

**Jamaica Money Market Brokers  
(Trinidad and Tobago) Limited**

**Consolidated Financial Statements**  
**As at and for the year ended 31 March 2022**  
*(Expressed in Trinidad and Tobago dollars)*

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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**31 March 2022**

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**Statement of Management's Responsibilities**  
**Jamaica Money Market Brokers (Trinidad and Tobago) Limited**


Management is responsible for the following:

- Preparing and fairly presenting the accompanying separate and consolidated financial statements of Jamaica Money Market Brokers (Trinidad & Tobago) Limited (the Company) and its subsidiaries (together defined as the Group), which comprise the separate and consolidated statements of financial position as at 31 March 2022, the separate and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of the Group's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

  
\_\_\_\_\_  
Keith P. Duncan  
Group Chief Executive Officer

Date: May 25, 2022

  
\_\_\_\_\_  
Naomi Arjoonsingh  
Chief Financial Officer

Date: May 25, 2022



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**Independent Auditors' Report**  
**To the Shareholders of Jamaica Money Market Brokers (Trinidad and Tobago) Limited**

**Opinion**

We have audited the separate financial statements of Jamaica Money Market Brokers (Trinidad and Tobago) Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the consolidated and the separate statements of financial position as at March 31, 2022, the consolidated and the separate 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at March 31, 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

**Basis for Opinion**

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

**Key Audit Matters**

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



## Key Audit Matters (continued)

### 1. Expected Credit Losses on Financial Assets

See Notes 12, 14 and 27 to the consolidated and separate financial statements for disclosures of related accounting policies, judgements, estimates and balances. (continued)

The key audit matter	How the matter was addressed in our audit
<p>Loans and advances to customers amounted to \$1.344 million for the Group. Investment securities amounted to \$1.996 million for the Group.</p> <p>Impairment is calculated based on an expected loss model, which the Group estimates on both an individual and a collective basis. This calculation entails a considerable level of judgment as this is a subjective and complex estimate.</p> <p>The key areas requiring greater management judgement include the significant uncertainty associated with the assumptions used in the estimation in respect of the timing and measurement of expected credit losses (ECL) include:</p> <ul style="list-style-type: none"> <li>- Allocation of assets to stage 1, 2, or 3 on a timely basis using criteria in accordance with IFRS 9 considering the impact of COVID-19 and related government support measures, such as payment deferrals, on customer behaviours.</li> <li>- Accounting interpretations, modelling assumptions and data used to build and run the model that calculate the ECL considering the impact of COVID-19 on model performance and any additional data to be considered in the ECL calculation. These assumptions are in relation to the probability of default (PD), loss given default (LGD) and exposures at default (EAD).</li> </ul>	<p>The primary procedures we performed to address this key audit matter.</p> <p><b>Control testing</b></p> <p>Our procedures related to the control environment focused on assessing the main controls in the following key areas:</p> <ul style="list-style-type: none"> <li>- Development and approval of the credit risk management framework, the Group's accounting policies and the methodology used to estimate expected loss.</li> <li>- Identification of the methods and assumptions used to estimate EAD, PD and LGD and to determine the future macroeconomic variables, considering the expected impacts of COVID-19.</li> <li>- Evaluation of the functioning of the internal models for estimating both individual and collective allowances and provisions for expected losses, and of the management and valuation of collateral.</li> <li>- Management's review of the integrity, accuracy and updating of the data used.</li> </ul>



## Key Audit Matters (continued)

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

See Notes 12, 14 and 27 to the consolidated and separate financial statements for disclosures of related accounting policies, judgements, estimates and balances. (continued)

The key audit matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> <li>- Forward looking macroeconomic factors, including developing and incorporating macroeconomic scenarios, given the wide range of potential economic outcomes and impacts from COVID-19 that may impact future expected credit losses.</li> <li>- Measurement of individual provisions including the assessment of probability weighted scenarios and the impact COVID-19 had on exit strategies, collateral valuations and time to collect.</li> </ul> <p>These factors, individually and collectively, result in a higher judgmental risk and thus are considered a significant matter in the context of the financial statements.</p>	<p><b>Substantive testing</b></p> <p>We involved credit risk, economics and information technology professionals with specialized skills, industry knowledge and relevant experience who assisted in:</p> <ul style="list-style-type: none"> <li>- Evaluating the methodology and macroeconomic variables used in certain inputs into the models including the determination of significant increases in credit risk by assessing compliance with IFRS 9 and recalculating model monitoring tests in respect of certain inputs and thresholds used for significant increases in credit risk</li> <li>- Evaluating whether management has adequately incorporated the impact of COVID-19 in the assumptions.</li> <li>- Evaluating scenarios and probability-weighted outcome assumptions used in the ECL calculation by assessing the appropriateness of the underlying macroeconomic variables including consideration of alternative inputs for certain variables.</li> <li>- Testing, management's ECL calculations to determine if they were in line with management's assumptions, model design and were consistently applied.</li> </ul> <p>Testing the reliability of source data used in the models, on a sample basis, by corroborating to historical data or external public information where available.</p>



**Key Audit Matters** (continued)

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

See Notes 12, 14 and 27 to the consolidated and separate financial statements for disclosures of related accounting policies, judgements, estimates and balances (continued)

The key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>- Testing the completeness and accuracy of data from underlying systems through to the models used to determine the ECLs. This included testing the critical data fields used in the ECL model, such as the maturity date, amortized cost, accrued interest, credit rating, date of default (if any), interest rate, write-off data and product category by tracing data back to source documents.</li> <li>- Re-performed credit assessments of high risk Stage 3 loans. For each loan selected, we challenged the Company's credit risk rating and assumptions, taking into account our assessment of the customer's financial position and the valuation of security, and the impact on the credit allowance. To do this, we used the information on the loan file, discussed the facts and circumstances of the case with the loan officer, and performed our own assessment of recoverability. Exercising our judgment, our procedures included using our understanding of relevant industries and the macroeconomic environment and data and assumptions used by the Company in recoverability assessments to externally sourced evidence, publicly available audited financial statements and comparable external valuations of collateral held. Where relevant we assessed the forecasted timing of future cash flows in the context of underlying valuations and challenged key assumptions in the valuations.</li> <li>- We evaluated the criteria used to allocate financial assets to stage 1, 2 or 3 in accordance with IFRS 9. We re-performed the staging distribution for a sample of assets and assessed the reasonableness of staging downgrades applied by management.</li> </ul> <p>No material exceptions were noted as part of our testing.</p>



## Key Audit Matters (continued)

### 2. Fair value of unquoted investment securities

See Notes 14, 27 and 29 to the consolidated and separate financial statements for disclosures of related accounting policies, judgements, estimates and balances

The key audit matter	How the matter was addressed in our audit
<p>The Group's investments measured at fair value amounted to \$1.996 million of which \$919 million was categorised as Level 2 and \$230 million was categorised as Level 3 in the fair value hierarchy, as no quoted prices are available for these instruments. .</p> <p>As a result of the COVID-19 pandemic, volatility in the financial markets and in interest rates has increased, there have been sharp declines in value, greater illiquidity of financial assets and higher credit risk for securities issuers, all of which has diminished the observability of the market data needed to measure these financial instruments, making their measurement more complex.</p> <p>In the absence of a quoted price in an active market, determining the fair value of financial instruments requires a complex estimate using valuation techniques that may take into consideration market data that are neither directly nor indirectly observable, or complex pricing models that require a high degree of subjectivity.</p>	<p>Our audit procedures with regard to the fair value measurement of financial instruments focused on assessing the models and valuation methods used by the Group to estimate the fair value of complex financial instruments (those classified in level 2 or 3).</p> <p>To this end, we performed tests of controls and tests of detail on the Group's decisions and estimates, with the involvement of our own financial instrument valuation specialists.</p> <p>Our procedures relating to the assessment of the design and operating effectiveness of the relevant controls associated with the process of measuring financial instruments focused on the following key areas:</p> <ul style="list-style-type: none"> <li>- Identification and approval of the risk management.</li> <li>- Evaluation of the application of the Group's accounting policies.</li> <li>- Examination of the key controls associated with the process of measuring financial instruments.</li> <li>- Analysis of the integrity, accuracy and updating of the data used and of the control and management process in place with regard to existing databases.</li> </ul>



**Key Audit Matters (continued)**

**2. Fair value of unquoted investment securities (continued)**

See Notes 14, 27 and 29 to the consolidated and separate financial statements for disclosures of related accounting policies, judgements, estimates and balances (continued)

The key audit matter	How the matter was addressed in our audit
	<p>Our procedures as regards the tests of detail performed were as follows:</p> <ul style="list-style-type: none"><li>- Assessing the fair value of Level 2 and Level 3 financial instruments through the use of our own valuation specialist to independently test the valuation model and assess the appropriateness of the valuation by management, such as discount factors as well as utilized key underlying financial data inputs from external sources, as applicable</li><li>- We evaluated the adjustments made by the Group to the parameters and data that have been affected by the impacts of COVID-19.</li></ul> <p>No material exceptions were noted as part of our testing.</p>



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

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

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

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

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

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



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

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

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

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



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

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

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

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

A handwritten signature of the KPMG firm, written in blue ink. The letters 'KPMG' are clearly visible, with a stylized flourish at the end.

Chartered Accountants

Port of Spain  
Trinidad, West Indies  
June 24, 2022

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

**Year ended 31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

	Note	2022 \$'000	2021 \$'000
<b>Net interest income</b>			
Interest income calculated using the effective interest method	4	210,581	189,782
Interest expense	5	(59,520)	(64,990)
		<u>151,061</u>	<u>124,792</u>
<b>Other revenue</b>			
Gains on securities trading, net FVOCI		5,753	1,791
Net gain from financial instruments at fair value through profit or loss		5,050	29
Fees and commissions income (net)	6	21,021	10,898
Foreign exchange gains		22,841	24,035
		<u>54,665</u>	<u>36,753</u>
<b>Revenue net of interest expense</b>		205,726	161,545
<b>Other income</b>			
Dividends		339	309
		<u>206,065</u>	<u>161,854</u>
<b>Operating expenses</b>			
Staff costs	7	(80,746)	(72,991)
Other expenses	8	(61,742)	(61,396)
		<u>(142,488)</u>	<u>(134,387)</u>
<b>Profit before impairment losses and taxation</b>		63,577	27,467
Impairment losses on financial assets	9	(16,215)	(30,498)
<b>Profit (Loss) before taxation</b>		47,362	(3,031)
Taxation	10	(13,396)	9,699
<b>Profit for the year</b>		<u>33,966</u>	<u>6,668</u>

The accompanying notes on pages 21 to 126 are an integral part of these financial statements.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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

### Year ended 31 March 2022

(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2022 \$'000	2021 \$'000
<b>Profit for the Year</b>		33,966	6,668
<b>Other Comprehensive (Loss) Income</b>			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
<b>Debt investments at FVOCI:</b>			
Reclassified to profit or loss		110	2,278
Remeasurement of investments		(24,320)	86,469
Related tax	17	7,990	(27,188)
		(16,220)	61,559
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net gain (loss) on investments in equity instruments at FVOCI		(331)	176
Related tax	17	99	(53)
		(232)	123
<b>Total other comprehensive (loss) income</b>		(16,452)	61,682
<b>Total comprehensive income for the year</b>		17,514	68,350

The accompanying notes on pages 21 to 126 are an integral part of these financial statements.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Consolidated Statement of Financial Position


Year ended 31 March 2022

(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2022 \$'000	2021 \$'000
<b>Assets</b>			
Cash and cash equivalents	11	655,398	835,325
Interest receivable		34,330	39,659
Accounts receivable		30,550	23,314
Taxation recoverable		5,040	6,212
Loans and notes receivable	12	1,343,602	1,479,871
Investment securities	14	1,995,915	1,538,640
Intangible assets	15	15,648	16,736
Property and equipment	16	21,338	23,358
Right of use asset	26	27,618	34,988
Deferred tax assets	17	30,569	22,694
<b>Total Assets</b>		<b>4,160,008</b>	<b>4,020,797</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	18(i)	208,161	208,161
Investment revaluation reserve	18(ii)	10,093	26,545
Retained earnings	18(iii)	130,358	100,521
		<b>348,612</b>	<b>335,227</b>
<b>Liabilities</b>			
Customer deposits	19	2,436,102	2,459,174
Securities sold under agreements to repurchase	20	583,183	568,164
Notes payable	22	355,056	302,474
Redeemable preference shares	23	33,772	33,802
Lease liability	26	31,107	37,170
Interest payable		15,189	18,485
Accounts payable	24	182,839	101,151
Due to related parties	21	161,846	151,183
Taxation payable		7,914	4,703
Deferred tax liabilities	17	4,388	9,264
<b>Total Liabilities</b>		<b>3,811,396</b>	<b>3,685,570</b>
<b>Total Equity and Liabilities</b>		<b>4,160,008</b>	<b>4,020,797</b>

The accompanying notes on pages 21 to 126 are an integral part of these financial statements.

