

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

**Consolidated and Separate Financial Statements**  
**As at and for the year ended 31 March 2023**  
*(Expressed in Trinidad and Tobago dollars)*

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Index

**31 March 2023**

---

## Page

### Statement of Management's Responsibilities

1

### Independent Auditors' Report

2 - 4

### Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

5-6

Consolidated Statement of Financial Position

7

Consolidated Statement of Changes in Equity

8

Consolidated Statement of Cash Flows

9-10

Separate Statement of Profit or Loss and Other Comprehensive Income

11

Separate Statement of Financial Position

12

Separate Statement of Changes in Equity

13

Separate Statement of Cash Flows

14

Notes to the Consolidated and Separate Financial Statements

15 - 119

Glossary

120 - 121

**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 2023, the separate and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of the Group's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

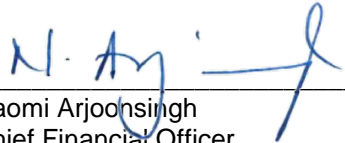
In preparing these separate and consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial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

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date, or from the date the 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: June 28, 2023

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

Date: June 28, 2023



KPMG  
Savannah East  
11 Queen's Park East  
P.O. Box 1328  
Port of Spain  
Trinidad and Tobago, W.I.

Tel: (868) 612-KPMG  
Email: [kpmg@kpmg.co.tt](mailto:kpmg@kpmg.co.tt)  
Web: <https://home.kpmg/tt>

**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, 2023, 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, 2023, 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) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in the Republic of Trinidad and Tobago and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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



## **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate 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 Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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.

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 consolidated and separate 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.



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

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

A handwritten signature of the KPMG firm, written in dark ink. The letters 'KPMG' are stylized and connected.

Chartered Accountants

Port of Spain  
Trinidad, West Indies  
June 30, 2023

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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

**Year ended 31 March 2023**

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

	Note	2023 \$'000	2022 \$'000
<b>Net interest income</b>			
Interest income calculated using the effective interest method	4	256,198	210,581
Interest expense	5	(65,693)	(59,520)
		<u>190,505</u>	<u>151,061</u>
<b>Other revenue</b>			
Gains on securities trading		8,700	5,753
Net gain from financial instruments at fair value through profit or loss		5,479	5,050
Fees and commissions income	6	24,061	21,021
Foreign exchange gains (net)		35,757	22,841
Gain on disposal of assets		200	-
		<u>74,197</u>	<u>54,665</u>
<b>Revenue net of interest expense</b>		264,702	205,726
<b>Other income</b>			
Dividends		1,147	339
		<u>265,849</u>	<u>206,065</u>
<b>Operating expenses</b>			
Staff costs	7	(91,169)	(80,746)
Other expenses	8	(74,823)	(61,742)
		<u>(165,992)</u>	<u>(142,488)</u>
<b>Profit before impairment losses and taxation</b>		99,857	63,577
Impairment losses on financial assets	9	(33,964)	(16,215)
<b>Profit before taxation</b>		65,893	47,362
Taxation	10	(19,940)	(13,396)
<b>Profit for the year</b>		<u>45,953</u>	<u>33,966</u>

The accompanying notes on pages 15 to 121 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 2023**

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

	Note	2023 \$'000	2022 \$'000
<b>Profit for the Year</b>		45,953	33,966
<b>Other Comprehensive (Loss) Income</b>			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
<b>Debt instruments at FVOCI:</b>			
Reclassified to profit or loss		1,034	110
Remeasurement of investments		(21,484)	(24,321)
Related tax	17	7,471	7,991
		(12,979)	(16,220)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net gain (loss) on investments in equity instruments at FVOCI		586	(331)
Related tax	17	(176)	99
		410	(232)
<b>Total other comprehensive loss</b>		(12,569)	(16,452)
<b>Total comprehensive income for the year</b>		33,384	17,514

The accompanying notes on pages 15 to 121 are an integral part of these financial statements.



# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Consolidated Statement of Financial Position

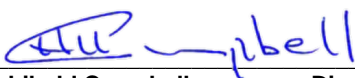
**Year ended 31 March 2023**

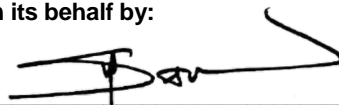
*(Expressed in thousands of Trinidad and Tobago dollars)*

	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
Cash and cash equivalents	11	627,680	655,398
Interest receivable		34,775	34,330
Accounts receivable		41,003	30,550
Taxation recoverable		-	5,040
Loans and notes receivable	12	1,594,226	1,343,602
Investment securities	14	2,106,866	1,995,915
Intangible assets	15	14,616	15,648
Property and equipment	16	20,486	21,338
Right of use asset	26	21,190	27,618
Deferred tax assets	17	41,461	30,569
<b>Total Assets</b>		<b>4,502,303</b>	<b>4,160,008</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	18(i)	208,161	208,161
Investment revaluation reserve	18(ii)	(2,476)	10,093
Retained earnings	18(iii)	172,826	130,358
<b>Total Equity</b>		<b>378,511</b>	<b>348,612</b>
<b>Liabilities</b>			
Customer deposits	19	2,631,251	2,436,102
Securities sold under agreements to repurchase	20	710,265	583,183
Notes payable	22	246,214	255,056
Subordinated debt	23	133,742	133,772
Lease liability	26	23,977	31,107
Interest payable		18,257	15,189
Accounts payable	24	177,027	182,839
Due to related parties	21	169,058	161,846
Taxation payable		10,789	7,914
Deferred tax liabilities	17	3,212	4,388
<b>Total Liabilities</b>		<b>4,123,792</b>	<b>3,811,396</b>
<b>Total Equity and Liabilities</b>		<b>4,502,303</b>	<b>4,160,008</b>

The accompanying notes on pages 15 to 121 are an integral part of these financial statements.

Approved for issue by the Board of Directors on June 28, 2023 and signed on its behalf by:

  
Archibald Campbell Director

  
Wayne Sutherland Director

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Consolidated Statement of Changes in Equity

**Year ended 31 March 2023**

*(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, 2021</b>		208,161	26,545	100,521	335,227
Impact of prior year adjustment				(451)	(451)
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)
<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
<b>Balance at 1 April, 2022</b>		208,161	10,093	130,358	348,612
Profit for the year		-	-	45,953	45,953
<i>Other comprehensive income, net of tax</i>					
Debt instruments at FVOCI – reclassification to profit or loss		-	1,034	-	1,034
Net change in fair value of debt and equity instruments at FVOCI		-	(13,603)	-	(13,603)
<b>Total comprehensive income for the year</b>		-	(12,569)	45,953	33,384
<b>Transactions with owners of the Company</b>					
Dividends declared	25	-	-	(3,485)	(3,485)
<b>Balance at 31 March 2023</b>		208,161	(2,476)	172,826	378,511

The accompanying notes on pages 15 to 121 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 2023**

