinion is not modified in respect of this matter.

KPMG

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

KPMG

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

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

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

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

KPMG

Chartered Accountants

Port of Spain
Trinidad, and Tobago
June 29, 2021

JMMB Express Finance (T&T) Limited

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2021	Restated* 2020
		$'000	$'000
Net interest income and other revenue			
Interest income calculated using effective interest method	4	30,846	19,207
Interest expense	5	(3,830)	(2,394)
Net interest income		27,016	16,813
Other revenue			
Fees and commission income		40	36
		40	36
Operating revenue net of interest expense		27,056	16,849
Operating Expenses			
Staff costs	6	(9,445)	(7,537)
Other expenses	7	(6,413)	(6,821)
		(15,858)	(14,358)
Operating Profit		11,198	2,491
Impairment losses on financial assets	8	(6,759)	(7,975)
(Loss)/Profit before Taxation		4,439	(5,484)
Taxation	9	(1,605)	2,115
(Loss)/Profit for the Year		2,834	(3,369)

The accompanying notes on pages 10 to 85 are an integral part of these financial statements.

*The comparative information is restated on account of correction of an error. See note 21.

JMMB Express Finance (T&T) Limited

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	Restated* 2020
		$'000	$'000
Statement of Other Comprehensive (Loss)/Income			
(Loss/Profit for the year		2,834	(3,369)
Other Comprehensive (Loss)/ Income			
Items that may be subsequently reclassified to the profit or loss			
Net gain on investments in debt instruments measured at FVOCI		(28)	1
Total comprehensive (loss)/income		2,806	(3,368)

The accompanying notes on pages 10 to 85 are an integral part of these financial statements.

*The comparative information is restated on account of correction of an error. See note 21.

JMMB Express Finance (T&T) Limited

Statement of Financial Position

31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2021 $'000	Restated* 2020 $'000
Assets			
Cash and due from other financial institutions	10	20,253	15,934
Balances with Central Bank	11	11,163	9,663
Interest receivable		1,394	2,659
Loans and notes receivables	12	110,647	83,119
Investment securities	13	373	417
Accounts receivable		652	539
Property, plant and equipment	14	3,876	4,633
Right of use asset	20	5,779	7,566
Income tax recoverable		77	467
Deferred income tax assets	15	2,429	3,573
		156,643	128,570
Equity and Liabilities			
Equity			
Share capital	16	15,000	15,000
Retained earnings		3,856	1,305
Statutory reserve fund		2,327	2,044
Investment revaluation reserve		(23)	5
		21,160	18,354
Liabilities			
Customer deposits	17	44,563	30,228
Due to parent	18	81,006	69,127
Lease liability	20	6,092	7,756
Interest payable		1,459	1,356
Accounts payable	19	2,138	1,493
Deferred income tax liabilities	15	225	256
		135,483	110,216
Total Equity and Liabilities		156,643	128,570

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 10 to 85 are an integral part of these financial statements.

*The comparative information is restated on account of correction of an error. See note 21.

JMMB Express Finance (T&T) Limited

Statement of Changes in Equity

Year ended 31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Stated Capital $'000	Retained Earnings $'000	Statutory Reserve Fund $'000	Investment Revaluation Reserve $'000	Total Equity $'000
Balance as at 31 March 2019	15,000	4,674	2,044	4	21,722
Loss for the year, as previously reported	-	(2,057)	-	-	(2,057)
Impact of correction of error (Note 21)	-	(1,312)	-	-	(1,312)
Other comprehensive income, net of tax					
Change in fair value of debt instruments at FVOCI	-	-	-	1	1
Total restated comprehensive income for the year	-	(3,369)	-	1	(3,368)
Restated Balance as at 31 March 2020	15,000	1,305	2,044	5	18,354
Profit for the year	-	2,834	-	-	2,834
Other comprehensive income, net of tax					
Change in fair value of debt instruments at FVOCI	-	-	-	(28)	(28)
Total comprehensive income for the year	-	2,834	-	(28)	2,806
Transactions with owners of the company					
Transfer to statutory reserve	-	(283)	283	-	-
Total transactions with owners of the company	-	(283)	283	-	-
Balance as at 31 March 2021	15,000	3,856	2,327	(23)	21,160

The accompanying notes on pages 10 to 85 are an integral part of these financial statements.

JMMB Express Finance (T&T) Limited

Statement of Cash Flows

31 March 2021
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2021 $'000	Restated* 2020 $'000
Cash Flows from Operating Activities			
Profit for the year		2,834	(3,369)
Adjustments for:			
Interest income		(30,846)	(19,207)
Interest expense		3,425	1,944
Taxation		1,605	(2,115)
Impairment loss on financial assets	8	6,759	7,975
Depreciation on property, plant and equipment	7	966	891
Depreciation on right of use asset	20	1,788	1,519
Finance lease interest charge IFRS 16		405	450
Loss on disposal of property, plant and equipment		7	-
		(13,057)	(11,912)
Changes in operating assets and liabilities:			
Account receivable		(113)	(132)
Loans and notes receivable		(34,292)	(63,535)
Due to parent		11,879	45,833
Changes in CBTT Reserve - Primary		(2,688)	(7,465)
Customer deposits		14,335	30,002
Accounts payable		2,812	2,676
		(21,124)	(4,533)
Interest received		29,942	16,903
Interest paid		(3,322)	(663)
Taxes refunded		169	-
Taxation paid		(271)	(141)
Net cash from operating activities		5,394	11,566
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	14	(217)	(2,518)
Proceeds on principal repayment on investment securities		24	22
Net cash used in investing activities		(193)	(2,496)
Cash Flows from Financing Activities			
Payment of lease liabilities	20	(2,069)	(1,779)
Net cash used in financing activities		(2,069)	(1,779)
Net increase in cash and cash equivalents		3,132	7,291
Cash and cash equivalents at beginning of year		17,526	10,235
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		20,658	17,526
Cash and Cash equivalents represented by:			
Cash and due from other financial institutions	10	20,253	15,933
Balance with Central Bank other than Primary Reserve Deposit	11	405	1,593
		20,658	17,526

The accompanying notes on pages 10 to 85 are an integral part of these financial statements.