Approved for issue by the Board of Directors on May 25, 2022 and signed on its behalf by:

 Director  
Archibald Campbell

 Director  
Keith P. Duncan

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Consolidated Statement of Changes in Equity

**Year ended 31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

	Note	Share Capital \$'000	Investment Revaluation Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 1 April, 2020</b>		208,161	(35,137)	97,127	270,151
Profit for the year		-		6,668	6,668
<i>Other comprehensive income, net of tax</i>					
Debt instruments at FVOCI – reclassification to profit or loss		-	2,278	-	2,278
Net change in fair value of debt and equity instruments at FVOCI		-	59,404	-	59,404
<b>Total comprehensive income for the year</b>		-	61,682	6,668	68,350
<b>Transactions with owners of the Company</b>					
Dividends declared	25	-	-	(3,274)	(3,274)
<b>Balance at 31 March 2021</b>		208,161	26,545	100,521	335,227
<b>Balance at 1 April, 2021</b>		208,161	26,545	100,521	335,227
Profit for the year		-	-	33,966	33,966
<i>Other comprehensive income, net of tax</i>					
Debt instruments at FVOCI – reclassification to profit or loss		-	110	-	110
Net change in fair value of debt and equity instruments at FVOCI		-	(16,562)	-	(16,562)
Impact of prior year adjustment				(451)	(451)
<b>Total comprehensive income for the year</b>		-	(16,452)	33,515	17,063
<b>Transactions with owners of the Company</b>					
Dividends declared	25	-	-	(3,678)	(3,678)
<b>Balance at 31 March 2022</b>		208,161	10,093	130,358	348,612

The accompanying notes on pages 21 to 126 are an integral part of these financial statements.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Consolidated Statement of Cash Flows

**Year ended 31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

	Note	2022 \$'000	2021 \$'000
<b>Cash Flows from Operating Activities</b>			
Profit for the year		33,966	6,668
Adjustments for:			
Interest income		(210,581)	(189,728)
Interest expense		59,520	64,990
Taxation	10	13,396	(9,699)
Impairment loss on financial assets	9	16,215	30,498
Amortisation of intangible assets	15	1,088	1,092
Net gain from securities trading and assets at FVTPL		(10,803)	(1,820)
Depreciation on property and equipment	16	6,621	6,519
Depreciation on right of use asset	26	7,369	8,243
Finance lease charge	26	2,200	2,731
Loss on the disposal of property and equipment	8	-	361
		(81,009)	(80,145)
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable		(7,236)	1,073
Loans and notes receivable		120,054	133,046
Related parties		10,663	66,573
Changes in CBTT Reserve - Primary		22,919	(43,170)
Securities sold under agreements to repurchase		15,019	69,387
Customer deposits		(23,072)	84,321
Accounts payable		81,688	19,073
		139,026	250,158
Interest received		215,910	182,021
Interest paid		(62,815)	(62,787)
Taxation paid		(10,708)	(12,938)
<b>Net cash from operating activities</b>		<b>281,413</b>	<b>356,454</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property and equipment	16	(4,638)	(3,499)
Purchase of investment securities		(1,316,836)	(1,348,729)
Proceeds from sale or maturity of investment securities		839,668	1,077,791
<b>Net cash (used) in investing activities</b>		<b>481,803</b>	<b>(274,437)</b>
<b>Cash Flows from Financing Activities</b>			
Payment of lease liabilities	26	(9,167)	(10,144)
Redeemable preference shares		(30)	151
Proceeds from issue of debt securities	22	246,679	137,434
Repayment of debt securities	22	(194,097)	(120,664)
<b>Net cash from financing activities</b>		<b>43,385</b>	<b>6,777</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Consolidated Statement of Cash Flows

**Year ended 31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

	Note	2022 \$'000	2021 \$'000
Net (decrease) increase in cash and cash equivalents		(157,008)	88,794
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		512,242	423,448
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		355,234	512,242
<b>Cash and cash equivalents are represented by:</b>			
Cash and due from other financial institutions		195,889	200,860
Balance with Central Bank other than the Primary Reserve Deposit		159,345	311,382
		355,234	512,242

The accompanying notes on pages 21 to 126 are an integral part of these financial statement.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Separate Statement of Profit or Loss and Other Comprehensive Income

**Year ended 31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

	Note	2022 \$'000	2021 \$'000
<b>Income</b>			
Dividends		3,678	3,274
<b>Expenses</b>			
Other expenses	8	(477)	(399)
Profit being total comprehensive income		3,201	2,875

The accompanying notes on pages 21 to 126 are an integral part of these financial statements.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Separate Statement of Financial Position


31 March 2022

(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2022 \$'000	2021 \$'000
<b>Assets</b>			
Cash and cash equivalents	11	212	212
Accounts receivable		14,274	10,569
Investment in subsidiary	13	264,529	264,529
Property and equipment	16	-	-
<b>Total assets</b>		<b>279,015</b>	<b>275,310</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	18(i)	208,161	208,161
Retained earnings		9,425	9,902
		<b>217,586</b>	<b>218,063</b>
<b>Current Liabilities</b>			
Due to related party	21	59,572	55,465
Accounts payable	22	1,857	1,782
<b>Total liabilities</b>		<b>61,429</b>	<b>57,247</b>
<b>Total Equity and Liabilities</b>		<b>279,015</b>	<b>275,310</b>

The accompanying notes on pages 21 to 126 are an integral part of these financial statements.

Approved for issue by the Board of Directors on May 25, 2022 and signed on its behalf by:

  
Archibald Campbell Director

  
Keith P. Duncan Director

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Separate Statement of Changes in Equity

**Year ended 31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

	<b>Note</b>	<b>Share Capital \$'000</b>	<b>Retained Earnings \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 April 2020</b>		208,161	10,301	218,462
<b>Profit for the year, being total comprehensive income</b>		-	2,875	2,875
<b>Transactions with owners of the Company</b>				
Dividends declared	25	-	(3,274)	(3,274)
<b>Balance at 31 March 2021</b>		<u>208,161</u>	<u>9,902</u>	<u>218,063</u>
<b>Balance at 1 April 2021</b>		208,161	9,902	218,063
<b>Profit for the year, being total comprehensive income</b>		-	3,201	3,201
<b>Transactions with owners of the Company</b>				
Dividends declared	25	-	(3,678)	(3,678)
<b>Balance at 31 March 2022</b>		<u>208,161</u>	<u>9,425</u>	<u>217,586</u>

The accompanying notes on pages 21 to 126 are an integral part of these financial statements.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Separate Statement of Cash Flows

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

	Note	2022 \$'000	2021 \$'000
<b>Cash Flows from Operating Activities</b>			
Profit for the year		3,201	2,875
Adjustments for:			
Depreciation		-	7
<b>Changes in operating assets and liabilities</b>			
Accounts receivable		(3,705)	(3,315)
Accounts payable		75	-
<b>Net cash used in operating activities</b>		<u>(429)</u>	<u>(433)</u>
<b>Cash Flows from Financing Activities</b>			
Advances from parent company		4,107	3,707
Dividends paid		(3,678)	(3,274)
Net cash from financing activities		<u>429</u>	<u>433</u>
Net movement in cash and cash equivalents		-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>212</u>	<u>212</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	11	<u><u>212</u></u>	<u><u>212</u></u>

The accompanying notes on pages 21 to 126 are an integral part of these financial statements.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

### 1. General Information

Jamaica Money Market Brokers (Trinidad and Tobago) Limited ('the Company') is incorporated and domiciled in Trinidad and Tobago. The registered office of the Company is 77 Independence Square, Port of Spain, Trinidad & Tobago. It is a wholly owned subsidiary of JMMB Group Limited, which is incorporated in Jamaica.

Information on the subsidiaries is set out below:

The Company's principal activity is the holding of shares, as follows:

Name of Subsidiary	% Shareholding Held		Country of Incorporation	Principal Activities
	Parent	Subsidiary		
JMMB Investments (Trinidad and Tobago) Limited and its wholly owned subsidiary	100		Trinidad and Tobago	Securities Dealer
JMMB Securities (T&T) Limited		100	Trinidad and Tobago	Stock brokering
JMMB Bank (T&T) Limited and its wholly owned subsidiary	100		Trinidad and Tobago	Commercial Banking
JMMB Express Finance (T&T) Limited		100	Trinidad and Tobago	Banking

The Company and its subsidiaries are collectively referred to as "the Group".

### 2. Basis of Preparation

#### (a) Basis of accounting

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

Details of the Group's accounting policies, including changes during the year, are included in Note 32.

#### (b) Basis of consolidation

##### (i) Subsidiary

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

##### (ii) Transactions eliminated on consolidation

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2022

*(Expressed in thousands of Trinidad and Tobago dollars)*

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### 2. Basis of Preparation (continued)

#### **(c) Basis of preparation**

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

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

#### **(d) Functional and presentation currency**

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

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

#### **(e) Use of estimates and judgements**

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

Note 3 provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2022

*(Expressed in thousands of Trinidad and Tobago dollars)*

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### 3. Critical Accounting Judgements 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 32(a).

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 27(a.ii)(4), which also sets out key sensitivities of the ECL to changes in these elements.

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

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

##### **(ii) Fair value of financial instruments**

There are no quoted market prices for a significant portion of the Group's financial assets and financial liabilities. Accordingly, fair values of the financial assets are estimated using prices obtained from other sources. There is significant uncertainty inherent in this approach, particularly due to COVID-19 with the fair values estimated being categorised as Level 2 fair values; consequently, the estimates arrived at may be different from the actual price of the instrument in an actual arm's length transaction (Note 29).

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

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

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

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

#### **(i) Classification of financial assets**

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

#### **(ii) Deferred tax assets**

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

### 4. Interest Income Calculated Using the Effective Interest Rate Method

	The Group	
	2022	2021
	\$'000	\$'000
Interest income from loans and notes receivable		
measured at amortised costs	138,065	127,445
Interest income from investment securities:		
- FVOCI	71,479	62,221
- FVTPL	1	-
Other interest income	1,036	116
	<u>210,581</u>	<u>189,782</u>

### 5. Interest Expense

	The Group	
	2022	2021
	\$'000	\$'000
Interest expense on customer deposits	22,985	30,834
Interest expense on other debt securities	19,233	18,142
Interest expense on securities sold under		
agreements to repurchase	15,102	13,283
Lease liability expense	2,200	2,731
	<u>59,520</u>	<u>64,990</u>

### 6. Fees and Commission income

	The Group	
	2022	2021
	\$'000	\$'000
Maintenance fees	3,055	4,301
Transaction fees	5,889	1,742
Arrangement fees	3,065	-
Brokerage fees	9,012	4,855
	<u>21,021</u>	<u>10,898</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

### 7. Staff Costs

	The Group	
	2022	2021
	\$'000	\$'000
Salaries and wages	55,908	54,063
Statutory payroll contributions	3,485	3,562
Pension scheme contributions	4,358	2,236
Training and development	248	136
Other staff benefits	16,747	12,994
	<u>80,746</u>	<u>72,991</u>

### 8. Other Expenses

	The Group		The Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Advertising and promotion	1,896	1,411	-	10
Auditors' remuneration	1,497	1,447	157	71
Bank charges and interest	805	541	-	-
Depreciation and amortisation	7,708	7,611	-	7
Depreciation on right of use assets	7,369	8,243	-	-
Directors' fees [Note 21(d)]	1,777	1,665	-	-
Repairs and maintenance	1,935	1,848	-	-
Information technology	7,781	6,751	-	-
Legal and other professional fees	2,962	1,681	136	94
Loss on disposal of property and equipment	-	361	-	-
Office rental	1,426	1,490	37	37
Other	18,488	18,749	-	35
Security	2,751	3,463	-	-
Stationery, printing and postage	1,201	690	147	145
Travel and entertainment	209	96	-	-
Utilities	3,937	5,349	-	-
	<u>61,742</u>	<u>61,396</u>	<u>477</u>	<u>399</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2022

(Expressed in thousands of Trinidad and Tobago dollars)

### 9. Impairment Losses on Financial Assets

	The Group	
	2022	2021
	\$'000	\$'000
Net impairment losses:		
Impairment loss on loans and notes receivable (Note 12(iii))	(15,399)	(29,396)
Impairment (loss) reversal on investment securities	(1839)	(1,615)
Impairment on receivables	(182)	(90)
Recoveries	1,205	603
	<u>(16,215)</u>	<u>(30,498)</u>

While the global and local business environments have begun to return to some degree of normalcy post the COVID-19 pandemic, global markets and supply chains are now put under strain by the recent Russia/Ukraine crisis. This has been factored into the forward looking information (FLI) used in the calculation of the Expected Credit Loss (ECL) and is one of the main contributors to the increase in impairment losses on the Group's investment portfolios for the financial year ended 31 March, 2022.

### 10. Taxation

#### (i) Taxation charge

Income tax is computed at 35% for banking entities and 30% for other entities in the group. Business Levy is calculated at 0.6% of gross revenue.

	The Group		The Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Business levy	693	547	-	-
<b>Current income tax:</b>				
Provision for charge on current year's profit	16,971	1,849	-	-
Changes in estimates related to prior	(73)	-	-	-
<b>Deferred income tax relating to the origination and reversal of temporary differences</b>				
Current year (Note 17)	(4,195)	(12,095)	-	-
	<u>13,396</u>	<u>(9,699)</u>	<u>-</u>	<u>-</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

### 10. Taxation (continued)

#### (ii) Reconciliation of the effective tax rate

	The Group				The Company			
	2022	2022	2021	2021	2022	2022	2021	2021
	%	\$'000	%	\$'000	%	\$'000	%	\$'000
Profit (loss) before tax	100%	47,362	100%	(3,031)	100%	3,201	100%	2,875
Tax calculated at statutory tax rate	33%	15,683	36%	(1,100)	30%	960	30%	863
Adjusted for the effects of:								
Income not subject to tax	-5%	(2,454)	76%	(2,300)	(34%)	(1,103)	(34%)	(983)
Tax losses recognised	-3%	(1,571)	5%	(138)			0%	-
Change in estimates related to prior years	-1%	(709)	256%	(7,750)			0%	-
Business levy	1%	507	-1%	25			0%	-
Expenses not allowable	1%	509	-51%	1,546	4%	143	4%	120
Other	0%	1,431	-1%	18			0%	
	28%	13,396	320%	(9,699)	0%	-	0%	-

(iii) At the reporting date, taxation losses, subject to the agreement of the Inland Revenue Department, available for set-off against future taxable profits, amounted to approximately \$11,047 (2021: \$22,130) for the Group and NIL (2021: NIL) for the Company.