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

	<b>Note</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<b>Cash Flows from Operating Activities</b>			
Profit for the year		45,953	33,966
Adjustments for:			
Interest income	4	(256,198)	(210,581)
Interest expense	5	63,863	57,320
Taxation	10	19,940	13,396
Impairment loss on financial assets	9	33,964	16,215
Amortisation of intangible assets	8 & 15	1,032	1,088
Net gain from securities trading and assets at FVTPL & FVOCI		(14,179)	(10,803)
Depreciation on property and equipment	8 & 16	6,107	6,621
Depreciation on right of use asset	8 & 26	6,660	7,369
Finance lease charge	26	1,830	2,200
Gain on the disposal of assets		(200)	-
		(91,228)	(83,209)
<b>Changes in operating assets and liabilities</b>			
Accounts receivable		(10,453)	(7,236)
Loans and notes receivable		(284,588)	120,054
Related parties		7,212	10,663
Changes in CBTT Reserve - Primary		(16,175)	22,919
Securities sold under agreements to repurchase		127,082	15,019
Customer deposits		195,149	(23,072)
Accounts payable		(5,812)	81,688
		(78,813)	136,826
Interest received		255,753	215,910
Interest paid		(60,795)	(60,615)
Taxation paid		(16,776)	(10,708)
<b>Net cash from operating activities</b>		<b>99,369</b>	<b>281,413</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property and equipment	16	(5,801)	(4,638)
Purchase of investment securities		(3,980,854)	(1,316,836)
Proceeds from sale or maturity of investment securities		3,860,747	839,668
<b>Net cash used in investing activities</b>		<b>(125,908)</b>	<b>(481,803)</b>
<b>Cash Flows from Financing Activities</b>			
Payment of lease liabilities	26	(8,483)	(9,167)
Subordinated debt		(30)	(30)
Proceeds from issue of debt securities	22	130,245	246,679
Repayment of debt securities	22	(139,087)	(194,097)
<b>Net cash (used in) from financing activities</b>		<b>(17,355)</b>	<b>43,385</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Consolidated Statement of Cash Flows

**Year ended 31 March 2023**

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

	Note	2023	2022
		\$'000	\$'000
Net decrease in cash and cash equivalents		(43,894)	(157,008)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		355,234	512,242
CASH AND CASH EQUIVALENTS AT END OF YEAR		311,340	355,234
<b>Cash and cash equivalents are represented by:</b>			
Cash and due from other financial institutions		183,748	195,889
Balance with Central Bank other than the Primary Reserve Deposit		127,592	159,345
		311,340	355,234

The accompanying notes on pages 15 to 121 are an integral part of these financial statements.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

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

Year ended 31 March 2023

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

	Note	2023 \$'000	2022 \$'000
<b>Income</b>			
Dividends		3,485	3,678
<b>Expenses</b>			
Other expenses	8	(635)	(477)
Profit being total comprehensive income		2,850	3,201

The accompanying notes on pages 15 to 121 are an integral part of these financial statements.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Separate Statement of Financial Position

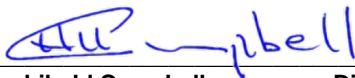
**Year ended 31 March 2023**

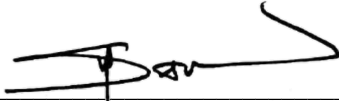
*(Expressed in thousands of Trinidad and Tobago dollars)*

	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
Cash and cash equivalents	11	211	212
Accounts receivable		17,765	14,274
Investment in subsidiaries	13	264,529	264,529
<b>Total Assets</b>		<b>282,505</b>	<b>279,015</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	18(i)	208,161	208,161
Retained earnings		8,790	9,425
<b>Total Equity</b>		<b>216,951</b>	<b>217,586</b>
<b>Current Liabilities</b>			
Due to related party	21	64,310	61,227
Accounts payable	24	1,244	202
<b>Total Liabilities</b>		<b>65,554</b>	<b>61,429</b>
<b>Total Equity and Liabilities</b>		<b>282,505</b>	<b>279,015</b>

The accompanying notes on pages 15 to 121 are an integral part of these financial statements.

**Approved for issue by the Board of Directors on June 28, 2023 and signed on its behalf by:**

  
Archibald Campbell      Director

  
Wayne Sutherland      Director

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Separate Statement of Changes in Equity

**Year ended 31 March 2023**

*(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 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>		208,161	9,425	217,586
<b>Balance at 1 April 2022</b>		208,161	9,425	217,586
<b>Profit for the year, being total comprehensive income</b>		-	2,850	2,850
<b>Transactions with owners of the Company</b>				
Dividends declared	25	-	(3,485)	(3,485)
<b>Balance at 31 March 2023</b>		208,161	8,790	216,951

The accompanying notes on pages 15 to 121 are an integral part of these financial statements.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Separate Statement of Cash Flows

**Year ended 31 March 2023**

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

	Note	2023 \$'000	2022 \$'000
<b>Cash Flows from Operating Activities</b>			
Profit for the year		2,850	3,201
<b>Changes in operating assets and liabilities</b>			
Accounts receivable		(3,491)	(3,705)
Accounts payable		(613)	75
<b>Net cash used in operating activities</b>		(1,254)	(429)
<b>Cash Flows from Financing Activities</b>			
Advances from parent company		4,738	4,107
Dividends paid		(3,485)	(3,678)
<b>Net cash from financing activities</b>		1,253	429
<b>Net movement in cash and cash equivalents</b>		(1)	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		212	212
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	11	211	212

The accompanying notes on pages 15 to 121 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 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 1. General Information

Jamaica Money Market Brokers (Trinidad and Tobago) Limited ('the Company' or 'JMMB') is incorporated and domiciled in Trinidad and Tobago. The registered office of the Company is DSM Plaza, Old Southern Main Road, Chaguanas, 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 broking
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". References to Group also include the Company unless otherwise stated.

### 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 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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

---

### 2. Basis of Preparation (continued)

#### (b) Basis of consolidation (continued)

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

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

#### (c) Basis of preparation

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

- financial instruments at fair value through profit or loss (FVTPL)
- Financial 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 functional currency of the Company and its subsidiaries and the presentation currency of the Group. 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 2023**

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

---

### **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 and FVOCI 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:

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

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

There are no quoted market prices for a significant portion of the Group's financial assets. Accordingly, fair values of the financial assets are estimated using prices obtained from other sources. There is significant uncertainty inherent in this approach, 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 2023**

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

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

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

##### 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.

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

	The Group	
	2023	2022
	\$'000	\$'000
Interest income from loans and notes receivable		
measured at amortised costs	160,528	138,065
Interest income from investment securities:		
- FVOCI	95,524	71,479
- FVTPL	1	1
Other interest income	145	1,036
	<u>256,198</u>	<u>210,581</u>

### 5. Interest Expense

	The Group	
	2023	2022
	\$'000	\$'000
Interest expense on customer deposits	25,231	22,985
Interest expense on other debt securities	20,646	19,233
Interest expense on securities sold under		
agreements to repurchase	17,986	15,102
Lease liability expense	1,830	2,200
	<u>65,693</u>	<u>59,520</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

---

### 6. Fees and Commissions income

	The Group	
	2023	2022
	\$'000	\$'000
Maintenance fees	6,929	3,055
Transaction fees	7,332	5,889
Arrangement fees	4,735	3,065
Brokerage fees	4,865	9,012
Other fees	200	-
	24,061	21,021