*The comparative information is restated on account of correction of an error. See note 21.

1. Identification

JMMB Express Finance (T&T) Limited (JEF/the Company and formerly Intercommercial Trust and Merchant Bank Limited) was incorporated in the Republic of Trinidad and Tobago in January 2001 and commenced operations in October 2001. Intercommercial Trust and Merchant Bank Limited changed its name effective July 25, 2018 and is now focused primarily on consumer lending. Its registered office was also changed to 86 Ramsaran Street, Chaguanas. JEF is a wholly owned subsidiary of JMMB Bank (T&T) Limited (JMMB Bank).

On September 8, 2017, the ultimate parent of JMMB Bank and JEF 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.

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

2. Statement of Compliance and Basis of Preparation

(a) Statement of compliance

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

Details of JEF's accounting policies, including changes during the year, are included in note 3.

(b) Basis of preparation

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

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

(c) Functional and presentation currency

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

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

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

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS 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..

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

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

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

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 29(a) (iii).

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 22(a)(ii)(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 JEF'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 24).

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

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

(i) Classification of financial assets

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

For the purpose of these financial statements, prepared in accordance with IFRS, 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.

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 costs or 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

	2021 $'000	2020 $'000
Interest on loans and notes receivable measured at amortised cost	30,803	19,142
Interest from investments calculated using effective interest rate method	10	10
Interest income from FVTPL instruments	1	1
Other interest income	32	54
	30,846	19,207

5. Interest Expense at amortised cost

	2021 $'000	2020 $'000
Interest on customers' deposits	1,246	657
Lease interest expense	405	450
Interest expense on amount due to parent	2,179	1,287
	3,830	2,394

6. Staff Costs

	2021 $'000	2020 $'000
Salaries and wages	6,324	5,525
Statutory payroll contributions	448	368
Pension scheme contributions	299	425
Training and development	2	65
Other staff benefits	2,372	1,154
	9,445	7,537

(Expressed in thousands of Trinidad and Tobago dollars)

7. Other Expenses

	2021 $'000	2020 $'000
Advertising and promotion	119	508
Auditors' remuneration	323	295
Bank charges and interest	20	17
Depreciation on property, plant and equipment	966	891
Depreciation on right of use asset	1,787	1,519
Repairs and maintenance	306	187
Information technology	526	418
Legal and other professional fees	275	266
Security	425	425
Stationery, printing and postage	17	87
Travel and entertainment	27	78
Utilities	614	506
Other	1,008	1,624
	6,413	6,821

8. Impairment Loss on Financial Assets

	2021 $'000	2020 $'000
Impairment loss on loans and notes receivable	7,364	7,974
Recoveries	(600)	-
Impairment reversal/ (loss) on investments at FVOCI	(5)	1
	6,759	7,975

(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 purpose. The Green Fund Levy is computed at 0.3% of gross revenue. Business levy is calculated as 0.6% of gross revenue.

	2021 $'000	Restated 2020 $'000
(i) Taxation charge		
Green Fund Levy	94	59
Business Levy	167	-
Corporation Tax	231	-
Current income tax:		
- Provision for charge on current year's profit	-	-
- Changes in estimates related to prior year's corporation tax		(70)
Deferred income tax relating to the origination and reversal of temporary differences		
- Current year	1,113	(2,104)
	1,605	(2,115)

(ii) Reconciliation of the effective tax rate

	2021 %	2021 $'000	Restated 2020 %	Restated 2020 $'000
Profit/loss before taxation	100	4,439	100	(5,484)
Tax calculated at relevant rates	35	1,554	35	(1,919)
Adjusted for the effects of:				
Prior year income tax	(4)	(178)	4	(222)
Green Fund Levy	2	94	(1)	59
Business Levy	4	167	-	-
Expenses not allowable	(1)	(32)	1	(33)
	36	1,605	39	(2,115)

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

(Expressed in thousands of Trinidad and Tobago dollars)

10. Cash and Balances Due from Other Banks

	2021 $'000	2020 $,000
Cash	19,895	13,101
Due from financial institutions	358	2,833
	20,253	15,934

11. Balances with Central Bank

	2021 $'000	2020 $,000
Primary Reserve Balance	10,758	8,070
Surplus Balance	405	1,593
	11,163	9,663

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

	2021 $'000	Restated* 2020 $'000
Stage 1	115,333	81,713
Stage 2	1,928	5,419
Stage 3	3,715	6,647
Gross loans and notes receivable	120,976	93,779
Impairment loss allowance	(6,757)	(8,641)
Net loans after impairment allowance	114,219	85,138
Effect of deferred loan fees	(3,572)	(2,019)
Net loans and notes receivables	110,647	83,119

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

	2021	2020
Balance at 1 April	(8,641)	(667)
Charge for the year (Note 8)	(7,364)	(7,974)
Write off	9,248	-
Balance at 31 March	(6,757)	(8,641)

(b) Concentration of net loans and notes receivables

	2021	2020
Retail	110,647	83,119

*The comparative information is Restated on account of correction of an error. See Note 21.