### 11. Cash and Cash Equivalents

	The Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Cash at bank	21,858	15,866	-	-
Balances with Central Bank:				
- Primary Reserve deposit	300,164	323,083	-	-
- Balance with Central Bank Other than the Primary Reserve Deposit	159,345	311,382	-	-
Due from financial institutions	174,031	184,994	212	212
	655,398	835,325	212	212

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

### 12. Loans and Notes Receivable

#### (i) *Analysis of loans and notes receivable*

	The Group	
	2022	2021
	\$'000	\$'000
Stage 1	1,125,381	1,128,481
Stage 2	186,091	282,303
Stage 3	124,650	150,196
Gross loans and notes receivable	1,436,122	1,560,980
Impairment loss allowance	(85,496)	(77,160)
	1,350,627	1,483,820
Effect of deferred loan fees	(7,024)	(3,949)
Net loans and notes receivable	1,343,602	1,479,871

#### (ii) *Impairment allowance on loans and notes receivable*

Balance at 1 April	(77,160)	(57,012)
Charge for year (Note 9)	(15,399)	(29,396)
Write off	7,063	9,248
Balance at 31 March	(85,496)	(77,160)

#### (iii) *Concentration of gross loans and notes receivable*

Corporate and commercial	865,880	998,618
Retail	570,242	562,362
	1,436,122	1,560,980

### 13. Investment in Subsidiary

	The Company	
	2022	2021
	\$'000	\$'000
<i>JMMB Investments (Trinidad and Tobago) Limited</i>		
Shares, at cost	100,764	100,764
<i>JMMB Bank (T &amp; T) Limited</i>		
Shares, at cost	163,765	163,765
	264,529	264,529

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

### 14. Investment Securities

	The Group	
	2022	2021
	\$'000	\$'000
<b>Fair value through other comprehensive income (FVOCI):</b>		
Government of Trinidad and Tobago securities	854,607	630,392
Other sovereign bonds	267,287	141,873
Corporate bonds	770,089	688,530
	1,891,983	1,460,795
Quoted and unquoted equity securities	15,754	13,856
	1,907,737	1,474,651
<b>Fair value through profit or loss (FVTPL):</b>		
Equities	27,033	3,043
Corporate bonds	61,145	60,946
	88,178	63,989
	1,995,915	1,538,640

Investment securities of \$752,807 (2021: \$807,393) are pledged under the Group's sale and repurchase agreements (Note 20) and secured notes payable (Note 22).

The Group has designated its equity holding in the Trinidad and Tobago Stock Exchange valued \$6,919 (2021: \$7,374), Caribbean Rating Agency (CARICRIS) valued at \$633 (2021: \$633) as well as other quoted shares valued \$676 (2021: \$552 as FVOCI as these are not intended for trading purposes. None of these assets were derecognized during the period (2021: NIL).

The Group's investment in The Trinidad and Tobago Interbank Payments System (TTIPS) was previously designated as FVOCI and due to a restructure at the company, JMMB's shares were repurchased effective May 2021. This investment was derecognised with a gain of \$2,213 on de-recognition reflected in other comprehensive income.

During the year dividends of \$61 on equities designated FVOCI were recognized in the profit or loss (2021: \$294 thousand)

(Expressed in thousands of Trinidad and Tobago dollars)

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# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2022

(Expressed in thousands of Trinidad and Tobago dollars)

### 15. Intangible Assets

	The Group				
	Computer Software	Customer Relationship	Trade Mark	Banking and Non-Banking Licenses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>					
31 March 2020	4	13,383	7,912	11,520	32,819
Disposals	-	-	-	-	-
31 March 2021	4	13,383	7,912	11,520	32,819
Disposals	-	-	-	-	-
31 March 2022	4	13,383	7,912	11,520	32,819
<b>Amortisation</b>					
31 March 2020	4	7,075	7,912	-	14,991
Charge for the year	-	1,092	-	-	1,092
31 March 2021	4	8,167	7,912	-	16,083
Charge for the year	-	1,088	-	-	1,088
31 March 2022	4	9,255	7,912	-	17,171
<b>Net Book Value</b>					
31 March 2022	-	4,128	-	11,520	15,648
31 March 2021	-	5,216	-	11,520	16,736

Impairment testing for intangible assets with indefinite useful lives:

#### Banking Licenses

The recoverable amounts of the cash generating units (CGUs) in which the licences are included were based on value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The licences were valued using "with-and-without" (WOW) method which compares the present value of the cash flows "with the asset" in place to the present value of cash flows "without the asset."

The key assumptions used in the estimation of the recoverable amounts were as follows:

	2022	2021
Discount rate	14%-16%	14%-16%
Long term growth rate	3%	3%
Time to obtain license	3-4 years	3-4 years

The discount rates are post-tax measures determined based on rates used for similar assets in the relevant countries, business risks and other company specific risks.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

### 15. Intangible Assets (continued)

The cash flow projections include specific estimates for ten and eleven years and a terminal growth rate thereafter.

The terminal growth rate was determined based on management's estimate of the long-term compounded annual growth rates, consistent with assumptions that a market participant would make. The ten and eleven year cash flow projections are considered reflective of a stabilized level of earnings to estimate terminal value. The estimated recoverable amounts of the CGUs were estimated to be higher than their carrying amounts and no impairment was identified.

### 16. Property and Equipment

	The Group				
	Capital Work-in Progress	Leasehold Improvements	Furniture & Fixtures	Computer Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>					
31 March 2020	524	22,774	27,114	38,116	88,528
Additions	2,123	199	326	851	3,499
Disposals	(335)	-	(11)	(17,082)	(17,428)
31 March 2021	2,312	22,973	27,429	21,885	74,599
Additions	1,748	151	16	2,723	4,638
Transfer from work in progress	(2,298)	123	54	2,121	-
Disposals					
Adjustments	(37)	1,995	(4,988)	2,993	(37)
31 March 2022	1,725	25,242	22,511	29,722	79,200
<b>Accumulated Depreciation</b>					
31 March 2020	-	13,391	14,884	33,514	61,789
Charge for year	-	2,283	1,932	2,304	6,519
Disposals	-	-	-	(17,067)	(17,067)
31 March 2021	-	15,674	16,816	18,751	51,241
Charge for year	-	1,469	3,785	1,460	6,714
Disposals	-				
Adjustments	-	1,804	(4,818)	2,921	(93)
31 March 2022	-	18,947	15,783	23,132	57,862
<b>Net Book Value</b>					
31 March 2022	1,725	6,295	6,728	6,590	21,338
31 March 2021	2,312	7,299	10,613	3,134	23,358

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

### 16. Property and Equipment (continued)

Capital work in progress includes costs incurred for various technology and infrastructure projects which were not yet completed as at 31 March 2022.

During the financial year ended 31 March 2022 the Group changed its property and equipment accounting system which resulted in reclassification of assets among categories as well as changes to the depreciation rates and methodologies. The impact of these are reflected as adjustments in the note above and are part of the depreciation expense for the year.

	<b>The Company</b>	
	<b>Furniture &amp; Fixtures</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cost</b>		
31 March 2022 and 31 March 2021	-	-
<b>Accumulated Depreciation</b>		
31 March 2021 and 31 March 2022	-	-
<b>Net Book Values</b>		
31 March 2022	-	-
31 March 2021	-	-

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2022

(Expressed in thousands of Trinidad and Tobago dollars)

### 17. Deferred 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.

	The Group	
	2022	2021
	\$'000	\$'000
<b>Deferred tax assets</b>		
Investment securities	2,670	-
Tax losses carried forward	3,314	9,815
Impairment losses on financial assets	18,790	11,251
Leases	1,218	764
Deferred fees	3,365	356
Property and equipment	1,212	508
	30,569	22,694
<b>Deferred tax liabilities</b>		
Deferred fees	-	(6)
Leases	(310)	-
Property and equipment	(240)	-
Investment securities	(3,838)	(9,258)
	(4,388)	(9,264)
<b>Net deferred tax asset</b>	26,181	13,430

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

	2022			
	The Group			
	Balance at Beginning of Year	Adjustment through Retained Earnings	Recognised in Profit or Loss	Recognised in Other Comprehensive Income
	\$'000	\$'000	\$'000	\$'000
Investment securities	(9,258)	-	-	8,090
Tax losses carried forward	9,815	-	(6,501)	-
Impairment losses on financial assets	11,251	-	7,539	-
Leases	764	-	144	-
Deferred fees	350	459	2,556	-
Property and equipment	508	-	464	-
	13,430	459	4,202	8,090
				26,181

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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### 17. Deferred Taxes (continued)

	2021			
	The Group			
	Balance at Beginning of Year	Recognised in Profit or Loss	Recognised in Other	
			Comprehensive Income	Balance at End of Year
	\$'000	\$'000	\$'000	\$'000
Investment securities	17,999	(17)	(27,240)	(9,258)
Tax losses carried forward	5,556	4,259	-	9,815
Impairment losses on financial assets	4,676	6,575	-	11,251
Leases	473	291	-	764
Deferred fees	(11)	361	-	350
Property and equipment	(118)	626	-	508
	28,575	12,095	(27,240)	13,430

### 18. Share Capital And Reserves

#### (i) Share capital

	Group and Company	
	2022	2021
	\$'000	\$'000
<b>Authorised: An unlimited number of ordinary &amp; preference shares, par value TT\$1.00</b>		
Issued and fully paid: 208,161,086 (2019:178,161,086) ordinary shares	208,161	208,161

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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### 18. Share Capital and Reserves (continued)

#### (i) Share capital (continued)

On 28 June 2019 the Company increased its authorised share capital from 178,161,086 to 208,161,086 by the creation of an additional 30,000,000 ordinary shares to rank pari passu, in all respects, with the existing ordinary shares. The newly created shares were then issued.

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 Company's residual assets.

#### (ii) Investment revaluation reserve

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

#### (iii) Retained earnings

In accordance with the Financial Institutions Act, 2008, the Group's subsidiaries, JMMB Bank (T&T) Limited and JMMB Express Finance (T&T) Limited are required to transfer at the end of each financial year no less than 10% of their net income after tax to a statutory reserve fund until the amount standing to the credit of the statutory reserve fund is not less than their paid-up capital. The total held in the Statutory Reserve for the subsidiaries are \$39,104 (2021: \$37,136). On consolidation the reserve is absorbed into Retained Earnings. The reserve portion in Retained Earnings is not available for distribution as dividend or for any other form of appropriation.

### 19. Customer Deposits

	The Group	
	2022	2021
	\$'000	\$'000
Savings	394,963	414,870
Demand	989,262	865,068
Time	1,051,877	1,179,236
	<u>2,436,102</u>	<u>2,459,174</u>

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### 19. Customer Deposits (continued)

Sectoral analysis of deposits is as follows:

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
State enterprises	346,230	314,930
Corporate and commercial	1,229,815	1,356,939
Personal	860,057	787,305
	<u>2,436,102</u>	<u>2,459,174</u>

### 20. Securities Sold Under Agreements to Repurchase

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Denominated in Trinidad and Tobago dollars	379,867	377,636	-	-
Denominated in United States dollars	203,316	190,528	-	-
	<u>583,183</u>	<u>568,164</u>	<u>-</u>	<u>-</u>

Repurchase agreements are collateralised by certain securities and other instruments held by the Group with a carrying value of \$599,963 (2021: \$589,958), (Note 14).

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### **21. Related Party Transaction and Balances**

- (a) A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the “reporting entity” in this case, ‘the Group’).
  - (i) A person or a close member of that person’s family is related to the Company if that person:
    - (1) has control or joint control over the Company;
    - (2) has significant influence over the Company; or
    - (3) is a member of the key management personnel of the Company or of a parent of the company.
  - (ii) An entity is related to the Company if any of the following conditions applies:
    - (1) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
    - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
    - (3) Both entities are joint ventures of the same third party.
    - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
    - (5) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
    - (6) The entity is controlled, or jointly controlled by a person identified in (i).
    - (7) A person identified in (i) (1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
    - (8) The entity, or any member of a Group of which it is a part, provides key management personnel services to the group or to the parent of the Group.

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### 21. Related Party Transaction and Balances (continued)

- (a) (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.