### 7. Staff Costs

	The Group	
	2023	2022
	\$'000	\$'000
Salaries and wages	60,784	55,908
Statutory payroll contributions	3,424	3,485
Pension scheme contributions	4,372	4,358
Training and development	199	248
Other staff benefits	22,390	16,747
	91,169	80,746

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

## 8. Other Expenses

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Advertising and promotion	7,651	1,896	-	-
Auditors' remuneration	1,453	1,497	85	157
Bank charges and interest	1,079	805	3	-
Depreciation and amortisation	7,139	7,708	-	-
Depreciation on right of use assets	6,660	7,369	-	-
Directors' fees [Note 21(d)]	1,558	1,777	-	-
Repairs and maintenance	2,681	1,935	-	-
Information technology	11,158	7,781	-	-
Legal and other professional fees	7,680	7,887	205	136
Office rental	1,207	1,426	34	37
Other	18,994	13,563	-	-
Security	2,971	2,751	-	-
Stationery, printing and postage	1,133	1,201	308	147
Travel and entertainment	313	209	-	-
Utilities	3,146	3,937	-	-
	<u>74,823</u>	<u>61,742</u>	<u>635</u>	<u>477</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

### 9. Impairment Losses on Financial Assets

	<u>The Group</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Net impairment losses:		
Impairment loss on loans and notes receivable (Note 12(ii))	35,730	15,399
Impairment loss on investment securities	518	1,839
Impairment reversal (loss) on receivables	(168)	182
Recoveries	(2,116)	(1,205)
	<u>33,964</u>	<u>16,215</u>

### 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.

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Business levy	142	692	-	-
<b>Current income tax:</b>				
Provision for charge on current year's profit	25,200	16,980	-	-
Changes in estimates related to prior years	(629)	(74)	-	-
<b>Deferred income tax relating to the origination and reversal of temporary differences</b>				
Current year	(4,546)	(3,565)	-	-
Changes in estimates related to prior years	(227)	(637)	-	-
	<u>19,940</u>	<u>13,396</u>	<u>-</u>	<u>-</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

### 10. Taxation (continued)

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

	The Group				The Company			
	2023	2023	2022	2022	2023	2023	2022	2022
	%	\$'000		\$'000	%	\$'000	%	\$'000
Profit before tax	100%	65,893	100%	47,362	100%	2,850	100%	3,201
Tax calculated at the rate applicable to each line of business in the group	33%	21,965	33%	15,683	30%	855	30%	960
Adjusted for the effects of:								
Income not subject to tax	(5%)	(3,059)	(5%)	(2,454)	(37%)	(1,046)	(34%)	(1,103)
Tax losses recognised	-	-	(3%)	(1,571)	-	-	-	-
Change in estimates related to prior years	(1%)	(856)	(2%)	(711)	-	-	-	-
Business levy	0%	142	1%	692	-	-	-	-
Expenses not allowable	1%	392	1%	325	7%	191	5%	143
Other	2%	1,356	3%	1,432	-	-	-	-
	30%	19,940	28%	13,396	0%	-	0%	-

(iii) At the reporting date, taxation losses, subject to the agreement of the Board of Inland Revenue available for set-off against future taxable profits, amounted to approximately \$8,113 (2022: \$11,047) for the Group and NIL (2022: NIL) for the Company.

### 11. Cash and Cash Equivalents

	The Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash at bank	19,952	21,858	-	-
Balances with Central Bank:				
- Primary Reserve deposit	316,339	300,164	-	-
- Balance with Central Bank other than the Primary Reserve Deposit	127,592	159,345	-	-
Balances with other financial institutions	163,797	174,031	211	212
	627,680	655,398	211	212



# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

### 12. Loans and Notes Receivable

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

	The Group	
	2023	2022
	\$'000	\$'000
Stage 1	1,483,459	1,125,381
Stage 2	126,810	186,091
Stage 3	99,945	124,650
Gross loans and notes receivable	1,710,214	1,436,122
Impairment loss allowance	(109,789)	(85,496)
	1,600,425	1,350,626
Effect of deferred loan fees	(6,199)	(7,024)
Net loans and notes receivable	1,594,226	1,343,602

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

Balance at 1 April	(85,496)	(77,160)
Charge for year (Note 9)	(35,730)	(15,399)
Write off	11,437	7,063
Balance at 31 March	(109,789)	(85,496)

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

Corporate and commercial	860,817	865,880
Retail	849,397	570,242
	1,710,214	1,436,122

### 13. Investment in Subsidiaries

	The Company	
	2023	2022
	\$'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 2023**

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

### 14. Investment Securities

	The Group	
	2023	2022
	\$'000	\$'000
<b>Fair value through other comprehensive income (FVOCI):</b>		
Government of Trinidad and Tobago securities	765,294	854,607
Other sovereign bonds	600,011	267,287
Corporate bonds	687,311	770,089
	2,052,616	1,891,983
Quoted and unquoted equity securities	8,814	15,754
	2,061,430	1,907,737
<b>Fair value through profit or loss (FVTPL):</b>		
Equities	21,481	27,033
Government bonds	1,545	-
Corporate bonds	22,410	61,145
	45,436	88,178
	2,106,866	1,995,915

Investment securities of \$882,175 (2022: \$752,807) 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 \$7,614 (2022: \$6,919), Caribbean Rating Agency (CARICRIS) valued at \$633 (2022: \$633) as well as other quoted shares valued \$567 (2022: \$676) as FVOCI as these are not intended for trading purposes. None of these assets were derecognized during the period (2022: 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 for the financial year ended 31 March 2022.

During the year dividends of \$200 on equities designated FVOCI were recognized in the profit or loss (2022: \$61).



# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

*(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 2021	4	13,383	7,912	11,520	32,819
Disposals	-	-	-	-	-
31 March 2022	4	13,383	7,912	11,520	32,819
Disposals	-	-	-	-	-
31 March 2023	4	13,383	7,912	11,520	32,819
<b>Amortisation</b>					
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
Charge for the year	-	1,032	-	-	1,032
31 March 2023	4	10,287	7,912	-	18,203
<b>Net Book Value</b>					
31 March 2023	-	3,096	-	11,520	14,616
31 March 2022	-	4,128	-	11,520	15,648

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:

	2023	2022
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. The pre-tax equivalent discount rate is 22%.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

*(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 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	-
Adjustments	(37)	1,995	(4,988)	2,993	(37)
31 March 2022	1,725	25,242	22,511	29,722	79,200
Additions	4,726	96	172	807	5,801
Transfer from work in progress	(498)	457	41	-	-
Disposals	(4)	(434)	(74)	(37)	(549)
31 March 2023	5,949	25,361	22,650	30,492	84,452
<b>Accumulated Depreciation</b>					
31 March 2021	-	15,674	16,816	18,751	51,241
Charge for year	-	1,469	3,785	1,460	6,714
Adjustments	-	1,804	(4,818)	2,921	(93)
31 March 2022	-	18,947	15,783	23,132	57,862
Charge for year	-	2,291	1,493	2,323	6,107
Disposals	-	(1)	-	(2)	(3)
31 March 2023	-	21,237	17,276	25,453	63,966
<b>Net Book Value</b>					
31 March 2023	5,949	4,124	5,374	5,039	20,486
31 March 2022	1,725	6,295	6,728	6,590	21,338