(Expressed in thousands of Trinidad and Tobago dollars)

13. Investment Securities

	2021 $'000	2020 $'000
At fair value through other comprehensive income (FVOCI)		
Other sovereign bonds	295	340
Securities at fair value through profit and loss (FVTPL)		
Corporate bonds	78	77
	373	417
Investments mature, from the reporting date as follows:		
Other sovereign bonds:		
Over 5 years	295	340
Corporate bonds:		
Within 3 months	78	77
	373	417
Summary		
Within 3 months	78	77
Over 5 years	295	340
	373	417

(Expressed in thousands of Trinidad and Tobago dollars)

14. Property, Plant and Equipment

	Capital Work-in-Progress $'000	Leasehold Improvements $'000	Furniture Fixtures $'000	Computer Equipment $'000	Total $'000
Cost					
1 April 2020	49	272	1,988	931	3,240
Additions	1,711	35	394	379	2,519
Transfer from work-in-progress	(1,760)	242	1,302	216	-
Disposals/Adjustments	-	-	-	-	-
31 March 2020	-	549	3,684	1,526	5,759
Additions	-	-	-	217	217
Transfer from work-in-progress	-	-	-	-	-
Disposals/Adjustments	-	-	-	(7)	(7)
31 March 2021	-	549	3,684	1,736	5,969
Accumulated depreciation					
1 April 2020	-	25	104	106	235
Charge for the year	-	97	407	387	891
Disposals	-	-	-	-	-
31 March 2020	-	122	511	493	1,126
Charge for the year	-	-	-	-	-
Disposals	-	-	-	-	-
31 March 2021		257	990	846	2,093
Net Book Value					
31 March 2021	-	292	2,694	890	3,876
31 March 2020	-	427	3,173	1,033	4,633

(Expressed in thousands of Trinidad and Tobago dollars)

15. Deferred Income Taxes

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

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

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

	2021	Restated 2020
	$'000	$'000
Deferred income tax asset:		
Tax Losses	-	2,236
ECL loans IFRS 9	1,063	550
Net IFRS 16-Leases	110	66
Deferred fees related to loan fees	1,249	707
Deferred fees related to subordinated debt	7	14
	2,429	3,573
Deferred income tax liability:		
Property, plant and equipment	(225)	(256)
Net deferred income tax asset	2,204	3,317

*The comparative information is Restated on account of correction of an error. See Note 21.

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

	2021			
	Balance at Beginning Of Year	Recognised In Income	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Tax losses	2236	(2,236)	-	-
ECL loans IFRS 9	550	513	-	1,063
Property, plant and equipment	(256)	31	-	(225)
Net IFRS 16 - leases	66	44	-	110
Deferred fees – loan fees	707	542	-	1,249
Deferred fees-sub debt	14	(7)	-	7
	3,317	(1,113)	-	2,204

(Expressed in thousands of Trinidad and Tobago dollars)

15. Deferred Income Taxes (continued)

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

	2020 Restated			
	Balance at Beginning Of Year	Recognised In Income	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Tax losses	1,373	863	-	2,236
ECL loans IFRS 9	-	550	-	550
Property, plant and equipment	(180)	(76)	-	(256)
Net IFRS 16 - leases	-	66	-	66
Deferred fees – loan fees	-	707	-	707
Deferred fees – sub debt	20	(6)	-	14
	1,213	2,104	-	3,317

A deferred tax asset of $NIL (2020: $2,236,140) in respect of tax losses of $NIL (2020: $6,388,970) has been recognised in the current financial year due to management assessment of expected future profitability.

16. Share Capital

	2021	2020
	$'000	$'000
Authorised		
An unlimited number of shares, par value $1.00		
Issued and fully paid		
15,000,000 ordinary shares	15,000	15,000

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

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

(Expressed in thousands of Trinidad and Tobago dollars)

17. Customer Deposits

	2021 $'000	2020 $'000
Time deposits	44,563	30,228
Sector analysis		
Corporate and commercial	2,500	-
Personal	42,063	30,228
	44,563	30,228

18. Related Party Transactions and Balances

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

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

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

(2) has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

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

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)

18. Related Party Transactions and Balances (continued)

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

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.

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year.

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

	2021 $'000	2020 $'000
Interest payable - deposits	1,459	796
Cash balances held with parent	19,895	13,110
Deposits from parent	81,006	69,127

Amounts reported in statement of comprehensive income are as follows:

	2021 $'000	2020 $'000
Interest paid to parent	2,122	657
Interest received from parent	32	54

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

	2021 $'000	2020 $'000
Key Management Personnel and close family members		
Other short term employee benefits	2,287	2,051
Post-employment benefits	202	182
	2,489	2,233

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)

19. Accounts payable

	2021	2020
	$'000	$'000
Accrued expenses	2,139	1,493

20. Leases - Right of Use Asset and Ease Liability

(a) *Leases as lessee*

JEF leases properties for office space and other uses. The leases run for a period of 1 years to 5 years. Certain leases have an option to renew the lease after the lease term. Lease payments are renegotiated periodically to reflect market rentals. Some leases in accordance with the lease terms and conditions, provide for additional rent payments that are based on changes in local price indices.

JEF leases IT equipment and other office equipment with contract terms of one to three years. These leases are short- term and/or leases of low-value items. JEF 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 JEF is a lessee is presented below.

(i) *Right-of-use assets*

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

	Land and Buildings	
	2021	2020
	$'000	$'000
Balance at 1 April	7,566	7,701
Depreciation charge for the year	(1,787)	(1,519)
Additions to right-of-use assets	-	1,384
Balance at 31 March	5,779	7,566

(Expressed in thousands of Trinidad and Tobago dollars)

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

(a) Leases as lessee (continued)

(ii) Right-of-use liabilities

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

	Land and Buildings	
	2021	**2020**
	$'000	**$'000**
Balance at 1 April	7,756	7,701
Interest expense	405	450
Additions to right of use liabilities	-	1,384
Lease payments for the year	(2,069)	(1,779)
Balance at 31 March	6,092	7,756

(iii) Amounts recognised in statement of cash flows

	2021	**2020**
	$'000	**$'000**
Total cash outflow for leases	2,069	1,779

(iv) 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 JEF (lessee) these have been included in the lease liability. The Company expects to use the extension options granted by the lessor.