- (b) The statement of financial position includes balances, other than those specifically disclosed on the statement, arising in the normal course of business, with related parties, as follows:

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Due from related parties:</b>		
<b>Ultimate Parent</b>		
Accounts receivable	754	572
<b>Affiliated companies</b>		
Receivables	1,009	827
<b>Directors and key management personnel</b>		
Loans and notes receivable	4,422	5,732
	<b>6,185</b>	<b>7,131</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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### 21. Related Party Transaction and Balances (continued)

- (b) The statement of financial position includes balances, other than those specifically disclosed on the statement, arising in the normal course of business, with related parties, as follows: (continued)

	The Group	
	2022	2021
	\$'000	\$'000
<b>Due to related parties:</b>		
<b>Affiliated companies</b>		
Accounts payable	39,891	14,481
Securities sold under agreements to repurchase	14,700	14,316
Other notes payable	18,812	17,897
<b>Parent company</b>		
Accounts payable	54,832	47,570
<b>Ultimate parent company</b>		
Customer deposits	9,131	7,925
Redeemable Preference Shares	33,772	33,802
Securities sold under agreements to repurchase	-	106
Other notes payable	74,243	68,605
Dividend payable	13,909	10,231
<b>Directors and key management personnel</b>		
Customer deposits	2,487	2,714
Securities sold under agreements to repurchase	263	266
	<u>262,060</u>	<u>217,913</u>

For related party transactions, general payables and receivables have no specific condition or terms attached to the transaction. With regard to customer deposits and other funding instruments, these are generally conducted at market rates on commercial terms and conditions.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

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### 21. Related Party Transaction and Balances (continued)

- (c) The statement of profit or loss and other comprehensive income includes the following income earned from, and expenses incurred in, transactions with related parties, in the ordinary course of business: (continued)

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income	247	324
Interest expense	(7,053)	(7,187)

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Advance to acquire shares				
in associated company	31,628	31,628	31,628	31,628
Dividends payable	13,909	10,231	13,909	10,231
Other advances	116,309	109,324	14,035	13,606
	<u>161,846</u>	<u>151,183</u>	<u>59,572</u>	<u>55,465</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

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### 21. Related Party Transaction and Balances (continued)

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

	The Group	
	2022	2021
	\$'000	\$'000
Directors fees (Note 8)	1,777	1,665
Other short-term employee benefits	11,608	12,276
Post-employment benefits	862	1,096
	14,247	15,037

The Group has determined that there is no Expected Credit Loss (ECL) on related party balances as at 31, March 2022 (2021: NIL).

### 22. Notes Payable

	The Group		The Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
(i) Subordinated debt TT\$ note	100,000	100,000	-	-
(ii) Senior secured TT\$ note	107,380	103,200	-	-
(iii) Senior secured US\$ note	32,421	77,744	-	-
(iv) Unsecured TT\$ note	70,000	21,530	-	-
(v) Unsecured US\$ note	45,255	-	-	-
	355,056	302,474	-	-

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### 22. Notes Payable (continued)

- (i) This represents subordinated debt issued by a subsidiary for an initial term of five (5) years, to mature on 28 March 2024, at a fixed rate of 4.5% per annum. This debt was increased to \$100 million in December 2017 and investors agreed to extend the tenor of the debt to 2027 with an interest rate of 5%. It's maturity date was further extended effective 28 March 2022 to 28 March 2030 at the existing rate of 5%.
- (ii) This represents fixed rate TT\$ debt issued in two tranches bearing interest from 3.00% to 3.75% per annum, payable on a semi-annual basis. The notes mature in November 2022 and November 2024 and are secured by investment securities (Note 14).
- (iii) This represents fixed rate US\$ debt issued in two tranches bearing interest from 3.15% to 3.65% per annum, payable on a semi-annual basis. The notes mature in November 2022 and November 2024 and are secured by investment securities (Note 14).
- (iv) This represents fixed rate US\$ debt bearing interest from 3.25% to 3.30% per annum payable on a semi-annual basis. These notes are unsecured and mature in November 2022 and July 2023.
- (v) This represents fixed rate US\$ debt bearing interest at 4% per annum payable on a semi-annual basis. This debt is unsecured and matures in November 2025

### Analysis of changes in financing during the year

Reconciliation of movements in liabilities to cash flows arising from financing activities

	The Group		The Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	302,474	285,704	-	-
Proceeds from issue of Debt securities	246,679	137,434	-	-
Repayment of Debt securities	(194,097)	(120,664)	-	-
	<u>355,056</u>	<u>302,474</u>	<u>-</u>	<u>-</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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### 23. Redeemable Preference Shares

	The Group	
	2022	2021
	\$'000	\$'000
JMMB Group Limited	33,772	33,802

This instrument is unsecured and bears interest at 6.0% per annum, with interest payable on a quarterly basis. It matures 14 January 2024.

### 24. Accounts Payable

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Trade payables	86,149	75,285	-	-
Other payables	96,690	25,866	1,857	1,782
	182,839	101,151	1,857	1,782

### 25. Dividend Declared

	2022	2021
	\$'000	\$'000
Ordinary shares dividend	3,678	3,274

Ordinary dividend of \$0.01767 (2021: \$0.01573) per stock unit was declared.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

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### 26. Leases – Right of Use Asset and Lease Liability

#### (a) Leases as lessee

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

The Group leases IT 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. The Group has elected not to recognise right of use assets and lease liabilities for these leases as allowed under the standard.

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

#### (i) Right of use assets

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

	<b>Land and building</b>	
	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 April	34,988	45,012
Depreciation charge for the year	(7,369)	(8,243)
Additions to Right of use assets	904	-
Sub lease	(905)	-
**Remeasurement	-	(1,781)
<b>Balance at 31 March</b>	<b>27,618</b>	<b>34,988</b>
Amounts recognised in profit or loss	(7,369)	(8,243)

\*\* Right of use remeasurement is due to modification of the lease terms of two leases

#### (ii) Lease liability

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 April	37,170	46,364
Interest expense	2,200	2,731
Additions to right of use liabilities	904	-
Re-measurement (see note above)	-	(1,781)
Lease payments	(9,167)	(10,144)
<b>Balance at 31 March</b>	<b>31,107</b>	<b>37,170</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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### 26. Leases – Right of use Asset/ Liability (continued)

#### (a) Leases as Lessee (continued)

##### (iii) Lease liability maturity analysis

	The Group	
	2022 \$'000	2021 \$'000
Less than one year	8,332	9,138
Between one and five years	22,349	25,619
Over 5 years	8,635	12,653
Interest	(8,209)	(10,240)
Present value of minimum lease payments	31,107	37,170
Finance lease liabilities are payable as follows:		
Less than 1 year	6,514	6,947
Between one and five years	17,213	19,412
Over 5 years	7,380	10,811
	31,107	37,170

##### (iv) Amounts recognised in profit or loss

	The Group	
	2022 \$'000	2021 \$'000
Interest on lease liabilities	2,200	2,731
Expenses relating to short-term leases and low-value assets	4,116	2,456
Contingent lease payments	38,272	40,311

##### (v) Amounts recognised in statement of cash flows

Total cash outflows for leases	9,167	10,144
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##### (vi) Extension options

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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### 27. Financial Risk Management

#### Introduction and Overview

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

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

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

#### *Risk Governance*

The Board has delegated responsibilities at the subsidiary levels to various sub committees for the areas of Credit Risk Management, Audit and Compliance and Enterprise Risk Management. These Board sub committees currently employ an integrated Enterprise Risk Management Framework supported by several Management Committees in order to ensure the maximization of shareholders' value within the Group's risk appetite.

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

At the individual subsidiary level, the Audit and Compliance and Risk Management Committees are responsible for monitoring compliance with the Group's Risk Management policies and procedures and for reviewing the adequacy of the Enterprise Risk Management Framework in relation to the risks faced by the Group in keeping with the risk appetite. The Audit and Compliance and Risk Committees are assisted in its oversight role by the Internal Audit, Compliance and Risk Units. The Internal Audit Department undertakes both planned and special reviews of risk management controls and procedures, the result of which are reported to the Audit and Compliance and Risk Committees. The Risk Management and Compliance Units ensures adherence to internal policies and procedures, and regulatory rules and guidelines.

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### **27. Financial Risk Management (continued)**

#### **Impact of Covid-19**

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

The Group operates in multiple segments of the local financial sector that are susceptible to the impact of any resurgence in the Covid-19 pandemic. The Group continues to monitor its exposure to systemic risk and has continues to focus on active management of capital, liquidity and operational risks.

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

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

- (i) Enhanced monitoring of market movements by the Risk Unit and the impact on the credit and investment portfolios and the resulting impact on capital and liquidity to support timely decision making.
- (ii) Ensuring that the Group's recovery plan is kept up to date. The key aspects of the plan include:
  - Measures to secure sufficient funding and adequate availability;
  - Contingency arrangements that enable continuation of operations as recovery measures are being implemented;
  - Actions that can be taken to strengthen the entity's capital base;
  - A clear escalation and decision-making process to ensure that the plan can be executed in a timely manner; and
  - Crisis Management and Communication plan to ensure that stakeholders (internal and external) are given timely and appropriate information during any recovery process.
- (iii) Keeping close communication with our clients and supporting them through the use of payment accommodations where appropriate as well as restructuring options to provide more appropriate payment arrangements and modification of loan terms and conditions based on clients' specific situation. Other special arrangements with clients, such as amending their collateral/margin requirements on select products based on their needs continue to be utilized in some cases.

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### 27. Financial Risk Management (continued)

#### (a) Credit risk

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

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

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

#### **Management of credit risk**

At the subsidiary level, the Board has delegated responsibility for the management of credit risk to its Board Enterprise Risk Management Committee (ERMC), the Management Credit Committee and individual Team Members as deemed necessary. A separate Group Credit Risk department, reporting to the Chief Risk Officer, is responsible for oversight of the Group's credit risk. The Group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

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

#### (i) Loans and notes receivable

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

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

#### (ii) Securities purchased under agreements to repurchase

The Group limits its exposure to credit risk by investing in liquid securities and with counterparties that have high credit quality. As a consequence, management's expectation of default is low. The Group has documented investment policies which facilitate the management of credit risk on resale agreements. The Group's exposure and the credit ratings of its counterparties are continually monitored.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

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### **27. Financial Risk Management** (continued)

#### **(a) Credit risk**

##### ***Management of credit risk***

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

#### **(iii) Cash and cash equivalents**

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

With regards to receivables from the equity brokerage business line, generally, equity transactions are settled within three business days after the trade date. However, in instances where this is not adhered to by clients, the Trinidad and Tobago Stock Exchange allows for liquidation of the equities by the broker in settlement of the outstanding amounts. In this regard the Group analyses all outstanding amounts in comparison to the market value of equity securities in the particular client's portfolio. The client's payment history, relationship with the Company and the age of the balances are also factors considered in determining the expected credit loss. Full provision is made for any balance where there is potential loss.

#### **(v) Investment Securities**

For debt securities, 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.

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## Notes to the Consolidated and Separate Financial Statements

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### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

##### (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.

The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to Note 27 (a.ii)(4) for more details.

##### *Credit risk grading*

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

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

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

##### *Retail*

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

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### **27. Financial Risk Management** (continued)

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

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

###### *Commercial & Corporate*

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

###### *Treasury*

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

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### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

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

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

- Financial assets that are debt instruments at FVOCI
- Loans and notes receivable
- Loan commitments issued.

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. A description of how the group determines when a significant increase in credit risk has occurred is detailed below.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A description of inputs, assumptions and estimation techniques used in measuring the ECL is provided below in Note 27 (a.ii)(4).
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information. An explanation of how the Group has incorporated this in its ECL models, is included in Note 27 (a.ii)(5) below.
- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit- impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

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

#### (1) Significant increase in credit risk

##### *Determining when credit risk has increased significantly*

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

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### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

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

##### (1) Significant increase in credit risk (continued)

###### **Determining when credit risk has increased significantly** (continued)

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

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

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

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

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

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

##### (2) Definition of default

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

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

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### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

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

##### (2) Definition of default (continued)

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

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

##### (3) Presentation of allowance for ECL in the statement of financial position

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

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

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

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### **27. Financial Risk Management** (continued)

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

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

##### **(4) Computation of the expected credit loss** (continued)

During the financial year ended March 2022, the Group clarified its definition of EAD. Specifically, EAD is no longer taken as the gross carrying amount at the time of default. Instead, EAD is computed as the sum of the amount invested, amortized amount and accrued interest to reflect contractual cash flows.

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

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

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

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### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

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

##### **(5) Incorporation of forward-looking information**

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

The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

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

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

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

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

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

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.