Capital work in progress includes costs incurred for various technology and infrastructure projects which were not yet completed as at 31 March 2023.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

*(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	
	2023	2022
	\$'000	\$'000
<b>Deferred tax assets</b>		
Investment securities	9,400	2,670
Tax losses carried forward	2,434	3,314
Impairment losses on financial assets	23,170	18,790
Leases	975	1,218
Deferred fees	3,732	3,365
Property and equipment	1,750	1,212
	<u>41,461</u>	<u>30,569</u>
<b>Deferred tax liabilities</b>		
Leases	(265)	(310)
Property and equipment	(184)	(240)
Investment securities	(2,763)	(3,838)
	<u>(3,212)</u>	<u>(4,388)</u>
<b>Net deferred tax asset</b>	<u>38,249</u>	<u>26,181</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

### 17. Deferred Taxes (continued)

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

	2023 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	(1,168)	510	7,295	6,637
Tax losses carried forward	3,314	(880)	-	2,434
Impairment losses on financial assets	18,790	4,380	-	23,170
Leases	908	(198)	-	710
Deferred fees	3,365	367	-	3,732
Property and equipment	972	594	-	1,566
	26,181	4,773	7,295	38,249

	2022				
	The Group				
	Balance at Beginning of Year	Adjustment through Retained Earnings	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Balance at End of Year
	\$'000	\$'000	\$'000	\$'000	\$'000
Investment securities	(9,258)	-	-	8,090	(1,168)
Tax losses carried forward	9,815	-	(6,501)	-	3,314
Impairment losses on financial assets	11,251	-	7,539	-	18,790
Leases	764	-	144	-	908
Deferred fees	350	459	2,556	-	3,365
Property and equipment	508	-	464	-	972
	13,430	459	4,202	8,090	26,181

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

### 18. Share Capital and Reserves

#### (i) Share capital

	Group and Company	
	2023	2022
	\$'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 (2022: 208,161,086) ordinary shares	208,161	208,161

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.

#### (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 \$42,039 (2022: \$39,102). 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	
	2023	2022
	\$'000	\$'000
Savings	402,604	394,963
Demand	1,075,924	989,262
Time	1,152,723	1,051,877
	<u>2,631,251</u>	<u>2,436,102</u>



# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

---

### 19. Customer Deposits (continued)

Sectoral analysis of deposits is as follows:

	The Group	
	2023	2022
	\$'000	\$'000
State enterprises	423,752	346,230
Corporate and commercial	1,343,723	1,229,815
Personal	863,776	860,057
	<u>2,631,251</u>	<u>2,436,102</u>

### 20. Securities Sold Under Agreements to Repurchase

	The Group	
	2023	2022
	\$'000	\$'000
Denominated in Trinidad and Tobago dollars	418,859	379,867
Denominated in United States dollars	291,406	203,316
	<u>710,265</u>	<u>583,183</u>

Repurchase agreements are collateralised by certain securities and other instruments held by the Group with a carrying value of \$736,695 (2022: \$599,963), (Note 14).

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 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.
  - (9) A related party transaction is a transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged.
- (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:

	The Group	
	2023	2022
	\$'000	\$'000
<b>Due from related parties:</b>		
<b>Ultimate Parent</b>		
Accounts receivable	1,345	1,009
<b>Affiliated companies</b>		
Accounts receivable	2,501	2,393
<b>Directors and key management personnel</b>		
Loans and notes receivable	6,370	4,422
	<u>10,216</u>	<u>7,824</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

### 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)

Accounts receivable have no specific condition or terms attached to the transactions. Loans and notes receivable to directors and key management personnel relate to various types of loans including vehicle loans, mortgages, overdraft facilities and unsecured lending. The tenors range from 1-22 years while the interest rates range from 4% to 7.75%.

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Due to related parties:</b>				
<b>Affiliated companies</b>				
Accounts payable	37,141	30,671	-	-
Securities sold under agreements to repurchase	15,155	14,700	-	-
Customer deposits	955	187	-	-
Other notes payable	46,843	18,812	-	-
<b>Parent company</b>				
Accounts payable	69,457	64,051	44,800	45,662
<b>Subsidiary</b>				
Accounts payable	-	-	2,116	1,656
<b>Ultimate parent company</b>				
Customer deposits	16,482	9,131	-	-
Subordinated debt (Note 23(ii))	33,742	33,772	-	-
Other notes payable	50,803	74,243	-	-
Dividend payable	17,394	13,909	17,394	13,909
<b>Directors and key management personnel</b>				
Customer deposits	3,671	2,487	-	-
Securities sold under agreements to repurchase	269	263	-	-
	291,912	262,226	64,310	61,227

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

---

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

Accounts payable have no specific condition or terms attached to the transactions.

With regard to securities sold under agreements to repurchase and other notes payable interest rates range from 2.3% to 8.75% with tenors ranging from 30 to 365 days.

Customer deposits are generally conducted at market rates on commercial terms and conditions. These balances are held in demand accounts and interest rates vary based on the average balances which is consistent to what is available to similar types of clients.

- (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:

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income	271	247
Interest expense:		
-Subordinated debt	(2,250)	(2,023)
- Securities sold under agreements to repurchase	(721)	(445)
-Other notes payable	(4,800)	(4,576)
-Customer deposits	(14)	(9)
	<u>(7,785)</u>	<u>(7,053)</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

### 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	
	2023	2022
	\$'000	\$'000
Directors fees (Note 8)	1,558	1,777
Other short-term employee benefits	15,865	11,608
Post-employment benefits	901	862
	18,324	14,247

The Company has no employees and there was no recharge for services provided during the year (2022: NIL).

The Group has determined that there is no Expected Credit Loss (ECL) on related party balances as at 31 March 2023 (2022: NIL). No balances were written off during the year (2022: NIL)

### 22. Notes Payable

	The Group	
	2023	2022
	\$'000	\$'000
Current portion		
(i) Senior secured TT\$ note	60,000	65,000
(ii) Senior secured US\$ note	20,245	29,044
(iii) Unsecured TT\$ note	70,000	45,000
(iv) Unsecured US\$ note	-	-
	150,245	139,044
Non-current portion		
(i) Senior secured TT\$ note	47,380	42,380
(ii) Senior secured US\$ note	3,374	3,377
(iii) Unsecured TT\$ note	-	-
(iv) Unsecured US\$ note	45,215	70,255
	95,969	116,012
	246,214	255,056

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

---

### 22. Notes Payable (continued)

- (i) 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 2024 and November 2025 and are secured by investment securities (Note 14).
- (ii) This represents fixed rate US\$ debt issued in two tranches bearing interest from 3.40% to 5% per annum, payable on a semi-annual basis. The notes mature in November 2023 and November 2024 and are secured by investment securities (Note 14).
- (iii) This represents fixed rate TT\$ debt bearing interest from 3.25% to 3.30% per annum payable on a semi-annual basis. These notes are unsecured and mature over the period July 2023 to November 2023.
- (iv) 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	
	2023	2022
	\$'000	\$'000
Balance at 1 April	255,056	202,474
Proceeds from issue of Debt securities	130,245	246,679
Repayment of Debt securities	(139,087)	(194,097)
	<u>246,214</u>	<u>255,056</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

### 23. Subordinated debt

	The Group	
	2023	2022
	\$'000	\$'000
(i) Third party debt holders	100,000	100,000
(ii) JMMB Group Limited	33,742	33,772
	<u>133,742</u>	<u>133,772</u>

(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%. Its maturity date was further extended effective 28 March 2022 to 28 March 2030 at the existing rate of 5%.