(v) Lease Liability Maturity Analysis

	2021	**2020**
	$'000	**$'000**
Less than 1 year	2,069	2,069
Between 1 and 5 years	4,110	5,699
Over 5 years	920	1,400
Interest	(1,007)	(1,412)
	6,092	7,756
Less than 1 year	1,757	1,665
Between 1 and 5 years	3,471	4,817
Over 5 years	864	1,274
	6,092	7,756

(Expressed in thousands of Trinidad and Tobago dollars)

21. Correction of Error

During the financial year ended 31 March 2021, management has determined that the loan fees was recognized incorrectly. The loan fees were previously recognized in Fee and commission income in its entirety when the loan contact is recognized. This was corrected to recognize the loan fees as part of the Loan balance and the calculation of interest income was modified to be calculated using the Effective Interest Rate in accordance with IFRS 9.

The error has been corrected by restating each of the affected financial statement line items for the prior period.

The following balances have been adjusted as a result:

Statement of Financial Position

	Impact of the correction of error		
	As Previously Reported	Restatement	As Restated
	$'000	$'000	$'000
Deferred income tax assets	2,866	707	3,573
Loans and notes receivables	85,138	(2,019)	83,119
Others	41,878	-	41,878
Total assets	**129,882**	**(1,312)**	**128,570**
Others	110,216	-	110,216
Total liabilities	**110,216**	**-**	**110,216**
Retained earnings	2,617	(1,312)	1,305
Others	17,049	-	17,049
Total equity	**19,666**	**(1,312)**	**18,354**

Statement of Profit or Loss and Other Comprehensive Income

	Impact of the correction of error		
	As Previously Reported	Restatement	As Restated
	$	$	$
Interest Income calculated using effective interest method	18,868	339	19,207
Interest expense	(1,944)	(450)*	(2,394)
Net interest income	**16,924**	**(111)**	**16,813**
Fee and commission income	2,394	(2,358)	36
Operating expenses	(14,808)	450*	(14,358)
Impairment loss	(7,975)	-	(7,975)
Taxation	1,408	707	2,115
Loss for the year	(2,057)	(1,312)	(3,369)
Total Comprehensive Loss	(2,056)	(1,312)	(3,368)

JEF's loan products and loan fees were introduced during the financial year ended March 31,2019. Management has reviewed the impact of this correction on the financial statements for the year ended March 31, 2019 and has determined that there is not a material impact.

Comparative information

Interest expense relating to the lease liability (Note 5 and Note 20 (a) (ii)) was reclassified from Operating Expenses to Interest Expense in the year ended March 31, 2021. This change was reflected in the prior year comparative balance for the year ended March 31, 2020.

22. Financial Risk Management

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

Introduction and overview

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

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

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

Risk Governance

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

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

The JEF Board, Audit and Risk Committees are responsible for monitoring compliance with the Risk Management policies and procedures and for reviewing the adequacy of the Enterprise Risk Management Framework in relation to the risks faced by JEF and in keeping with the risk appetite. The 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.

22. Financial Risk Management (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 the area 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 have resulted in disruptions to economic activity, business operations and asset prices. In response to the pandemic, JEF 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 JEF.

(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 22(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.

(a) Credit risk

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

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

22. Financial Risk Management (continued)

(a) Credit risk (continued)

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 Credit Risk department, reporting to the Chief Risk Officer, is responsible for oversight of JEF's credit risk, including:

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

- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits, as approved by the Board, are allocated on an individual basis and/or committee basis which includes the Credit Risk managers or individuals, Board 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*. The Credit Risk department assesses credit exposures prior to facilities being approved and committed to customers by the business unit concerned. Renewals and requests for new facilities are subject to the same assessment.

- *Limiting concentrations of exposure* by obligor/issuer, credit rating band and exposure by country (for investment securities).

- *Developing and maintaining JEF's risk* rating system and guidelines is an integral part of the credit appraisal process. A scoring model is used in the appraisal process. The risk rating or the credit score of the obligor reflects the level of risk associated with the exposure.

- *Reviewing compliance*: Regular reports are provided by the Credit Risk department to the Management Credit Committee, the Board Credit Committee and the Board Risk Committee on the credit quality of JEF's portfolios and where necessary, the appropriate corrective action is taken.

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

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

Regular audits of JEF's credit processes are undertaken by Internal Audit.

The Covid-19 pandemic has caused significant market volatility which has increased the JEF'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.

22. Financial Risk Management (continued)

(a) Credit risk (continued)

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

(i) Loans and notes receivable

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

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

(ii) Investment securities

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

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

(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. JEF measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to note 22.(a).ii for more details.

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(iv) Receivables (continued)

(a.i) Credit risk measurement (continued)

Credit risk grading

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

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

Retail

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

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.i) Credit risk measurement (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.1) Expected credit loss measurement

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

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

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

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

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

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

22. Financial Risk Management (continued)

(a) Credit risk (continued)

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

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

Significant increase in credit risk (SICR)

Determining when credit risk has increased significantly

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

The Company considers that there is a significant increase in credit risk for its loans portfolio no later than when a loan is more than 30 days past due or any two-notch downgrade in its internal ratings. The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors aligned to the 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 Company considers that there is a significant increase in credit risk for its investment portfolio when there is a decrease in credit rating as follows: a three-notch downgrade from investment grade to non-investment grade (below BBB-); a two-notch downgrade within or outside the BB/B bucket or a one-notch downgrade within or outside the B-, CCC, CC and C buckets.

22. Financial Risk Management (continued)

(a) Credit risk (continued)

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

Significant increase in credit risk (SICR) (continued)

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 Company 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.

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii.2) Definition of default

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, JEF considers reasonable and supportable information that is relevant and available without undue cost and effort. This includes both quantitative and qualitative information and analysis, based on JEF'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 JEF.
- A decrease in internal rating beyond specific rating thresholds
- The borrower is unlikely to pay its obligation to the Company in full, without recourse by the Company to actions such as realizing security. This may arise from instances such as bankruptcy, long-term forbearance, insolvency, breach of financial covenants, death and restructuring.

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

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

(a.ii.3) Computation of the expected credit loss

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

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

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

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

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

LGD is the magnitude of the likely loss if there is a default. JEF estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models incorporates the unsecured nature of JEF's loan and notes receivable portfolio. LGD estimates are recalibrated for different economic scenarios 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.