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### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

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

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

##### Collateral

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

The main collateral types are as follows: -

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

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

##### Reposessed collateral

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

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### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

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

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

##### Loans and notes receivable

The Group	2022			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	\$'000	\$'000	\$'000	\$'000
Standard monitoring	1,125,381	-	-	1,125,381
Special monitoring	-	186,091	-	186,091
Default	-	-	124,650	124,650
Gross carrying amount	1,125,381	186,091	124,650	1,436,122
Loss allowance	(13,255)	(33,939)	(38,302)	(85,495)
Carrying amount	1,112,126	152,152	86,348	1,350,626
The Group	2021			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	\$'000	\$'000	\$'000	\$'000
Standard monitoring	1,128,481	-	-	1,128,481
Special monitoring	-	282,303	-	282,303
Default	-	-	150,196	150,196
Gross carrying amount	1,128,481	282,303	150,196	1,560,980
Loss allowance	(15,891)	(23,479)	(37,790)	(77,160)
Carrying amount	1,112,590	258,824	112,406	1,483,820

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## 27. Financial Risk Management (continued)

### (a) Credit risk (continued)

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

Credit risk not recognised on the Statement of Financial Position

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Acceptances, guarantees, Letters of credit	4,005	1,233	-	-
Undrawn credit commitments	7,924	9,258	-	-
ECL	-	-	-	-
	<u>11,929</u>	<u>10,491</u>	<u>-</u>	<u>-</u>

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### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

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

##### Investments securities

##### The Group

	2022		
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
	\$'000	\$'000	\$'000
Total	\$'000		
Investment grade	320,069		320,069
Watch	1,445,993	125,920	1,571,912
Default	-	-	1
Carrying amount	1,766,062	125,920	1,891,983

##### The Group

	2021		
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
	\$'000	\$'000	\$'000
Total	\$'000		
Investment grade	260,120	-	260,120
Watch	1,101,314	98,232	1,199,546
Default	-	-	1,129
Carrying amount	1,361,434	98,232	1,460,795

##### **Financial instruments not subject to impairment**

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

	Maximum exposure from financial assets The Group	
	2022	2021
	\$'000	\$'000
<i>Financial assets designated at fair value through profit or loss (FVTPL):</i>		
Debt securities	61,145	60,946
Equities	27,033	3,043
<i>Financial assets at fair value through other comprehensive income (FVOCI):</i>		
Equities	15,754	13,856

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### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

##### (a.iv) Loss allowance

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

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

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

##### Retail

	The Group			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Loss allowance at 1 April 2021</b>	6,419	5,035	8,824	20,278
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(290)	290	-	-
Transfer from Stage 1 to Stage 3	(2,638)	-	2,638	-
Transfer from Stage 2 to Stage 1	173	(173)	-	-
Transfer from Stage 2 to Stage 3	-	(1,262)	1,262	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	3,757	144	1,154	5,055
Changes in PDs/LGDs/EADs	1,703	(912)	6,901	7,692
Financial assets derecognised during period	(2,292)	(1,057)	(3,192)	(6,541)
Write offs	-	-	(7,063)	(7,063)
<b>Loss allowance at 31 March 2022</b>	6,832	2,065	10,524	19,421

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### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

##### (a.iv) Loss allowance (continued)

##### Loans and notes receivable

##### Retail

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

##### Corporate/commercial

	The Group			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Loss allowance at 1 April 2021</b>	9,472	18,445	28,965	56,882
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(3,001)	3,001	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	654	(654)	-	-
Transfer from Stage 2 to Stage 3	-	(1)	1	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	1,600	22,488	-	24,088
Changes in PDs/LGDs/EADs	677	(478)	(1,061)	(862)
Financial assets derecognised during period	(2,979)	(10,926)	(128)	(14,033)
Write offs	-	-	-	-
<b>Loss allowance at 31 March 2022</b>	<b>6,423</b>	<b>31,875</b>	<b>27,777</b>	<b>66,075</b>

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### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

##### (a.iv) Loss allowance (continued)

##### Loans and notes receivable (continued)

Corporate/commercial	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Loss allowance at 1 April 2020</b>	12,343	10,756	12,864	35,963
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(9,094)	9,094	-	-
Transfer from Stage 1 to Stage 3	(14,663)	-	14,663	-
Transfer from Stage 2 to Stage 1	319	(319)	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	2,884	2,329	3,779	8,992
Changes in PDs/LGDs/EADs	21,544	(1,441)	1,797	21,900
Financial assets derecognised during period	(3,862)	(1,971)	(4,140)	(9,973)
Write offs	-	-	-	-
<b>Loss allowance at 31 March 2021</b>	<b>9,472</b>	<b>18,445</b>	<b>28,965</b>	<b>56,882</b>

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### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

##### (a.iv) Loss allowance (continued)

##### Loans and notes receivable (continued)

Receivables	The Group			
	2022			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Loss allowance at 1 April 2021	-	267	-	267
Movements with P&L impact				
Total net P&L charge during the period	-	182	-	182
Loss allowance at 31 March 2022	-	449	-	449

Receivables	The Group			
	2021			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Loss allowance at 1 April 2020	8	169	-	177
Movements with P&L impact				
Total net P&L charge during the period	(8)	98	-	90
Loss allowance at 31 March 2021	-	267	-	267

Investment Securities	The Group			
	2022			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Loss allowance at 1 April 2021	2,850	1,747	538	5,135
Transfer from Stage 1 to Stage 2	(286)	286	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	40	(40)	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Financial assets derecognised during period	(499)	(12)	(445)	(956)
New financial assets originated or purchased	908	-	-	908
FX and other changes in inputs used	(58)	2,033	(92)	1,883
Write offs	-	-	-	-
Loss allowance at 31 March 2022	2,955	4,014	1	6,970

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### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

##### (a.iv) Loss allowance (continued)

##### Investment securities (continued)

##### Investment Securities

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Loss allowance at 1 April 2020</b>	3,484	29	-	3,513
Transfer from Stage 1 to Stage 2	(133)	133	-	-
Transfer from Stage 1 to Stage 3	(5)	-	5	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Financial assets derecognised during period	(544)	-	-	(544)
New financial assets originated or purchased	432	-	-	432
FX and other changes in inputs used	(384)	1,585	533	1,734
Write offs	-	-	-	-
<b>Loss allowance at 31 March 2021</b>	<b>2,850</b>	<b>1,747</b>	<b>538</b>	<b>5,135</b>

The following tables further explain changes in the gross carrying amount of the loans and notes receivables, receivables and investment securities to help explain their significance to the changes in the loss allowance for the same portfolio as above:

#### Loans and notes receivable

##### Retail

	The Group			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2021</b>	490,788	46,138	25,436	562,362
Transfer from Stage 1 to Stage 2	(6,998)	6,998	-	-
Transfer from Stage 1 to Stage 3	(3,329)	-	3,329	-
Transfer from Stage 2 to Stage 1	17,492	(17,492)	-	-
Transfer from Stage 2 to Stage 3	-	(1,340)	1,340	-
Transfer from Stage 3 to Stage 2	-	35	(35)	-
New financial assets originated or purchased	230,749	6,105	1,272	238,126
Financial assets derecognised during the period other than write-offs & paydowns	(197,823)	(22,530)	(2,830)	(223,183)
Write offs	-	-	(7,063)	(7,063)
<b>Balance at 31 March 2022</b>	<b>530,879</b>	<b>17,914</b>	<b>21,449</b>	<b>570,242</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

##### (a.iv) Loss allowance (continued)

##### Loans and notes receivable (continued)

Retail	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2020</b>	677,318	36,925	27,630	741,873
Transfer from Stage 1 to Stage 2	(35,910)	35,910	-	-
Transfer from Stage 1 to Stage 3	(6,940)		6,940	-
Transfer from Stage 2 to Stage 1	9,451	(9,451)		-
Transfer from Stage 2 to Stage 3	-	(5,914)	5,914	-
Transfer from Stage 3 to Stage 2	-	14	(14)	-
New financial assets originated or purchased	135,976	4,987	3,135	144,098
Financial assets derecognised during the period other than write-offs & paydowns	(289,107)	(16,333)	(8,921)	(314,361)
Write offs	-	-	(9,248)	(9,248)
<b>Balance as at 31 March 2021</b>	490,788	46,138	25,436	562,362

Corporate/commercial	The Group			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2021</b>	637,693	236,165	124,760	998,618
Transfer from Stage 1 to Stage 2	(41,858)	41,858	-	-
Transfer from Stage 1 to Stage 3	(166)	-	166	-
Transfer from Stage 2 to Stage 1	83,483	(83,483)	-	-
Transfer from Stage 2 to Stage 3	-	(792)	792	-
Transfer from Stage 3 to Stage 2	-	35	(35)	-
New financial assets originated or purchased	243,874	109,111	22,584	375,569
Financial assets derecognised during the period other than write-offs & paydowns	(328,524)	(134,682)	(45,101)	(508,305)
Write offs	-	-	-	-
<b>Balance at 31 March 2022</b>	594,502	168,212	103,166	865,880

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

##### (a.iv) Loss allowance (continued)

##### Loans and notes receivable (continued)

##### Corporate/commercial

	The Group			
	2021			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Balance at 1 April 2020</b>	694,575	192,414	74,412	961,401
Transfer from Stage 1 to Stage 2	(116,019)	116,019	-	-
Transfer from Stage 1 to Stage 3	(29,018)	-	29,018	-
Transfer from Stage 2 to Stage 1	27,369	(27,369)	-	-
Transfer from Stage 2 to Stage 3	-	(24,602)	24,602	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	216,547	29,464	4,947	250,958
Financial assets derecognised during the period other than	(155,761)	(49,761)	(8,219)	(213,741)
Write offs	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>637,693</b>	<b>236,165</b>	<b>124,760</b>	<b>998,618</b>

##### Receivables

	The Group			
	2022			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Balance at 1 April 2021</b>	5,988	267	-	6,255
Movements with P&L impact				
New financial assets originated or Purchased	4,855	182	-	5,037
Financial assets derecognised during the period				
<b>Balance at 31 March 2022</b>	<b>10,843</b>	<b>449</b>	<b>-</b>	<b>11,292</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

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(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

##### (a.iv) Loss allowance (continued)

Receivables	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2020	5,112	177	-	5,289
Movements with P&L impact	-	-	-	-
New financial assets originated or Purchased	876	90	-	966
Financial assets derecognised during the period	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>5,988</b>	<b>267</b>	<b>-</b>	<b>6,255</b>

#### Investment securities

	The Group			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2021	1,361,344	98,322	1,129	1,460,795
<b>Transfers:</b>				
Transfer from Stage 1 to Stage 2	(45,465)	45,465	-	-
Transfer from Stage 2 to Stage 1	354	(354)		
Financial assets derecognised during period	(487,569)	(2,482)	(902)	(490,953)
New financial assets originated or purchased	962,531			962,531
FX and other changes in inputs used in ECL calculations	(25,223)	(14,944)	(223)	(40,390)
<b>Balance at 31 March 2022</b>	<b>1,765,972</b>	<b>126,007</b>	<b>4</b>	<b>1,891,983</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

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(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

##### (a.iv) Loss allowance (continued)

##### Investment securities

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2020</b>	1,100,783	1,611	-	1,102,394
<b>Transfers:</b>				
Transfer from Stage 1 to Stage 2	(88,320)	88,320	-	-
Transfer from Stage 1 to Stage 3	(766)	-	766	-
Financial assets derecognised during period	(282,255)	-	-	(282,255)
New financial assets originated or purchased	544,380	-	-	544,380
FX and other changes in inputs used in ECL calculations	87,522	8,391	363	96,276
<b>Balance at 31 March 2021</b>	<b>1,361,344</b>	<b>98,322</b>	<b>1,129</b>	<b>1,460,795</b>

##### Reverse Repurchase Agreement

	The Group			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	TT\$'000	TT\$'000	TT\$'000	TT\$'000
<b>Balance at 1 April 2021</b>				
Financial Assets Derecognized	-	-	-	-
New financial assets originated or purchased	-	-	-	-
<b>Balance at 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

## 27. Financial Risk Management (continued)

### (a) Credit risk (continued)

#### (a.iv) Loss allowance (continued)

#### Reverse Repurchase Agreement

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	TT\$'000	TT\$'000	TT\$'000	TT\$'000
<b>Balance at 1 April 2020</b>	9,832	-	-	9,832
Financial Assets Derecognized	(9,832)	-	-	(9,832)
New financial assets originated or purchased	-	-	-	-
<b>Balance at 31 March 2021</b>	-	-	-	-

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2022

(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

#### (a) Credit risk (continued)

##### (a.v) Write-off policy

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

The Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended March 31, 2022 was \$7,063 thousand (2021: \$9,248). The Group still seeks to recover amounts it is legally owed, but which have been partially written off.

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

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.

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

	<b>Loans Notes Receivable</b>		<b>Investment Securities</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Gross amount	1,436,122	1,560,980	1,995,915	1,538,640
<b>Concentration by sector</b>				
Corporate/commercial	865,880	998,618	836,690	749,895
Sovereign		-	1,121,894	772,265
Bank		-	37,331	16,480
Retail	570,242	562,362	-	-
	1,436,122	1,560,980	1,995,915	1,538,640
<b>Concentration by location</b>				
Trinidad	1,431,239	1,524,916	1,593,449	1,083,169
Regional	434	519	177,308	160,601
Other	4,449	35,545	225,158	294,870
	1,436,122	1,560,980	1,995,915	1,538,640

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

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### **27. Financial Risk Management (continued)**

#### **(b) Settlement risk**

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

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

#### **(c) Liquidity risk**

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

##### *Management of liquidity risk*

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2022

(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

#### (c) Liquidity risk (continued)

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

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

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

The following table presents the contractual maturities of financial liabilities, including interest payments, on the basis of their earliest possible contractual maturity.