(ii) Effective 14 January 2023, the Group refinanced its related party subordinated debt (previously redeemable preference shares). This debt matures on 14 January 2029 and bears interest at rate of 9.5%.

### 24. Accounts Payable

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade payables	83,387	86,149	-	-
Other payables	93,640	96,690	1,244	202
	<u>177,027</u>	<u>182,839</u>	<u>1,244</u>	<u>202</u>

### 25. Dividend Declared

	2023	2022
	\$'000	\$'000
Ordinary shares dividend	<u>3,485</u>	<u>3,678</u>

Ordinary dividend of \$0.01674 (2022: \$0.01767) per stock unit was declared.

### 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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

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

#### (a) Leases as lessee (continued)

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

#### (i) Right of use assets

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

	<b>Land and building The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 April	27,618	34,988
Depreciation charge for the year	(6,660)	(7,369)
Additions to Right of use assets	6,199	904
Sub lease		(905)
**Remeasurement	(5,967)	-
<b>Balance at 31 March</b>	<b>21,190</b>	<b>27,618</b>
Amounts recognised in profit or loss	(6,660)	(7,369)

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

#### (ii) Lease liability

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 April	31,107	37,170
Interest expense	1,830	2,200
Additions to right of use liabilities	6,199	904
Re-measurement (see note above)	(5,967)	-
Gain on termination of lease	(709)	-
Lease payments	(8,483)	(9,167)
<b>Balance at 31 March</b>	<b>23,977</b>	<b>31,107</b>



# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

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

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

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

	The Group	
	2023	2022
	\$'000	\$'000
Less than one year	6,084	8,332
Between one and five years	17,903	22,349
Over 5 years	4,987	8,635
Interest	(4,997)	(8,209)
Present value of minimum lease payments	23,977	31,107
Finance lease liabilities are payable as follows:		
Less than 1 year	4,736	6,514
Between one and five years	14,998	17,213
Over 5 years	4,243	7,380
	23,977	31,107

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

	The Group	
	2023	2022
	\$'000	\$'000
Interest on lease liabilities	1,830	2,200
Expenses relating to short-term leases and low-value assets	2,204	4,116

##### (v) Contingent lease payments

28,992 38,272

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

Total cash outflows for leases 8,433 9,167

##### (vii) Extension options

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

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

---

### **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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

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

---

### 27. Financial Risk Management (continued)

#### Impact of COVID-19

The World Health Organization (WHO) has declared an end to COVID-19 as a public health emergency. All COVID-19 related restrictions and concessions have ended in our jurisdictions of operation. While we do not see this as a material risk going forward the Group will ensure that all contingency plans that were developed during the pandemic will be periodically reviewed as part of our Business Continuity Plans (BCP) should the need arise in the future.

#### (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.

Current global geopolitical events and the resulting macro economic fallout have caused 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.

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

---

### 27. Financial Risk Management (continued)

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

##### **Management of credit risk** (continued)

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

Under the IFRS 9 'three stage' model for impairment (Note 27 (a.ii) *Expected Credit Loss Measurement*), exposures rated 1-4 are generally classified as stage 1 and requiring standard monitoring, exposures rated as 5 are classified as stage 2 and requiring special monitoring, while exposures rated 6 and above are classified as stage 3 in the default category.

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.

##### (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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

---

### 27. Financial Risk Management (continued)

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

##### **Management of credit risk** (continued)

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

#### (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.

##### **(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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

---

### 27. Financial Risk Management (continued)

#### (a) Credit risk

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

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

##### *Retail*

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

##### *Commercial & Corporate*

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

##### *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 PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

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

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

---

### 27. Financial Risk Management (continued)

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

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

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. 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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

---

### 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.

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



# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

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

---

### 27. Financial Risk Management (continued)

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

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

#### (2) Definition of default

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost and effort. This 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.

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

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

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

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

---

### 27. Financial Risk Management (continued)

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

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

#### (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.

EAD is computed as the sum of the amount invested, amortized amount and accrued interest to reflect contractual cash flows.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

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

---

### 27. Financial Risk Management (continued)

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

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

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

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.

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 forecast, 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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

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

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

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

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

2022			
Measure	Base Scenario	Upside Scenario	Downside Scenario
Debt/GDP ratio	84-89%- stable outlook	Less than 84%- stable outlook	Greater than 89%- negative outlook
GDP annual growth rate	-1% to 3%- stable outlook	3%- stable outlook	Less than -1%- negative outlook
Inflation rate	1% to 3%- stable outlook	Less than 1%- stable outlook	Greater than 3%- negative outlook
Current account/GDP ratio	2% to 3%- stable outlook	Greater than 3%- stable outlook	Less than 2%- negative outlook
Net international Reserves	\$11 to \$13 billion US dollars- positive outlook	Greater than \$13 billion US dollars- positive outlook	Less than \$11 billion US dollars- stable outlook
Interest rates	Increase- negative outlook	Remain flat to marginal decrease- stable outlook	Increase- negative outlook
Unemployment rate	3% to 6%-stable outlook	Less than 7%- stable outlook	Greater than 6%- negative outlook

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

---

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

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

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

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

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.

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 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 reviewed and updated at each annual review date or when the credit risk of a loan deteriorates significantly. Annual property inspections are also performed by management on the corporate and commercial portfolio. 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.

##### The Group

	<b>Gross Exposure</b>	<b>Impairment Allowance</b>	<b>Carrying Amount</b>	<b>Fair Value of Collateral</b>
<b>2023</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Credit impaired assets</b>				
Retail	25,517	10,370	15,146	67,550
Corporate/Commercial	74,417	37,360	33,872	97,440
<b>Total credit impaired loans</b>	<b>99,934</b>	<b>47,730</b>	<b>49,018</b>	<b>164,990</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

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

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

##### Repossessed collateral (continued)

##### Loan to Value (LTV)

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

Mortgage portfolio - LTV distribution	Credit-impaired (Gross carrying amount)	
	2023 \$'000	2022 \$'000
Lower than 50%	16,504	30,101
50 to 60%	4,406	11,493
60 to 70%	3,898	1,460
70 to 80%	12,606	21,572
80 to 90%	12,144	9,144
90 to 100%	5,945	687
Higher than 100%	33,571	32,084
Total	89,074	106,541

##### Details of Collateral held

Collateral is not usually held against investment securities and no such collateral was held at March 2023 (2022: NIL).