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

22. Financial Risk Management (continued)

(a) *Credit risk* (continued)

(a.ii.3) Computation of the expected credit loss

During the financial year ended March 2021, JEF 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 JEF measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, JEF considers a longer period. The maximum contractual period extends to the date at which JEF has the right to require repayment of an advance or terminate a loan commitment or guarantee.

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

(a.ii.4) Incorporation of forward-looking information

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

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

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

The impact of these economic variables on the PD, EAD and LGD has been determined by performing a trend analysis and 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.

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.ii.4) Incorporation of forward-looking information (continued)

JEF formulates three scenarios: a base case, which is the median scenario and assigned a 75% probability of occurring and two less likely scenarios; being best, assigned a rating of 10% and worst, assigned a rating of 15%. The base case is aligned with information used by JEF for other purposes such as strategic planning and budgeting. External information considered includes economic data and 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. JEF considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within JEF's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

JEF 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. JEF 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.

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.

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iii) Maximum exposure to credit risk

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

Loans and notes receivable

	2021			
	ECL staging			
	Stage 1 12-month ECL	Sate 2 Lifetime ECL	Stage 3 ECL	Lifetime Total
	$'000	$'000	$'000	$'000
Credit Grade				
Standard monitoring	115,333	-		115,333
Special monitoring	1,928	-	1,928	1,928
Default	-	-	3,715	3,715
Gross carrying amount	115,333	1,928	3,715	120,976
Loss allowance	(2,239)	(803)	(3,715)	(6,757)
Net Loan after impairment allowance Note 12(a)(i)	113,094	1,125	-	114,219

	2020			
	ECL staging			
	Stage 1 12-month ECL	Sate 2 Lifetime ECL	Stage 3 ECL	Lifetime Total
	$'000	$'000	$'000	$'000
Credit Grade				
Standard monitoring	81,713	-	-	81,713
Special monitoring	-	5,419	-	5,419
Default	-	-	6,647	6,647
Gross carrying amount	81,713	5,419	6,647	93,779
Loss allowance	(1,854)	(140)	(6,647)	(8,641)
Net loans after impairment Allowance Note 12(a)(i)	79,859	5,279	-	85,138

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iii) Maximum exposure to credit risk

Investment securities

	2021 ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	TT'000	TT'000	TT'000	TT'000
Credit Grade				
Watch	295	-	-	295
Speculative	-	-	-	-
Carrying Amount	295	-	-	295

	2020 ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	TT'000	TT'000	TT'000	TT'000
Credit Grade				
Watch	340	-	-	340
Speculative	-	-	-	-
Carrying Amount	340	-	-	340

22. Financial Risk Management (continued)

(a) Credit risk (continued)

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

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

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

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

	Maximum Exposure	
	2021	2020
	$'000	$'000
Financial Assets Designed at Fair Value through PL		
Debt securities	78	77

(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;

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

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

Loans and notes receivable	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance as at 1 April 2020	1,854	140	6,647	8,641
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(53)	53	-	-
- Transfer from Stage 1 to Stage 3	(1,720)	-	1,720	-
- Transfer from Stage 2 to Stage 1	4	(4)	-	-
- Transfer from Stage 2 to Stage 3	-	(315)	315	-
- Transfer from Stage 3 to Stage 2	-	124	(124)	-
New financial assets originated or purchased	1,882	92	1,653	3,627
Changes in PDs/LGDs/EADs	1,167	146	9,237	10,550
Changes to model assumptions and Methodologies	-	650	-	650
Financial assets derecognised during the period	(895)	(83)	(6,485)	(7,463)
Write offs	-	-	(9,248)	(9,248)
Loss allowance as at 31 March 2021	2,239	803	3,715	6,757

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

Loans and notes receivable	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance as at 1 April 2019	390	33	244	667
Movements with P&L impact				
Transfers:				
- Transfer from Stage 1 to Stage 2	(30)	30	-	-
- Transfer from Stage 1 to Stage 3	(2,967)	-	2,967	-
- Transfer from Stage 2 to Stage 1	4	(4)	-	-
- Transfer from Stage 2 to Stage 3	-	(844)	844	-
- Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	1,713	107	2,678	4,498
Changes in PDs/LGDs/EADs	2,939	824	(46)	3,717
Financial assets derecognised during the period	(195)	(6)	(40)	(241)
Loss allowance as at 31 March 2020	1,854	140	6,647	8,641

Investment securities

	Stage 1 12 month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance as at 1 April 2020	5	-	-	5
Movements with FX and other changes in inputs used in ECL calculations	(5)	-	-	(5)
Loss allowance as at 31 March 2021	-	-	-	-

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

Investment securities

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	**$'000**	**$'000**	**$'000**
Loss allowance as at 1 April 2019	4	-	-	4
Movements with FX and other changes in inputs used in ECL calculations	1	-	-	1
Loss allowance as at 31 March 2020	5	-	-	5

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

Loans and notes receivable

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	**$'000**	**$'000**	**$'000**
Gross carrying amount as at 1 April2020	81,713	5,419	6,647	93,779
Transfers:				
- Transfer from Stage 1 to Stage 2	(2,542)	2,542	-	-
- Transfer from Stage 1 to Stage 3	(1,720)	-	1,720	-
- Transfer from Stage 2 to Stage 3	-	(315)	315	-
- Transfer from Stage 3 to Stage 2	-	14	(14)	-
- Transfer from Stage 2 to Stage 1	243	(243)	-	-
Financial assets derecognised during the period other than write-offs	(48,655)	(3,877)	(6,484)	(59,016)
New financial assets originated or purchased	90,765	3,514	1,653	95,932
Paydowns	(9,052)	(546)	9,127	(471)
Write offs	-	-	(9,248)	(9,248)
Gross carrying amount as at 31 March 2021	110,753	6,508	3,715	120,976

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.iv) Loss allowance (continued)