	The Group					
	2022					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Nominal Cash flow	Carrying Amount
	TT\$ 000	TT\$ 000	TT\$ 000	TT\$ 000	TT\$ 000	TT\$ 000
Customer deposits	1,801,721	755,893	9,871	188	2,567,673	2,436,102
Securities sold under agreements to repurchase	233,085	355,519	-	-	588,604	583,183
Subordinated debt	-	2,521	22,493	100,000	125,014	100,000
Lease liability	2,173	6,159	22,349	8,635	39,316	31,107
Interest payable	15,189	-	-	-	15,189	15,189
Accounts payable	182,839	-	-	-	182,839	182,839
Due to related party	135,716	26,343	-	-	162,059	161,846
Preference shares	-	-	34,211	-	34,211	33,772
Notes payable	-	139,542	116,470	-	256,012	255,056
Total financial liabilities	2,370,723	1,285,977	205,394	108,823	3,970,017	3,799,094
Bonds, Guarantees and Letters of Credit	3,352	66	587	-	4,005	4,005
Undrawn Credit Commitments	7,924	-	-	-	7,924	7,924
Total Credit Commitments	11,276	66	587	-	11,929	11,929

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2022

(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

#### (c) Liquidity risk (continued)

	The Group					
	2021					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Nominal Cash flow	Carrying Amount
	TT\$ 000	TT\$ 000	TT\$ 000	TT\$ 000	TT\$ 000	TT\$ 000
Customer deposits	1,281,446	920,103	215,183	101	2,416,833	2,459,174
Securities sold under agreements to repurchase	225,523	348,185	-	-	573,708	568,164
Subordinated debt	-	2,521	25,014	102,479	130,014	100,000
Lease liability	2,502	6,636	25,619	12,653	47,410	37,170
Interest payable	18,485	-	-	-	18,485	18,485
Accounts payable	101,151	-	-	-	101,151	101,151
Due to related party	95,718	55,465	-	-	151,183	151,183
Preference shares	-	-	34,246	-	34,246	33,802
Notes payable	-	195,233	8,487	-	203,720	202,474
Total financial liabilities	1,724,825	1,528,143	308,549	115,233	3,676,750	3,671,603
Bonds, Guarantees and Letters of Credit	465	176	592	-	1,233	1,233
Undrawn Credit Commitments	9,258	-	-	-	9,258	9,258
Total Credit Commitments	9,723	176	592	-	10,491	10,491

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2022

(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

#### (c) Liquidity risk (continued)

	The Company				
	2022				
	Less than 3 Months	3 to 12 Months	Over 12 Months	Nominal Cash flow	Carrying Value
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Liabilities</b>					
Owed to ultimate parent company	59,572	-	-	59,572	59,572
Accounts payable	1,857	-	-	1,857	1,857
	61,429	-	-	61,429	61,429

	The Company				
	2021				
	Less than 3 Months	3 to 12 Months	Over 12 Months	Nominal Cash flow	Carrying Value
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Liabilities</b>					
Owed to ultimate parent company	-	55,465	-	55,465	55,465
Accounts payable	1,782	-	-	1,782	1,782
	1,782	55,465	-	57,247	57,247

#### (d) Market risk

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

##### Management of market risks

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

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### 27. Financial Risk Management (continued)

#### (d) Market risk

##### Value at Risk (VaR)

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

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

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

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### 27. Financial Risk Management (continued)

#### (d) **Market risks** (continued)

##### **Value at Risk (VaR)** (continued)

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

	<b>March 31</b>	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
	<b>\$'000</b>	<b>for Year</b>	<b>during Year</b>	<b>during Year</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
2022 Overall VaR	15,624	14,034	8,104	19,907

The Group commenced calculating and reporting Value at Risk on a consolidated basis during the financial year ended 31 March 2022. As such no prior year data is available.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2022

(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

#### (d) Market risk (continued)

##### (i) Foreign currency risk

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

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

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

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

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

	The Group		The Company		Exchange rates	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000		
United States dollars	396,459	285,105	-	-	6.75	6.76
Great Britain Pound	2,653	456	-	-	9.16	9.59
Euros	5,809	1,182	--	-	7.82	8.21
Canadian dollars	(2,072)	(494)	-	-	5.56	5.49
Jamaican dollars	(427)	(37)	-	-	0.04	0.05

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

### 27. Financial Risk Management (continued)

#### (d) Market risk (continued)

##### (i) Foreign currency risk (continued)

#### ***Sensitivity to foreign exchange rate movements***

The following tables indicate the currencies to which the Group had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the effect on profit in local currency of a reasonably possible change in foreign exchange rates at the reporting date:

	The Group			
	Change in Currency Rate	Effect on Profit	Change in Currency Rate	Effect on Profit
	2022	2022	2021	2021
	%	\$'000	%	\$'000
<b>Currency:</b>				
BBD	6	1	6	2
CAD	6	(124)	6	(30)
EUR	6	349	6	71
GBP	6	159	6	27
USD	6	24,739	6	16,864
XCD	6	(1)	6	-
		25,123		16,934

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

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### 27. Financial Risk Management (continued)

#### (d) Market risk (continued)

##### (ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the operation to cash flow interest risk, whereas fixed interest rate instruments expose the operation to fair value interest risk.

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

There were no changes in the Group's approach to managing its interest rate risk during the year,

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

	The Group						Total
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 March 2022</b>							
<b>Financial assets</b>							
Cash and cash equivalents	212	-	-	-	-	655,186	655,398
Loans and notes receivable	148,788	73,595	878,326	210,002	32,891	-	1,343,602
Investment securities	485,053	75,311	168,956	661,178	561,874	43,543	1,995,915
Interest receivable	-	-	-	-	-	34,330	34,330
Accounts receivable	-	-	-	-	-	30,550	30,550
<b>Total financial assets</b>	<b>634,053</b>	<b>148,906</b>	<b>1,047,282</b>	<b>871,180</b>	<b>594,765</b>	<b>763,609</b>	<b>4,059,795</b>
<b>Financial liabilities</b>							
Customer deposits	1,689,167	325,867	411,496	9,389	183	-	2,436,102
Securities sold under agreements to repurchase	231,080	122,702	229,401	-	-	-	583,183
Lease liability	-	-	-	-	-	31,107	31,107
Due to related party	66,714	26,341	-	-	-	68,791	161,846
Interest payable	-	-	-	-	-	15,189	15,189
Accounts payable	-	-	-	-	-	182,839	182,839
Notes payable	-	-	139,044	116,012	100,000	-	355,056
Redeemable preference shares	-	-	-	33,772	-	-	33,772
<b>Total financial liabilities</b>	<b>1,986,961</b>	<b>474,910</b>	<b>779,941</b>	<b>159,173</b>	<b>100,183</b>	<b>297,926</b>	<b>3,799,094</b>
<b>Total interest sensitivity gap</b>	<b>(1,352,908)</b>	<b>(326,004)</b>	<b>267,341</b>	<b>712,007</b>	<b>494,582</b>	<b>465,683</b>	<b>260,701</b>
<b>Cumulative interest sensitivity gap</b>	<b>(1,352,908)</b>	<b>(1,678,912)</b>	<b>(1,411,571)</b>	<b>(699,564)</b>	<b>(204,982)</b>	<b>260,701</b>	<b>-</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2022

(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

#### (d) Market risk (continued)

##### (ii) Interest rate risk (continued)

	The Group						Total
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 March 2021</b>							
<b>Financial assets</b>							
Cash and cash equivalents	212	-	-	-	-	835,113	835,325
Loans and notes receivable	222,473	166,832	803,562	193,003	94,001	-	1,483,820
Investment securities	204,422	59,431	120,516	495,823	641,550	16,898	1,538,640
Interest receivable	-	-	-	-	-	39,659	39,659
Accounts receivable	-	-	-	-	-	23,314	23,314
<b>Total financial assets</b>	<b>427,107</b>	<b>226,263</b>	<b>924,078</b>	<b>688,826</b>	<b>735,551</b>	<b>914,984</b>	<b>3,920,758</b>
<b>Financial liabilities</b>							
Customer deposits	1,583,560	414,879	378,941	81,794	-	-	2,459,174
Securities sold under agreements to repurchase	223,421	112,135	232,608	-	-	-	568,164
Lease liability	-	-	-	-	-	37,710	37,170
Due to related party	86,501	-	-	-	-	64,682	151,183
Interest payable	-	-	-	-	-	18,485	18,485
Accounts payable	-	-	-	-	-	101,151	101,151
Notes payable	202,474	-	-	-	100,000	-	302,474
Redeemable preference shares	-	-	-	33,802	-	-	33,802
<b>Total financial liabilities</b>	<b>2,095,956</b>	<b>527,014</b>	<b>611,549</b>	<b>115,596</b>	<b>100,000</b>	<b>221,488</b>	<b>3,671,603</b>
<b>Total interest sensitivity gap</b>	<b>(1,668,849)</b>	<b>(300,751)</b>	<b>312,529</b>	<b>573,230</b>	<b>635,551</b>	<b>693,496</b>	<b>245,206</b>
<b>Cumulative interest sensitivity gap</b>	<b>(1,668,849)</b>	<b>(1,969,600)</b>	<b>(1,657,071)</b>	<b>(1,083,841)</b>	<b>(448,290)</b>	<b>245,206</b>	<b>-</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

### 27. Financial Risk Management (continued)

#### (d) Market risk (continued)

##### (ii) Interest rate risk (continued)

	The Company						Total \$'000
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Over 5 Years	Non - Interest Bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>31 March 2022</b>							
<b>Financial assets</b>							
Cash and cash equivalents	212	-	-	-	-	-	212
Accounts receivable		-	-	-	-	14,274	14,274
<b>Total financial assets</b>	<b>212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,274</b>	<b>14,486</b>
<b>Financial liabilities</b>							
Due to related party	-	-	-	-	-	59,572	59,572
Accounts payable	-	-	-	-	-	1,857	1,857
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,429</b>	<b>61,429</b>
<b>Total interest sensitivity gap</b>	<b>212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(47,155)</b>	<b>(46,943)</b>
<b>Cumulative interest</b>	<b>212</b>	<b>212</b>	<b>212</b>	<b>212</b>	<b>212</b>	<b>(46,943)</b>	<b>-</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2022

(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

#### (d) Market risk (continued)

##### (ii) Interest rate risk (continued)

	The Company						Total \$'000
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Over 5 Years	Non - Interest Bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>31 March 2021</b>							
<b>Financial assets</b>							
Cash and cash equivalents	212	-	-	-	-	-	212
Accounts receivable	-	-	-	-	-	10,569	10,569
<b>Total financial assets</b>	212	-	-	-	-	10,569	10,781
<b>Financial liabilities</b>							
Due to related party	-	-	-	-	-	55,465	55,465
Accounts payable	-	-	-	-	-	1,782	1,782
<b>Total financial liabilities</b>	-	-	-	-	-	57,247	57,247
<b>Total interest sensitivity gap</b>	212	-	-	-	-	(46,678)	(46,466)
<b>Cumulative interest sensitivity gap</b>	212	212	212	212	212	(46,466)	-

#### **Interest sensitivity of financial assets and financial liabilities**

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

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

The Group			The Group		
31 March 2022			31 March 2021		
Change in basis points:	Effect on Net Profit	Effect on Equity	Change in basis points:	Effect on Net Profit	Effect on Equity
	\$'000	\$'000		\$'000	\$'000
-100	(454)	63,165	-100	(475)	58,946
+ 100	454	(56,529)	+ 100	475	(28,376)

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

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### **27. Financial Risk Management** (continued)

#### **(e) Operational risk**

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

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

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

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

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

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

The Group acknowledges that the constantly evolving nature of technology and its importance in the conduct of financial transactions globally, have increased the risk of attacks on the networks and systems that support electronic and digital information and transactions flow. The impact of any such attack on the Group's technology and information systems includes, among others, unauthorised access to these systems, loss, misappropriation and destruction of data including that of customers and other stakeholders, critical system unavailability, increased costs of operations, potential fines and penalties for breaches of privacy laws, reputational damage and financial loss. The Group has adopted a proactive, enterprise-wide approach and has implemented appropriate processes and controls across all its critical electronic interfaces and touch points to continuously monitor, manage and mitigate the impact of this risk on its networks, systems and other technology infrastructure in order to safeguard its information and other assets and by extension those of its customers and other stakeholders.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

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### **27. Financial Risk Management** (continued)

#### **(e) Operational risk** (continued)

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

Specifically, cybersecurity risk is managed and monitored using a separate risk dashboard and a cybersecurity response plan is in place to manage cyber-attacks. These controls are supported by ongoing updates to its technology infrastructure, system vulnerability assessments, training of its team members and sensitisation of customers and other stakeholders to any new and emerging threats.

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

##### **(ii) Business continuity**

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

The objectives of the Group's BCP are to:

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

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2022

*(Expressed in thousands of Trinidad and Tobago dollars)*

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### 28. Capital Management

#### **Regulatory capital**

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

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

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

Based on the regulations, Tier I capital is comprised of:

- a) Common equity Tier 1 Capital which includes inter alia fully paid issued ordinary share capital and surplus, statutory reserve fund, capital and general reserves (excluding those created for asset revaluation and losses on assets) and audited retained earnings.
- b) Fully paid up non-cumulative preference shares and related surplus.

The composition of Tier II capital includes inter alia:

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

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised, and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group and the individually regulated subsidiaries complied with all externally imposed capital requirements throughout the year.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

### 28. Capital Management (continued)

#### **Regulatory capital** (continued)

The Group's approach to capital management has been consistent with that of prior years.

The regulated companies within the group with prescribed capital requirements are Jamaica Money Market Brokers (Trinidad and Tobago) Limited, (JMMB TT Group), JMMB Bank T&T Limited and its subsidiary (JMMB Bank Group), JMMB Investments (Trinidad and Tobago) Limited and JMMB Securities (T&T) Limited.

	Limit	JMMB (TT) Group 2022 \$'000	JMMB (TT) Group 2021 \$'000
Tier 1 capital		343,403	284,906
Tier 2 capital		126,763	136,082
Total regulatory capital		470,166	420,988
<b>Risk-weighted assets:</b>			
Total risk weighted assets -credit risk		2,608,397	2,596,178
Total risk weighted assets -market risk		1,192,162	1,010,185
Total risk weighted assets –operational risk		286,220	273,832
		4,086,779	3,880,195
Common Equity Tier 1 ratio	4.5%	8.40%	7.34%
Tier 1 Capital ratio	6.0%	8.40%	7.34%
Capital Adequacy Ratio	10.0%	11.50%	10.85%

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2022**

*(Expressed in thousands of Trinidad and Tobago dollars)*

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### **29. Fair Value of Financial Instruments**

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 32).

#### **(a) Valuation models**

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

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

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

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

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

#### **(b) Financial instruments measured at fair value-fair value hierarchy**

The following table shows the accounting classification of financial assets and financial liabilities and their fair values.