An estimate of the fair value of collateral and other security enhancements held against loans notes receivable is shown below:

##### The Group

	Loans and notes receivable	
	2023 \$'000	2022 \$'000
Against Stage 3		
Property	89,075	106,540
Other	6,386	14,283
Against Stage 2		
Property	34,459	37,873
Other	118,378	187,356
Against Stage 1		
Property	235,811	212,114
Equities	43,452	31,648
Other	1,190,055	1,059,932
	1,717,616	1,649,746

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 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	2023			
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	Total
	\$'000	\$'000	\$'000	\$'000
Standard monitoring	1,483,459	-	-	1,483,459
Special monitoring	-	126,810	-	126,810
Default	-	-	99,945	99,945
Gross carrying amount	1,483,459	126,810	99,945	1,710,214
Loss allowance	(15,206)	(46,853)	(47,730)	(109,789)
Carrying amount	1,468,253	79,957	52,215	1,600,425
The Group	2022			
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	Total
	\$'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)	(85,496)
Carrying amount	1,112,126	152,152	86,348	1,350,626



# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 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

	The Group	
	2023	2022
	\$'000	\$'000
Acceptances, guarantees, Letters of credit	4,312	4,005
Undrawn credit commitments	37,255	7,924
ECL	-	-
	<u>41,567</u>	<u>11,929</u>

##### Investments securities

##### The Group

	2023		
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
	\$'000	\$'000	\$'000
Investment grade	689,225	-	-
Watch	1,279,492	83,792	-
Default	-	-	107
Carrying amount	<u>1,968,717</u>	<u>83,792</u>	<u>107</u>
			<u>2,052,616</u>

##### The Group

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

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

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

###### **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):

	<b>Maximum exposure from financial assets The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Financial assets at fair value through profit or loss (FVTPL):</i>		
Equities	21,481	27,033
<i>Financial assets at fair value through other comprehensive income (FVOCI):</i>		
Equities	8,814	15,754

##### (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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

### 27. Financial Risk Management (continued)

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

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

There were no purchased or originated credit-impaired financial assets during the year (2022: NIL). The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

#### Loans and notes receivable

##### Retail

	The Group			
	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Loss allowance at 1 April 2022</b>	6,832	2,065	10,524	19,421
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(2,960)	2,960	-	-
Transfer from Stage 1 to Stage 3	(3,887)	-	3,887	-
Transfer from Stage 2 to Stage 1	37	(37)	-	-
Transfer from Stage 2 to Stage 3	-	(509)	509	-
Transfer from Stage 3 to Stage 2	-	1	(1)	-
New financial assets originated or purchased	6,365	730	2,317	9,412
Changes in PDs/LGDs/EADs	5,776	1,064	10,734	17,574
Financial assets derecognised during period	(2,762)	(100)	(6,936)	(9,798)
Write offs	-	-	(11,437)	(11,437)
<b>Loss allowance at 31 March 2023</b>	<b>9,401</b>	<b>6,174</b>	<b>9,597</b>	<b>25,172</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(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

##### 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)	7,035	7,826
Financial assets derecognised during period	(2,292)	(1,057)	(3,326)	(6,675)
Write offs	-	-	(7,063)	(7,063)
<b>Loss allowance at 31 March 2022</b>	<b>6,832</b>	<b>2,065</b>	<b>10,524</b>	<b>19,421</b>

##### Corporate/commercial

	The Group			
	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Loss allowance at 1 April 2022</b>	6,423	31,875	27,777	66,075
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(7,183)	7,183	-	-
Transfer from Stage 1 to Stage 3	(326)	-	326	-
Transfer from Stage 2 to Stage 1	242	(242)	-	-
Transfer from Stage 2 to Stage 3	-	(1,436)	1,436	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	1,950	30,860	1,660	34,470
Changes in PDs/LGDs/EADs	5,797	(5,283)	9,261	9,775
Financial assets derecognised during period	(1,098)	(22,278)	(2,327)	(25,703)
<b>Loss allowance at 31 March 2023</b>	<b>5,805</b>	<b>40,679</b>	<b>38,133</b>	<b>84,617</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(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			
	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 2 to Stage 1	654	(654)	-	-
Transfer from Stage 2 to Stage 3	-	(1)	1	-
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)
<b>Loss allowance at 31 March 2022</b>	<b>6,423</b>	<b>31,875</b>	<b>27,777</b>	<b>66,075</b>

There were no transfers from Stage 3 to Stage 2 and Stage 1 to Stage 3.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(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)

Receivables	The Group			
	2023			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Loss allowance at 1 April 2022	-	449	-	449
Movements with P&L impact				
Total net P&L charge during the period	-	(168)	-	(168)
Loss allowance at 31 March 2023	-	281	-	281
	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
Investment Securities	The Group			
	2023			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Loss allowance at 1 April 2022	2,950	4,014	1	6,965
Financial assets derecognised during period	(782)	(1,723)	-	(2,505)
New financial assets originated or purchased	451	-	3,066	3,517
FX and other changes in inputs used	(65)	(429)	-	(494)
Write offs	-	-	-	-
Loss allowance at 31 March 2023	2,554	1,862	3,067	7,483

There were no transfers from Stage 1 to Stage 2, Stage 1 to Stage 3, Stage 2 to Stage 1 and Stage 2 to Stage 3.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

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

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

##### Investment securities (continued)

Investment Securities	The Group			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Loss allowance at 1 April 2021</b>	2,850	1,747	538	5,135
Transfer from Stage 1 to Stage 2	(286)	286	-	-
Transfer from Stage 2 to Stage 1	40	(40)	-	-
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
<b>Loss allowance at 31 March 2022</b>	<u>2,955</u>	<u>4,014</u>	<u>1</u>	<u>6,970</u>

There were no transfers from Stage 1 to Stage 3 and Stage 2 to Stage 3.

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			
	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2022</b>	530,879	17,914	21,449	570,242
Transfer from Stage 1 to Stage 2	(10,719)	10,719	-	-
Transfer from Stage 1 to Stage 3	(6,934)	-	6,934	-
Transfer from Stage 2 to Stage 1	3,560	(3,560)	-	-
Transfer from Stage 2 to Stage 3	-	(582)	582	-
Transfer from Stage 3 to Stage 2	-	90	(90)	-
New financial assets originated or purchased	468,473	9,244	9,162	486,879
Financial assets derecognised during the period other than write-offs & paydowns	(184,091)	(7,771)	(4,425)	(196,287)
Write offs	-	-	(11,437)	(11,437)
<b>Balance at 31 March 2023</b>	<u>801,168</u>	<u>26,054</u>	<u>22,175</u>	<u>849,397</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(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			
	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>

##### Corporate/commercial

	The Group			
	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2022</b>	594,503	168,176	103,202	865,881
Transfer from Stage 1 to Stage 2	(12,275)	12,275	-	-
Transfer from Stage 1 to Stage 3	(326)	-	326	-
Transfer from Stage 2 to Stage 1	26,937	(26,937)	-	-
Transfer from Stage 2 to Stage 3	-	(1,879)	1,879	-
New financial assets originated or purchased	339,030	81,063	8,363	428,456
Financial assets derecognised during the period other than write-offs & paydowns	(265,578)	(131,943)	(36,000)	(433,520)
<b>Balance at 31 March 2023</b>	<b>682,291</b>	<b>100,756</b>	<b>77,770</b>	<b>860,817</b>

There was no transfer from Stage 3 to Stage 2.



# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

*(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			
	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	-
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)	(508,307)
<b>Balance at 31 March 2022</b>	<b>594,502</b>	<b>168,177</b>	<b>103,201</b>	<b>865,880</b>

There was no transfer from Stage 3 to Stage 2.

Receivables	The Group			
	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2022</b>	10,843	449	-	11,292
Movements with P&L impact				
New financial assets originated or Purchased	(8,278)	(168)	-	(8,446)
<b>Balance at 31 March 2023</b>	<b>2,565</b>	<b>281</b>	<b>-</b>	<b>2,846</b>

There were no financial assets derecognised during the period.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(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			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2021	5,988	267	-	6,255
Movements with P&L impact				
New financial assets originated or Purchased	4,855	182	-	5,037
Balance at 31 March 2022	10,843	449	-	11,292

#### Investment securities

	The Group			
	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2022	1,765,418	125,919	3	1,891,340
<b>Transfers:</b>				
Financial assets derecognised during period	(826,783)	(38,941)	-	(865,724)
New financial assets originated or purchased	991,965	-	104	992,069
FX and other changes in inputs used in ECL calculations	38,117	(3,186)	-	34,931
Balance at 31 March 2023	1,968,717	83,792	107	2,052,616

There were no transfers from Stage 1 to Stage 2 and Stage 2 to Stage 1.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

Notes to the Consolidated and Separate Financial Statements

31 March 2023

(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			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2021</b>	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>	<u>1,765,972</u>	<u>126,007</u>	<u>4</u>	<u>1,891,983</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(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 \$11,465 (2022: \$7,063). 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 and notes receivable is measured based on the location of the obligor. Concentration by location for investment securities is measured based on the location of the issuer of the security.

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

	<b>Loans and Notes Receivable</b>		<b>Investment Securities</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Gross amount	<u>1,710,214</u>	<u>1,436,122</u>	<u>2,106,866</u>	<u>1,995,915</u>
<b>Concentration by sector</b>				
Corporate/commercial	860,817	865,880	702,086	836,690
Sovereign	-	-	1,366,850	1,121,894
Bank	-	-	37,930	37,331
Retail	<u>849,397</u>	<u>570,242</u>	<u>-</u>	<u>-</u>
	<u>1,710,214</u>	<u>1,436,122</u>	<u>2,106,866</u>	<u>1,995,915</u>
<b>Concentration by location</b>				
Trinidad	1,463,353	1,431,239	1,367,282	1,593,449
Regional	246,861	434	169,765	177,308
Other	<u>-</u>	<u>4,449</u>	<u>569,819</u>	<u>225,158</u>
	<u>1,710,214</u>	<u>1,436,122</u>	<u>2,106,866</u>	<u>1,995,915</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

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

---

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

##### *Management of liquidity risk*

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

The Group utilizes three primary sources of funds for liquidity purposes – retail funding, corporate and wholesale funding and other debt issuances. A substantial portion of the Group is funded with 'core funding'. This represents a core base of retail and wholesale funds, which can be drawn on to meet ongoing liquidity needs. Facilities are also established with other financial institutions, which can provide additional liquidity as conditions demand. The Group's liquidity is also bolstered by a stock of unencumbered, high quality liquid assets, to withstand a range of stressed events.

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

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

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

---

### 27. Financial Risk Management (continued)

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

##### Liquidity limits

Liquidity limits establish boundaries for market access in business-as-usual conditions and are monitored against the liquidity position/gaps on an ongoing basis. These limits are established based on the size of the consolidated statement of financial position, depth of the market, experience level of local management, stability of the liabilities and liquidity of the assets. Finally, the limits are subject to the evaluation of the stress test results. Generally, limits are established such that in stress scenarios, the Group is self-funded. Thus, the risk tolerance of the liquidity position/gaps is limited based on the capacity to cover the position in a stressed environment. These limits are the key daily risk management tool for the Group.

##### Liquidity ratios

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

##### Market triggers

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

##### Liquidity Stress Testing

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

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

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

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

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

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from contractual cash flows. The principal differences are as follows:

- retail savings and demand deposits from customers are expected to remain stable or increase; and
- unrecognized loan commitments are not all expected to be drawn down immediately.

	The Group 2023					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Contractual Cash flow	Carrying Amount
	TT\$ 000	TT\$ 000	TT\$ 000	TT\$ 000	TT\$ 000	TT\$ 000
Cash and cash equivalents	627,680	-	-	-	627,680	627,680
Loans and notes receivable	104,999	1,131,965	376,591	167,812	1,781,367	1,594,226
Investment securities	763,324	235,683	667,413	548,791	2,215,211	2,106,866
Interest receivable	-	34,775	-	-	34,775	34,775
Accounts Receivable	-	41,003	-	-	41,003	41,003
	1,496,003	1,443,426	1,044,004	716,603	4,700,036	4,404,550
Customer deposits	1,710,288	906,984	38,878	1,255	2,657,405	2,631,251
Securities Sold under agreements to repurchase	339,558	345,173	32,642	-	717,373	710,265
Subordinated debt	790	4,936	32,845	146,956	185,527	133,742
Lease liability	1,646	4,438	17,904	4,987	28,975	23,977
Interest payable	18,257	-	-	-	18,257	18,257
Accounts payable	195,464	-	-	-	195,464	177,027
Due to related party	142,334	-	26,981	-	169,315	169,058
Notes payable	-	150,772	96,290	-	247,062	246,214
Total Financial liabilities	2,408,337	1,412,303	245,540	153,198	4,219,378	4,109,791
Bonds, Guarantees and Letters of Credit	3,271	970	71	-	4,312	14,012
Undrawn Credit Commitments	37,255	-	-	-	37,255	32,862
Total Credit Commitments	40,526	970	71	-	41,567	46,874

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

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

	The Group					
	2022					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Contractual Cash flow	Carrying Amount
	TT\$ 000	TT\$ 000	TT\$ 000	TT\$ 000	TT\$ 000	TT\$ 000
Cash and cash equivalents	655,398	-	-	-	655,398	655,398
Loans and notes receivable	152,181	1,017,032	286,611	32,891	1,488,715	1,343,602
Investment securities	490,242	252,108	774,372	605,417	2,122,139	1,995,915
Interest receivable	-	34,330	-	-	34,330	34,330
Accounts Receivable	-	30,550	-	-	30,550	30,550
	1,297,821	1,334,020	1,060,983	638,308	4,331,132	4,059,795
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	56,704	100,000	159,225	133,772
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
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 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 27. Financial Risk Management (continued)

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

	The Company				
	2023				
	Less than 3 Months	3 to 12 Months	Over 12 Months	Nominal Cash flow	Carrying Value
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash and cash equivalents	211	-	-	211	211
Accounts receivable	-	17,765	-	17,765	17,765
	211	17,765	-	17,976	17,976
<b>Financial Liabilities</b>					
Owed to related parties	64,310	-	-	64,310	64,310
Accounts payable	1,244	-	-	1,244	1,244
	65,554	-	-	65,554	65,554