Loans and notes receivable	**Stage 1 12 month ECL $'000**	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Gross carrying amount as at 1 April 2019	27,846	1,819	244	29,909
Transfers:				
- Transfer from Stage 1 to Stage 2	(1,344)	1,344	-	-
- Transfer from Stage 1 to Stage 3	(2,968)	-	2,968	-
- Transfer from Stage 2 to Stage 3	-	(844)	844	-
- Transfer from Stage 3 to Stage 2	-	15	(15)	-
- Transfer from Stage 2 to Stage 1	204	(204)	-	-
Financial assets derecognised during the period other than write-offs	(14,207)	(321)	(40)	(14,568)
New financial assets originated or purchased	74,898	3,926	2,678	81,502
Paydowns	(2,716)	(316)	(32)	(3,064)
Gross carrying amount as at 31 March 2020	81,713	5,419	6,647	93,779

Investment securities

	Stage 1 12 month ECL $'000	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Carrying Amount as at 1 April 2020	340	-	-	340
ECL calculations	(45)	-	-	(45)
Carrying amount as at 31 March 2021	295	-	-	295

	Stage 1 12 month ECL $'000	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Carrying Amount as at 1 April 2019	364	-	-	364
ECL calculations	(24)	-	-	(24)
Carrying amount as at 31 March 2020	340	-	-	340

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(a) Credit risk (continued)

(a.v) Write-off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Company'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 Company may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended March 31, 2021 was $9,248 thousand (2020: $NIL). The Company still seeks to recover amounts it is legally owed, but which have been partially written off.

(a.vi) Concentration of credit risk

JEF monitors concentrations of credit risk by sector and by geographic location. Concentration by location for loans notes receivable is measured based on the location of the obligor. Concentration by location for investment securities is measured based on the location of the issuer of the security.
An analysis of concentrations of credit risk of loans and notes receivable and investment securities at the reporting date is shown below:

	Loans and Notes Receivable		Investment Securities	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Gross amount	120,976	93,779	373	417
Concentration by sector				
Corporate/commercial	-	-	-	-
Sovereign	-	-	295	340
Bank	-	-	78	77
Retail	120,976	93,779	-	-
Equity	-	-	-	-
	120,976	93,779	373	417
Concentration by location				
Trinidad	120,976	93,779	78	77
Regional	-	-	295	340
	120,976	93,779	373	417

22. Financial Risk Management (continued)

(b) Settlement risk

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

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

(c) Liquidity risk

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

Management of liquidity risk

JEF'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 JEF's reputation.

The Treasury Unit receives information regarding the liquidity profile of JEF's 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, if needed. The liquidity requirements of JEF 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 JEF and is submitted to the Risk Management Unit. A summary report, is submitted regularly to the Asset and Liability (ALCO) with any exceptions and remedial action taken, also submitted 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, JEF continues to robustly manage our liquidity planning in keeping with our regulatory and internal obligations and have applied enhanced risk controls including stress testing, monitoring liquidity coverage and net stable funding ratios.

22. Financial Risk Management (continued)

(c) Liquidity risk (continued)

Maturity analysis for financial liabilities

The table below summarises the residual contractual maturities of financial liabilities based on their undiscounted cash flows and their earliest possible contractual maturity at 31 March. JEF's expected cash flows on these instruments could vary from this analysis.

2021

	Within 3 Months TT$ 000	3 to 12 Months TT$ 000	1 to 5 Years	Over 5 Years TT$ 000	Nominal Cash Flow TT$ 000	Carrying Amount TT$ 000
Customer deposits	-	(14,835)	(33,600)	-	(48,435)	44,563
Due to parent	(81,006)	-	-	-	(81,006)	81,006
Lease liability	(430)	(1,327)	(3,471)	(864)	(6,092)	6,092
Interest payable	(1,459)	-	-	-	(1,459)	1,459
Accounts payable	(2,139)	-	-	-	(2,139)	2,139
Total On-Balance Sheet	(82,783)	(16,162)	(37,071)	(864)	(139,131)	135,259

22. Financial Risk Management (continued)

(c) *Liquidity risk* (continued)

Maturity analysis for financial liabilities (continued)

2020 Restated

	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Gross Nominal Inflow/ (Outflow)	Carrying Amount
	TT$ 000	TT$ 000	TT$ 000	TT$ 000	TT$ 000	TT$ 000
Customer deposits	-	(229)	(33,600)		(33,829)	30,228
Due to parent	(69,127)	-	-	-	(69,127)	69,127
Lease liability	(408)	(1,256)	(4,817	(1,275)	(7,756)	7,756
Interest payable	(1,356)	-	-	-	(1,356)	1,356
Accounts payable	(1,493)	-	-	-	(1,493)	1,493
Total On-Balance Sheet	(72,384)	(1,485)	(38,417)	(1,275)	(113,561)	109,960

The table above shows the undiscounted cash flows on JEF's financial liabilities on the basis of their earliest possible contractual maturity. JEF's expected cash flows on these instruments could vary from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance.

(d) *Market risk*

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

Management of market risks

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

The Board 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 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 JEF's market risk. The downgrading of credit rating and/or outlook for investment securities has resulted in increased trading and liquidity risk.

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(d) *Market risks* (continued)

(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 re-pricing 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.