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) is not disclosed.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2022**

*(Expressed in Trinidad and Tobago dollars unless otherwise indicated)*

### 29. Fair Value of Financial Instruments (continued)

#### (b) Financial instruments measured at fair value-fair value hierarchy (continued)

					The Group			
					31 March 2022			
	Amortised Cost \$'000	Fair Value through Other Comprehensive Income (FVOCI) \$'000	Fair Value through Profit or Loss (FVTPL) \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets measured at fair value</b>								
Government of Trinidad and Tobago securities	-	854,607	-	854,607	236,798	617,809	-	854,607
Other sovereign	-	267,287	-	267,287	267,030	-	257	267,287
Corporate bonds	-	770,089	61,145	831,234	315,578	301,295	214,361	831,234
Quoted and unquoted equities	-	15,754	27,033	42,787	27,710	-	15,077	42,787
	-	1,907,737	88,178	1,995,915	847,115	919,105	229,695	1,995,915
<b>Financial assets not measured at fair value</b>								
Cash and cash equivalents	655,398			655,398				
Interest receivable	34,330	-	-	34,330				
Loans and notes receivable	1,343,602	-	-	1,343,602				
Accounts receivable	30,550	-	-	30,550				
	2,063,880			2,063,880				
<b>Financial liabilities not measured at fair value</b>								
Customer deposits	2,436,102	-	-	2,436,102				
Securities sold under agreements to repurchase	583,183	-	-	583,183				
Lease liability	31,107	-	-	31,107				
Interest payable	15,189	-	-	15,189				
Accounts payable	182,839	-	-	182,839				
Due to related party	161,846	-	-	161,846				
Redeemable preference shares	33,772	-	-	33,772				
Notes payable	355,056	-	-	355,056				
	3,799,094	-	-	3,799,094				

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2022**

*(Expressed in Trinidad and Tobago dollars unless otherwise indicated)*

### 29. Fair Value of Financial Instruments (continued)

#### (b) Financial instruments measured at fair value-fair value hierarchy (continued)

The Group								
31 March 2021								
	Amortised Cost \$'000	Fair Value through Other Comprehensive Income (FVOCI) \$'000	Fair Value through Profit or Loss (FVTPL) \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets measured at fair value</b>								
Government of Trinidad and Tobago securities	-	630,392	-	630,392	224,300	406,092	-	630,392
Other sovereign	-	141,873	-	141,873	141,578	-	295	141,873
Corporate bonds	-	688,530	60,946	749,476	294,841	231,672	222,963	749,476
Quoted and unquoted equities	-	13,856	3,043	16,899	3,595	-	13,304	16,899
	-	1,474,651	63,989	1,538,640	664,314	637,764	236,562	1,538,640
<b>Financial assets not measured at fair value</b>								
Cash and cash equivalents	835,325	-	-	835,325				
Interest receivable	39,659	-	-	39,659				
Loans and notes receivable	1,479,871	-	-	1,479,871				
Accounts receivable	23,314	-	-	23,314				
	2,378,169	-	-	2,378,169				
<b>Financial liabilities not measured at fair value</b>								
Customer deposits	2,459,174	-	-	2,459,174				
Securities sold under agreements to	568,164	-	-	568,164				
Lease liability	37,170	-	-	37,170				
Interest payable	18,485	-	-	18,485				
Accounts payable	101,151	-	-	101,151				
Due to related party	151,183	-	-	151,183				
Redeemable preference shares	33,802	-	-	33,802				
Notes payable	302,474	-	-	302,474				
	3,671,603	-	-	3,671,603				

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2022**

*(Expressed in Trinidad and Tobago dollars unless otherwise indicated)*

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### **29. Fair Value of Financial Instruments** (continued)

#### **(c) 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 parent and affiliated companies are a reasonable estimate of their fair values because of the short maturity of these instruments.

##### *(3) Lease liabilities*

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

##### *(4) Subordinated debt*

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2022**

*(Expressed in Trinidad and Tobago dollars unless otherwise indicated)*

### 29. Fair Value of Financial Instruments (continued)

#### (c) Financial instruments not measured at fair value (continued)

The Company				
31 March 2022				
	Amortised Cost	Fair value through other comprehensive income	Fair Value Through Profit or Loss	Other Liabilities
	\$'000	\$'000	\$'000	\$'000
Total				\$'000
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	212			212
Accounts receivable	14,274			14,274
	14,486			14,486
<b>Financial liabilities not measured at fair value</b>				
Due to related party				59,572
Accounts payable				1,857
				61,429

The Company				
31 March 2021				
	Amortised Cost	Fair value through other comprehensive income	Fair Value Through Profit or Loss	Other Liabilities
	\$'000	\$'000	\$'000	\$'000
Total				\$'000
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	212	-	-	212
Accounts receivable	10,569	-	-	10,569
	10,781	-	-	10,781
<b>Financial liabilities not measured at fair value</b>				
Owed to parent company	-	-	-	55,465
Accounts payable	-	-	-	1,782
	-	-	-	57,247

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2022**

*(Expressed in Trinidad and Tobago dollars unless otherwise indicated)*

### 29. Fair Value of Financial Instruments (continued)

#### (d) Level 3 fair value measurements

##### (i) Reconciliation

The following table presents the changes in Level 3 instruments for the year ended 31 March 2022.

	<b>Government Bonds \$'000</b>	<b>Corporate \$'000</b>	<b>Total \$'000</b>
<b><u>The Group 2022</u></b>			
Opening balance	12,044	224,233	236,267
Additions	7,526	20,838	28,364
Disposals	(4,413)	(30,067)	(34,480)
Total gains or losses:			
- in OCI	(456)	-	(456)
Closing balance	<u>14,701</u>	<u>214,994</u>	<u>229,695</u>
<b><u>The Group 2021</u></b>			
Opening balance	10,863	163,041	173,904
Additions	1,226	82,061	83,287
Disposals	(45)	(20,879)	(20,924)
Total gains or losses:			
- in OCI	-	-	-
Closing balance	<u>12,044</u>	<u>224,223</u>	<u>236,267</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2022**

*(Expressed in Trinidad and Tobago dollars unless otherwise indicated)*

### 29. Fair Value of Financial Instruments (continued)

#### (d) Level 3 fair value measurements

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

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

Type of Financial Instrument	Fair Values at March 31, 2022 \$'000	Valuation Technique	Significant Unobservable Input	(1) Range	(2) Weighted Average
Equities	\$15,077 (2021: \$13,304)	See below	See below	See below	See below
Corporate Bonds	\$214,361 (2021: \$222,963)	Model-Discounted Cash flow	Credit Spread Market yields	3% to 5.5%	3.5%

#### **Equities**

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

#### **Corporate**

Significant unobservable inputs are developed as follows:

**(1)** There is a range of values that represent the highest and lowest levels used in the valuation of the Group's Level 3 financial instruments as March 31, 2022. The ranges of values used are reflective of the underlying characteristics of these Level 3 financial instruments based on the market conditions at the balance sheet date. However, these ranges of values may not represent the uncertainty in fair value measurements of the Group's Level 3 financial instruments

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

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

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### **29. Fair Value of Financial Instruments** (continued)

#### **(d) Level 3 fair value measurements**

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

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

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### 29. Fair Value of Financial Instruments (continued)

#### (e) Valuation techniques for investment

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 model valuation.
(v)	Interest in money market funds	Considered to be the carrying value because of the short-term nature and variable interest rate.

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### 29. Fair Value of Financial Instruments (continued)

#### (c) Fair value measurement (continued):

(vi)	Loans and notes receivable	The fair value of the loan portfolio is considered to be the amortised cost in the absence of an active market
(vii)	Demand deposits and other accounts with no specific maturity	Considered to be the amount payable on demand on the reporting date.
(viii)	Deposits and other liabilities maturing after one year	Discounting future cash flows using reporting date yields of similar investments.

### 30. Contingencies and Commitments

#### (a) Litigation

As at 31 March 2022, there was one legal proceeding outstanding against the Group. Based on legal advice, the directors do not expect the outcome of that action to have material impact on the Group's financial position and as such no provisions were required (2021: NIL).

#### (b) Credit Commitments

As at 31 March 2022, the Group's credit commitments were as follows:

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Undrawn commitments for loans and advances	7,924	9,258
Loan and advances approved pending finalisation of documents	97,423	28,966

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### 31. Operating Segment

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

<u>Reportable segments</u>	<u>Operations</u>
Retail	Loans, deposits and other transactions and balances with retail customers
Corporate/Commercial	Loans, deposits and other transactions and balances with corporate/commercial customers
Treasury and Portfolio management	including corporate finance, and specialised financial trading and funding management backed by investment securities
Bond Trading	Trading of investment securities
Equity Brokerage	Commissions earned on equity trading on behalf of customers and on proprietary book
Other Functions	All other revenue and support functions within the Group

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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### 31. Operating Segment (continued)

	Treasury and The Group						Total
	Retail	Corporate/ Commercial	Treasury and Portfolio Management	Bond Trading	Equity Brokerage	Other Functions	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 31 March 2022</b>							
Net interest income	58,692	68,939	23,430	-	-	-	151,061
Gains on securities trading	-	-	918	4,835	-	-	5,753
Fees and commissions income	7,926	669	127	-	8,821	3,478	21,021
Net revenue from financial instruments at FVTPL	-	-	-	-	5,050	-	5,050
Foreign exchange gains	-	-	24,113	-	(1,272)	-	22,841
Other Income	-	-	-	-	339	-	339
<b>Total Income</b>	<b>66,618</b>	<b>69,608</b>	<b>48,588</b>	<b>4,835</b>	<b>12,938</b>	<b>3,478</b>	<b>206,065</b>
Impairment losses on financial assets	(7,281)	(7,091)	(1,661)	-	(182)	-	(16,215)
Staff costs	(12,570)	(4,816)	(2,350)	-	(1,762)	(59,248)	(80,746)
Operating expenses	(36,604)	(3,277)	(1,034)	-	(1,913)	(18,914)	(61,742)
<b>Total Expenses</b>	<b>(56,455)</b>	<b>(15,184)</b>	<b>(5,045)</b>	<b>-</b>	<b>(3,857)</b>	<b>(78,162)</b>	<b>(158,703)</b>
<b>Profit (loss) before taxation</b>	<b>10,163</b>	<b>54,424</b>	<b>43,543</b>	<b>4,835</b>	<b>9,081</b>	<b>(74,684)</b>	<b>47,362</b>
<b>Segment assets</b>	<b>83,267</b>	<b>1,252,816</b>	<b>2,517,261</b>	<b>8,282</b>	<b>69,612</b>	<b>228,770</b>	<b>4,160,008</b>
<b>Segment liabilities</b>	<b>140,289</b>	<b>2,533,374</b>	<b>1,045,702</b>	<b>27,018</b>	<b>50,214</b>	<b>14,799</b>	<b>3,811,396</b>

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### 31. Operating Segment (continued)

	Treasury and The Group						Total
	Retail	Corporate/ Commercial	Treasury and Portfolio Management	Bond Trading	Equity Brokerage	Other Functions	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 31 March 2021</b>							
Net interest income	50,271	57,096	17,425	-	-	-	124,792
Gains on securities trading	-	-	54	1,737	-	-	1,791
Fees and commissions income	4,550	1,171	316	-	4,915	(54)	10,898
Net revenue from financial instruments at FVTPL	-	-	32	-	-	(3)	29
Foreign exchange gains	-	-	24,035	-	-	-	24,035
Other Income	-	-	-	-	-	309	309
<b>Total Income</b>	<b>54,821</b>	<b>58,267</b>	<b>41,862</b>	<b>1,737</b>	<b>4,915</b>	<b>252</b>	<b>161,854</b>
Impairment losses on financial assets	(6,759)	(21,914)	(1,735)	-	(90)	-	(30,498)
Staff costs	(24,613)	(5,277)	(2,542)	-	(704)	(39,855)	(72,991)
Operating expenses	(24,485)	(2,341)	(1,757)	-	(1,795)	(31,018)	(61,396)
<b>Total Expenses</b>	<b>(55,857)</b>	<b>(29,532)</b>	<b>(6,034)</b>	<b>-</b>	<b>(2,589)</b>	<b>(70,873)</b>	<b>(164,885)</b>
<b>Profit (loss) before taxation</b>	<b>(1,036)</b>	<b>28,735</b>	<b>35,828</b>	<b>1,737</b>	<b>2,326</b>	<b>(70,621)</b>	<b>(3,031)</b>
<b>Segment assets</b>	<b>555,271</b>	<b>985,438</b>	<b>2,455,169</b>	<b>-</b>	<b>39,478</b>	<b>(14,559)</b>	<b>4,020,797</b>
<b>Segment liabilities</b>	<b>1,207,024</b>	<b>546,125</b>	<b>1,727,777</b>	<b>-</b>	<b>25,251</b>	<b>179,393</b>	<b>3,685,570</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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### **32. Significant Accounting Policies**

#### **(a) Financial instruments**

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

##### **(a) Loans and notes receivable**

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

##### **(b) Repurchase and reverse repurchase agreements**

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

##### **(c) Cash and cash equivalents**

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

##### **(d) Balances with Central Bank**

Balances with Central Bank include deposits held with the Central Bank of Trinidad and Tobago (Central Bank). Under the provisions of Financial Institutions Act (2008)), the JMMB Bank (T&T) Limited and its subsidiary are required to hold and maintain as a deposit with the Central Bank a cash reserve balance equivalent to 14% and 9% respectively of prescribed liabilities. The surplus deposits are held in JMMB Bank (T&T) Limited the CBTT to facilitate interbank settlements, local investment trades and other local transactions.

##### **(e) Accounts receivables**

Receivables are recognised on trade date, that is, the date the transactions are contracted with counterparties. Receivables are measured at amortised cost less impairment. The expected credit loss impairment is determined as outlined in Note 27 (a.ii)(4).

##### **(f) Investment securities**

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

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### 32. Significant Accounting Policies (continued)

#### (a) Financial instruments (continued)

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

###### (g) *Customer deposits*

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

###### (h) *Debt securities in issue*

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

###### (i) *Accounts payable*

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

###### (j) *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.

###### (k) *Financial guarantee contracts and loan commitments*

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

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

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

- The amount of the loss allowance (calculated as described in Note 27(a.ii)(3); and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

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

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### **32. Significant Accounting Policies (continued)**

#### **(a) Financial instruments (continued)**

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

###### **(i) Offsetting**

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

###### **(ii) Measurement methods**

###### *Amortised cost and effective interest rate*

The amortised cost is the amount at which a 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.

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

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### **32. Significant Accounting Policies** (continued)

#### **(a) Financial instruments** (continued)

##### **(ii) Measurement methods** (continued)

###### *Interest income*

###### *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 the Group commits to purchase or sell the asset.

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

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

##### **(iii) Financial assets**

###### *Classification and subsequent measurement*

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

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### **32. Significant Accounting Policies** (continued)

#### **(a) Financial instruments** (continued)

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

###### *Classification and subsequent measurement*

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

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 27(a)(ii)(4). 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 'Gains on securities trading'. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Gains/loss from financial assets at FVTPL' in the period in which it arises. Interest income from these financial assets is included in interest income using the effective interest rate method.

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### **32. Significant Accounting Policies** (continued)

#### **(a) Financial instruments** (continued)

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

###### *Classification and subsequent measurement (continued)*

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

###### *Debt instruments* (continued)

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

Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. An example is the liquidity portfolio of assets, which is held by the Group as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

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

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

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

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### **32. Significant Accounting Policies** (continued)

#### **(a) Financial instruments** (continued)

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

###### *Classification and subsequent measurement (continued)*

###### Equity instruments

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

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

Gains and losses on equity investments at FVTPL are included in the net gain/loss from financial assets at fair value through profit or loss line in the statement of profit or loss.

###### *Impairment*

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and accounts receivables. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
  - The time value of money; and
  - Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
- Note 27 (a.ii) (4) provides more detail of how the expected credit loss allowance is measured.

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## Notes to the Financial Statements

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### **32. Significant Accounting Policies** (continued)

#### **(a) Financial instruments** (continued)

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

###### *Classification and subsequent measurement* (continued)

###### *Modification of loans*

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

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

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

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

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### **32. Significant Accounting Policies** (continued)

#### **(a) Financial instruments** (continued)

##### **(iii) 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) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

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

- (i) Has no obligation to make payments unless it collects equivalent amounts from the asset
- (ii) Is prohibited from selling or pledging the assets; and
- (iii) Has an obligation to remit any cash it collects from the assets without material delay.

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

##### **(iv) Financial liabilities**

###### *(i) Classification and subsequent measurement*

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

###### *(ii) Derecognition*

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

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2022**

*(Expressed in Trinidad and Tobago dollars unless otherwise indicated)*

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### **32. Significant Accounting Policies** (continued)

#### **(a) Financial instruments** (continued)

##### **(iv) Financial liabilities** (continued)

##### **(ii) Derecognition** (continued)

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**

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

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

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

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

##### **(ii) Gains on securities trading (net)**

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

##### **(iii) Fees and commissions**

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2022**

*(Expressed in Trinidad and Tobago dollars unless otherwise indicated)*

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### **32. Significant Accounting Policies (continued)**

#### **(b) Revenue recognition (continued)**

##### *(iv) Net income from financial instruments at FVTPL*

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

##### *(v) Dividends*

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

##### *(vi) Foreign exchange gains*

Foreign exchange gains represent gains recorded from trading in foreign currencies.

#### **(c) Foreign currency**

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

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

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

#### **(d) Property and equipment**

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

31 March 2022

*(Expressed in Trinidad and Tobago dollars unless otherwise indicated)*

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### 32. Significant Accounting Policies (continued)

#### (d) Property and equipment (continued)

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

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

Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each reporting date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

#### (e) Intangible assets

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

##### i. Trade mark

Trade mark is carried at cost, less accumulated amortisation and impairment losses. Amortisation is charged on the straight-line basis over the useful lives of the assets at a rate of 25% per annum.

##### ii. Goodwill

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

##### iii. Customer relationships

Acquired customer lists are measured initially at historical cost. Customer lists have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the expected retention period within the Group, which approximates 12 years.

### 32. Significant Accounting Policies (continued)

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

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*(Expressed in Trinidad and Tobago dollars unless otherwise indicated)*

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**(e) Intangible assets** (continued)

*iv. Banking and Non-banking Licenses*

The banking and securities Licence acquired for JMMB Bank (T&T) Limited and JMMB Securities (T&T) Limited, have indefinite useful lives. These are tested for impairment annually, and whenever there is an indication that the asset may be impaired, the carrying amount is reduced to the recoverable amount.

*v. Other intangibles*

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

**(f) Taxation**

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

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

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

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

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

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

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### **32. Significant Accounting Policies (continued)**

#### **(g) Provisions**

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

#### **(h) Leases – where the Group is the lessee**

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

##### **(i) As a lessee**

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

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

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

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

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*(Expressed in Trinidad and Tobago dollars unless otherwise indicated)*

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### **32. Significant Accounting Policies** (continued)

#### **(h) Leases – where the Group is the lessee** (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 the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

##### *(ii) Short-term leases and leases of low-value assets*

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

#### **(i) Employee benefits**

##### *(i) Short-term*

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

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

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## Notes to the Financial Statements

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### **32. Significant Accounting Policies (continued)**

#### **(i) Employee benefits (continued)**

##### **(ii) Post employment**

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

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

The Group's contribution expense to this Plan is charged to the profit or loss in the year to which they relate. For the current financial year, 31 March 2021, the Group's contributions amounted to \$4.4 million (2021: 2.2 million).

#### **(j) Impairment of non-financial assets**

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

#### **(k) Acceptances, guarantees and letters of credit**

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

The Group's commitments under acceptances, guarantees and letters of credit have been excluded from these financial statements because they do not meet the criteria for recognition. These commitments as at 31 March 2022 totalled \$4,005 (2021: \$1,233). In the event of a call on these commitments, the Group has equal and offsetting claims against its customers.

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## Notes to the Financial Statements

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### **32. Significant Accounting Policies (continued)**

#### **(I) New, revised and amended standards and interpretations that became effective during the year**

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

Amendments to IFRS 16 Leases is effective for annual periods beginning on or after June 1, 2020, with early application permitted. It provides guidance for COVID-19 related rent concessions.

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:

- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

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

Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance contracts and IFRS 16 Leases, is effective for annual accounting periods beginning on or after January 1, 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis. A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revised discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

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### **32. Significant Accounting Policies (continued)**

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

Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments (continued)

The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

The Group does not expect the amendment to have a significant impact on its financial statements. not result in any changes to the financial statements.

#### **(m) New standards, amendments and interpretations not yet effective**

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

Amendments to IAS 37 Provision, Contingent Liabilities and Contingent Assets is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

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

Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, IAS 41 Agriculture, and are effective for annual periods beginning on or after January 1, 2022.

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

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

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

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

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## Notes to the Financial Statements

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### **32. Significant Accounting Policies (continued)**

#### **(m) New standards, amendments and interpretations not yet effective (continued)**

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

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

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

Amendments to IFRS 16 Leases are effective for annual periods beginning on or after April 1, 2021, early adoption is permitted. The amendments extend the practical expedient by 12 months – i.e. allowing lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings. The disclosure requirements of Paragraph 28(f) of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors do not apply on initial application.

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

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

The key amendments to IAS 1 include:

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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### 32. Significant Accounting Policies (continued)

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

Amendments to IAS 1 Presentation of Financial Statements (continued)

The amendments are consistent with the refined definition of material:

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

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

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

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

Developing an accounting estimate includes both:

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

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

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

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

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

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

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

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

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### 33. Earnings per Share

Amounts are noted in thousands except per share

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit attributable to ordinary shares	<u>33,966</u>	<u>6,668</u>	<u>3,201</u>	<u>2,875</u>
Ordinary shares at 1 Apr	<u>208,161</u>	<u>208,161</u>	<u>208,161</u>	<u>208,161</u>
	<u>\$0.16</u>	<u>\$0.03</u>	<u>\$0.02</u>	<u>\$0.01</u>

### 34. Events after the Reporting Period

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

### 35. Ukraine Russia tensions

The Group has evaluated events occurring after 31st March, 2022 in order to assess and determine the need for potential recognition or disclosure in these financial statements. Such events were evaluated through to, the date these financial statements were available to be issued.

Based upon this evaluation, the Group has determined the following subsequent event requires disclosure:

- The recent action of Russian military forces and support personnel in Ukraine has escalated tensions between Russia and the U.S., NATO, the EU and the U.K. Certain jurisdictions have imposed, and are likely to impose material additional, financial and economic sanctions and export controls against certain Russian entities and/or individuals.
- Commencing from the week of February 21, 2022, the U.S., the U.K., and the EU each imposed packages of financial and economic sanctions that, in various ways, constrain transactions with numerous Russian entities and individuals; transactions in Russian sovereign debt; and investment, trade, and financing to, from, or in certain regions of Ukraine.
- While the Group does not have direct exposures in Russia or Ukraine, it continues to monitor the potential indirect macroeconomic and financial market impacts from the tensions and conflict in order to mitigate its exposures and risks.

### 36. Climate Related Risk

Climate change presents immediate and long-term risks to the Group and its clients with the risks expected to increase over time. Climate change risk refers to the risk of loss arising from climate change and is comprised of both physical risk and transition risk. Physical risk considers how chronic and acute climate change (e.g. increased storms, drought, fires, floods) can directly damage physical assets or otherwise impact their value or productivity.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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### **36. Climate Related Risk (continued)**

Transition risk considers how changes in policy, technology, business practices and market preferences to address climate change can lead to changes in the value of assets. Climate change risk is an overarching risk that can act as a driver of other categories of risk, such as credit risk from obligors exposed to high climate risk, reputational risk from increased stakeholder concerns about financing high carbon industries and operational risk from physical climate risks to the Bank's facilities.

The Group currently identifies climate change risk as an emerging risk within its enterprise risk management framework. Emerging risks are risks or thematic issues that are either new to the landscape, or in the case of climate risk, existing risks that are rapidly changing or evolving in an escalating fashion, which are difficult to assess due to limited data or other uncertainties.

Over the last fiscal year, the JMMB Group has made further progress in developing a comprehensive environmental and social policy geared at enhancing and complementing our existing lending policies, guidelines and business practices to better manage sustainability challenges and promote responsible growth across our core business lines. This will be cascaded throughout the Group in the upcoming fiscal year. Climate risk is a new and emerging area and will also be assessed in more detail in the upcoming year.

While there is no formal climate related policy in place the ensures that there are mitigants in place for climate related events such as insurance for its physical assets as well as assets held as collateral for loan facilities. There is also a BCP in place to ensure that the Group can operate in situations where climate related disruptions to the business may occur. The Group recognizes the growing importance of this area and will be exploring methodologies for identifying and quantifying how climate risks could impact the Group and the individual credit profiles of its clients across various sectors. This will not only help the Group better but also understand its clients' businesses and climate-related risks, but will also eventually be a source of climate data. With this said, we acknowledge that we are in the very early stages of developing this framework.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2022**

*(Expressed in Trinidad and Tobago dollars unless otherwise indicated)*

### GLOSSARY

IFRS	International Financial Reporting Standards	Standardized accounting standards across international boundaries
IASB	International Accounting Standards Board	Independent account standard-setting body of the IFRS Foundation
FVOCI	Fair value through other comprehensive income	Comprising items of income and expense that are not recognised in profit or loss
FVTPL	Fair value through profit or loss	Comprising items of income and expense that are recognised in profit or loss
ECL	Expected Credit Losses	Measurement of expected credit losses that result from default of financial assets e.g. loans and investments
SICR	Significant increase in credit risk	Significant change in estimated default risk
PD	Probability of default	The likelihood of failure by borrower to repay debt
EAD	Exposure at default	The total value a bank is exposed to when a counterparty defaults
IG	Investment grade	A level of credit rating for counterparties and issues regarded as carrying a minimal risk to investors
LGD	Loss given default	The loss incurred by a financial institution when a borrower defaults on a loan
VaR	Value at Risk	Tool used to measure and control market risk exposures within a firm, portfolio or position over a specified time
Bp	Basis point	Used in expressing differences of interest rates
BCP	Business continuity plan	Process involved in creating a system of prevention and recovery from potential threats to a company
POCI	Purchased or originated credit-impaired	Assets that are credit impaired at initial recognition/purchase
SPPI	Solely payments of principal and interest	Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest
ROU	Right of Use Asset	The lessees right to use an asset over the life of a lease
	Standard Monitoring	This classification applies to financial assets that are current and whose original source of repayment is adequate. It has adequate collateral support and does not carry more than a normal risk of loss.
	Watch listed	This classification applies to financial assets that are of acceptable quality. However, due to particular weaknesses, it requires more than usual management attention to prevent deterioration.
	Credit Grades	Credit grades refer to the credit quality of an issuer and/or a specific debt investment security. The JMMB Group categorizes credit grades as either 'investment grade', 'watch', 'speculative' or 'default'.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

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*(Expressed in Trinidad and Tobago dollars unless otherwise indicated)*

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### 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.