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

	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	-	-	-	-	-	20,253	20,253
Balances with Central Bank	-	-	-	-	-	11,163	11,163
Interest receivables	-	-	-	-	-	1,394	1,394
Loans and notes receivable	480	507	4,865	104,795	-	-	110,647
Investment securities	78	-	-	-	295	-	373
Accounts receivable						652	652
Total Assets	558	507	4,865	104,795	295	33,462	144,482
Financial Liabilities							
Customers' deposits	-	2,661	11,902	30,000	-	-	44,563
Due to parent	-	-	-	-	-	81,006	81,006
Interest payables	-	-	-	-	-	1,459	1,459
Lease liability	-	-	-	-	-	6,092	6,092
Accounts payable	-	-	-	-	-	2,139	2,139
Total Liabilities	-	2,661	11,902	30,000	-	90,696	135,259
Net Interest Sensitivity Gap	558	(2,154)	(7,037)	74,795	295	(57,234)	9,223
Cumulative Gap	558	(1,596)	(8,633)	66,162	66,457	9,223	-

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(d) Market risk (continued)

Interest rate sensitivity of assets and liabilities (continued)

	2020 Restated						
	Within 3 Months	3 to 6 Months	6 to 12 Month	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	-	-	-	-	-	15,934	15,934
Balances with Central	-	-	-	-	-	9,663	9,663
Interest receivables	-	-	-	-	-	2,659	2,659
Loans and advances	967	755	5,235	76,162	-	-	83,119
Investment securities	77	-	-	-	340	-	417
Accounts receivable	-	-	-	-	-	539	539
Total Assets	1,044	755	5,235	76,162	340	28,795	112,331
Financial Liabilities							
Customers' deposits	-	-	228	30,000	-	-	30,228
Due to parent	-	-	-	-	-	69,127	69,127
Interest payables	-	-	-	-	-	1,356	1,356
Lease liability	-	-	-	-	-	7,756	7,756
Accounts payable	-	-	-	-	-	1,493	1,493
Total Liabilities	-	-	228	30,000	-	79,732	109,960
Net Interest Sensitivity Gap	1,044	755	5,007	46,162	340	(50,937)	2,371
Cumulative Gap	1,044	1,799	6,806	52,968	53,308	2,371	-

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

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(d) Market risk (continued)

Sensitivity to interest rate movements

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

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

	31 Mach 2021
Change in basis points	**Effect on Net Profit $'000**
-100	(58)
100	58
-50	(26)
50	26

(Expressed in thousands of Trinidad and Tobago dollars)

22. Financial Risk Management (continued)

(d) Market risk (continued)

Exposure to currency risk

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

The techniques to manage currency risk vary subject to market conditions. Assets are primarily funded from liabilities of the same currency, thus eliminating currency risk. Foreign currency transactions have not required the use of interest rate swaps, foreign currency options or other derivative instruments. JEF does not trade in foreign exchange and therefore has no trading position subject to currency risk.
At the reporting date, the Trinidad and Tobago dollar equivalents of net foreign currency assets were as follows:

	The Company		Exchange Rates	
	2021	2020	2021	2020
	$'000	$'000		
United States Dollars	(18)	5	6.76	6.73

22. Financial Risk Management (continued)

(d) Market risk (continued)

Exposure to currency risk (continued)

The following tables indicate the currencies to which JEF 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:

	2021		2020	
	Change in currency rate	Effect on Profit	Change in currency rate	Effect on Profit
	%	$'000	%	$'000
Currency				
USD	6	13	6	(30)
	6	13	6	(30)

(e) (i) Operational risk

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

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

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

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures

22. Financial Risk Management (continued)

(e) (i) Operational risk (continued)

- 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 JEF, is technology and information security risk.

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

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

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

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

22. Financial Risk Management (continued)

(e) (iii) Business continuity

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

The Objectives of the BCP are to:

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

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

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

A proactive approach is being taken to manage the risk of COVID-19 in the workspace. JEF 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. JEF has since documented and communicated to key stakeholders its 'return to work' strategies which includes workplace readiness for re-entry.

(Expressed in thousands of Trinidad and Tobago dollars)

23. Capital Management

Regulatory capital

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

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

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

JEF's policy is to maintain a strong capital base in line with its defined risk appetite. The impact of the level of capital on shareholders' return is also recognised, and the 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.

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

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

	2021 $'000	2020 $'000
Tier 1 capital	21,183	18,349
Tier 2 capital	1,370	1,537
Total regulatory capital	22,553	19,886
Risk-weighted assets:		
Loans and notes receivable, investment securities and other assets, being total risk-weighted assets	109,550	90,398
Operational risk capital requirement	20,158	10,123
Market risk capital requirement	214	203
	130,007	100,724
Common Equity Tier 1 Ratio	16.30%	18.22%
Tier 1 Capital Ratio	16.30%	18.22%
Capital Adequacy Ratio	17.36%	19.74%

24. Fair Value of Financial Assets and Liabilities

The fair value of financial instruments that are recognised on the statement of financial position and the fair value of financial instruments that are not recognised on the statement of financial position are based on the valuation methods and assumptions set out in the significant accounting policies note 28 below.

(a) Valuation models

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

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

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

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

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

(Expressed in thousands of Trinidad and Tobago dollars)

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

(b) Accounting classification and fair values

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

	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								
Other Sovereign	-	295	-	295			295	295
Corporate bonds	-	-	78	78			78	78
		295	78	373			373	373
Financial assets not measured at fair value								
Cash and cash equivalents	20,253	-	-	20,253				
Balances with Central Bank	11,163	-	-	11,163				
Interest receivable	1,394	-	-	1,394				
Loans and notes receivables	110,647	-	-	110,647				
Accounts receivable	652	-	-	652				
	144,109	-	-	144,109				
Financial Liabilities not measured at fair value		-	-					
Customer deposits	44,563	-	-	44,563				
Due to parent	81,006	-	-	81,006				
Finance lease	6,092	-	-	6,092				
Interest payable	1,459	-	-	1,459				
Accounts payable	2,139	-	-	2,139				
	135,259	-	-	135,259				

(Expressed in thousands of Trinidad and Tobago dollars)

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

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

	31 March 2020 - Restated							
	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								
Other Sovereign	-	340	-	340	-	-	340	340
Corporate bonds	-	-	77	77	-	-	77	77
	-	340	77	417	-	-	417	417
Financial assets not measured at fair value								
Cash and cash equivalents	15,934	-	-	15,934				
Balances with Central Bank	9,663	-	-	9,663				
Interest receivable	2,659	-	-	2,659				
Loans and notes receivables	83,119	-	-	83,119				
Accounts receivable	539	-	-	539				
	111,914	-	-	111,914				
Financial Liabilities not measured at fair value								
Customer deposits	30,228	-	-	30,228				
Due to parent	69,127	-	-	69,127				
Finance lease	7,756	-	-	7,756				
Interest payable	1,356	-	-	1,356				
Accounts payable	1,493	-	-	1,493				
	109,960	-	-	109,960				

24. 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 JEF's debt instruments.

(Expressed in thousands of Trinidad and Tobago dollars)

24. 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	Other	Total
	$'000	$'000	$'000
2021			
Opening balance	340	77	417
Additions	-	1	1
Disposals	(45)	-	(45)
Closing balance	295	78	373

	Government Bonds	Other	Total
	$'000	$'000	$'000
2020			
Opening balance	364	76	440
Additions	-	1	1
Disposals	(24)	-	(24)
Closing balance	340	77	417

(ii) Unobservable inputs used in measuring fair value

The following table sets 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	Valuation Technique	Significant Unobservable Input	Range of Estimates (weighted-average) for Unobservable Inputs	Fair Value Measurement Sensitivity to Unobservable Inputs
	$'000				
Bond	295	Valued at par	There is no active market for these bonds.	N.A.	N.A.
Other	78	Valued at par	No prices available For these investments	N.A.	N.A.

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

(d) Fair value measurement: (continued)

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.

25. Credit Commitments

As at 31 March 2021, JEF has no commitments of a credit nature (2020: NIL).

26. Capital Commitments

As at 31 March 2021 JEF'S capital commitments were $NIL (2020: NIL)

27. Earnings per Share

Earnings per share is calculated by dividing the profit after tax by the weighted average number of shares in issue during the year.

Amounts are noted in thousands except per share.

	2021	2020 Restated
Profit/(loss) after tax ($'000)	2,834	(3,369)
Number of shares in issue ('000)	15,000	15,000
Earnings per share	0.19¢	0.00¢

28. 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.

29. Significant Accounting Policies

(a) Financial instruments

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

(a) Loans and notes receivable

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

(b) Investment securities

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

(c) Customer deposits

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

(d) Accounts payable

Accounts payable are stated at their amortised cost.

(e) 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.

(f) 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.

29. Significant Accounting Policies

(a) Financial instruments (continued)

(ii) Measurement methods

Amortised cost and effective interest rate

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired at initial recognition - JEF 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 JEF revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income 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).

29. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(ii) Measurement methods (continued)

Interest income calculation using effective interest rate method

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

Initial recognition and measurement

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

At initial recognition, JEF measures a financial asset or financial liability at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, as described in note 28(a)(iii), which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

29. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(ii) Measurement methods (continued)

Initial recognition and measurement (continued)

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

(iii) Financial assets

Classification and subsequent measurement

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

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

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

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

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

29. **Significant Accounting Policies** (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Debt instruments (continued)

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 22(a)(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/losses on investments at FVTPL' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

29. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Debt instruments (continued)

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

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

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

29. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Debt instruments (continued)

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

- Fair value through profit or loss

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

Equity instruments

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

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

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

29. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Impairment

JEF assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loans and commitments. JEF recognises a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 22(a)(ii)(1) provides more detail of how the expected credit loss allowance is measured.

Modification of loans

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

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, that substantially affects the risk profile of the loan.
- Material change of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion credit enhancements that significantly affect the credit risk associated with the loan.

29. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Modification of loans (continued)

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

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

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

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

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

29. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(iii) Financial assets (continued)

Derecognition other than on a modification (continued)

JEF may enter 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 JEF:

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

(vi) Financial liabilities

Classification and subsequent measurement

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

Derecognition

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

29. Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(vi) Financial liabilities (continued)

Derecognition (continued)

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

(b) Revenue recognition

(i) Interest income and expense

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

29. Significant Accounting Policies (continued)

(b) Revenue recognition (continued)

(i) Interest income and expense (continued)

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

(ii) Fee and commissions

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

(iii) Dividends

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

(c) Foreign currency

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

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

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in profit or loss (applicable for trading securities), or within other comprehensive income.

29. Significant Accounting Policies (continued)

(d) Cash and cash equivalents

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

(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)), JEF is required to hold and maintain as a deposit with the Central Bank a cash reserve balance equivalent to 9% of prescribed liabilities.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Subsequent costs 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 JEF and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on furniture and 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:

Furniture and equipment	10% - 33 ⅓%

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

29. Significant Accounting Policies (continued)

(g) Provisions

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

(h) Statutory reserve fund

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

(i) Leases – where JEF is the lessee

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

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

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

(i) As a lessee

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

29. Significant Accounting Policies (continued)

(i) ***Leases*** (continued)

(i) *As a lessee* (continued)

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

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

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

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

29. Significant Accounting Policies (continued)

(i)* *Leases (continued)

(i) *As a lessee* (continued)

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

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

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

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

JEF presents right-of-use assets that do not meet the definition of investment property in 'property, 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

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

29. Significant Accounting Policies (continued)

(j) Employee benefits

(i) Short-term

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

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

(ii) Post employment

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

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

JEF's contributions to the respective annuities are charged to profit or loss in the year to which they relate. For the current financial period to 31 March 2021, JEF's contribution expense in relation to this plan for the year amounts to $424,783 (2020: $176,822).

(k) Taxation

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

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

29. Significant Accounting Policies (continued)

(k) Taxation (continued)

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.

(l) 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.

(m) Impairment of non-financial assets

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

(n) 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.

29. Significant Accounting Policies (continued)

(o) 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 Bank'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 Bank 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 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 financial statements.

29. Significant Accounting Policies (continued)

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

- **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 1 January 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 financial statements.

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

A number of new standards and amendments have been issued but are not yet effective. The Company 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 financial statements.

- **IFRS 3 Business Combinations**
  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.

29. Significant Accounting Policies (continued)

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

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

  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.

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

(q) 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 Company for the previous year.

(r) 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.