	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 Assets</b>					
Cash and cash equivalents	212	-	-	212	212
Accounts receivable	-	14,274	-	14,274	14,274
	212	14,274	-	14,486	14,486
<b>Financial Liabilities</b>					
Owed to related parties	61,227	-	-	61,227	61,227
Accounts payable	202	-	-	202	202
	61,429	-	-	61,429	61,429

With regard to the amounts due to related parties, payments will only be made when the Company cashflows allow.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

---

### 27. Financial Risk Management (continued)

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

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

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

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

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

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 ERMC. 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 ERMC.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 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 2023 and during the year then ended is as follows:

	March 31 \$'000	Average for Year \$'000	Maximum during Year \$'000	Minimum during Year \$'000
2023 Overall VaR	14,898	12,056	14,898	8,492
2022 Overall VaR	15,624	14,034	19,907	8,104

#### (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 the functional currency of the respective subsidiaries. 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		Exchange rates	
	2023	2022	2023	2022
	\$'000	\$'000		
United States dollars	544,320	396,459	6.75	6.75
Great Britain Pound	5,753	2,653	8.54	9.16
Euro	18,609	5,809	7.50	7.82
Canadian dollars	(2,808)	(2,072)	5.10	5.56
Jamaican dollars	(441)	(427)	0.04	0.04

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(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 2023	Effect on Profit 2023	Change in Currency Rate 2022	Effect on Profit 2022
	%	\$'000	%	\$'000
Currency:				
BBD	6	1	6	1
CAD	6	(169)	6	(124)
EUR	6	1,117	6	349
GBP	6	345	6	159
USD	6	32,672	6	24,739
XCD	6	(1)	6	(1)
		<u>33,965</u>		<u>25,123</u>

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

**31 March 2023**

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

---

### **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. The primary form of interest rate risk encountered by the Group occurs due to the timing differences in the maturity (for fixed rate) and repricing (for floating rate) of bank assets, liabilities and off-balance positions.

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

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

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

### 27. Financial Risk Management (continued)

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

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

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						
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Over 5 Years	Non- Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 March 2023</b>							
<b>Financial assets</b>							
Cash and cash equivalents	48,521	-			-	579,159	627,680
Loans and notes receivable	102,471	124,900	929,047	269,997	167,811	-	1,594,226
Investment securities	755,618	122,232	106,453	573,773	516,949	31,841	2,106,866
Interest receivable	-	-	-	-	-	34,775	34,775
Accounts receivable	-	-	-	-	-	41,003	41,003
<b>Total financial assets</b>	<b>906,610</b>	<b>247,132</b>	<b>1,035,500</b>	<b>843,770</b>	<b>684,760</b>	<b>686,778</b>	<b>4,404,550</b>
<b>Financial liabilities</b>							
Customer deposits	(1,708,343)	(482,692)	(402,462)	(36,541)	(1,213)	-	(2,631,251)
Securities sold under agreements to repurchase	(336,609)	(149,938)	(191,640)	(32,078)	-	-	(710,265)
Lease liability	(1,281)	(1,267)	(2,188)	(14,999)	(4,242)	-	(23,977)
Due to related party	(70,672)	-	-	(26,974)	-	71,412	(169,058)
Interest payable	-	-	-	-	-	18,257	(18,257)
Accounts payable	-	-	-	-	-	177,027	(177,027)
Notes payable	-	(25,000)	(125,245)	(95,969)	-	-	(246,214)
Subordinated debt	-	-	-	-	(133,742)	-	(133,742)
<b>Total financial liabilities</b>	<b>(2,116,905)</b>	<b>(658,897)</b>	<b>(721,535)</b>	<b>(206,561)</b>	<b>(139,197)</b>	<b>266,696</b>	<b>(4,109,791)</b>
<b>Total interest sensitivity gap</b>	<b>(1,210,295)</b>	<b>(411,765)</b>	<b>313,965</b>	<b>637,209</b>	<b>545,563</b>	<b>420,082</b>	<b>(294,759)</b>
<b>Cumulative interest sensitivity gap</b>	<b>(1,210,295)</b>	<b>(1,622,060)</b>	<b>(1,308,095)</b>	<b>(670,886)</b>	<b>(125,323)</b>	<b>294,759</b>	<b>-</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

### 27. Financial Risk Management (continued)

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

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

	The Group						
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Over 5 Years	Non- Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<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)	-	-	(255,056)
Subordinated debt	-	-	-	(33,772)	(100,000)	-	(133,772)
<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 2023**

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

### 27. Financial Risk Management (continued)

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

##### (iii) Interest rate risk (continued)

	The Company						Total \$'000
	Within 3 Months \$'000	3 to 6 Months \$'000	6 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non - Interest Bearing \$'000	
<b>31 March 2023</b>							
<b>Financial assets</b>							
Cash and cash equivalents	211	-	-	-	-	-	211
Accounts receivable		-	-	-	-	17,765	17,765
<b>Total financial assets</b>	211	-	-	-	-	17,765	17,976
<b>Financial liabilities</b>							
Due to related party	-	-	-	-	-	(64,310)	(64,310)
Accounts payable	-	-	-	-	-	(1,244)	(1,244)
<b>Total financial liabilities</b>	-	-	-	-	-	(65,554)	(65,554)
<b>Total interest sensitivity</b>	211	-	-	-	-	(47,789)	(47,578)
<b>Cumulative interest sensitivity gap</b>	211	211	211	211	211	(47,578)	-



# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

(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>	212	-	-	-	-	14,274	14,486
<b>Financial liabilities</b>							
Due to related party	-	-	-	-	-	(61,227)	(61,227)
Accounts payable	-	-	-	-	-	(202)	(202)
<b>Total financial liabilities</b>	-	-	-	-	-	(61,429)	(61,429)
<b>Total interest sensitivity gap</b>	212	-	-	-	-	(47,155)	(46,943)
<b>Cumulative interest sensitivity gap</b>	212	212	212	212	212	(46,943)	-

#### **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 2023			31 March 2022		
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	(178)	45,436	-100	(454)	63,165
+100	178	(38,898)	+ 100	454	(56,529)

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

31 March 2023

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

---

### 27. Financial Risk Management (continued)

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

##### (iii) Equity price risk

Equity price risk arises on equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximise the investment returns while managing risk so as to minimise potential adverse effects on the Group's performance.

The Group's equity securities include both quoted and unquoted securities. Quoted equities are listed on local, regional and international stock exchanges. A 5% (2022: 5%) increase in quoted bid prices as at the reporting date would result in an increase of \$0.028 million (2022: \$0.034 million) and \$1.07 million (2022: \$1.35 million) in equity and profit respectively. A 5% (2022: 5%) decrease in quoted bid prices would result in a decrease of \$0.028 million (2022: \$0.034 million) and \$1.07 million (2022: \$1.35 million) in equity and profit respectively.

#### (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 Group follows the three lines of defence governance model, encompassing the organizational roles and responsibilities for the management of operational risks.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to 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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

---

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

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

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

- **Risk Identification and Assessment:** The Group utilises key tools such as Risk and Control Self-Assessments (RCSA), Business Process Mapping, Scenario Analysis, Audit Reviews, Key Risk Indicators, Operational Loss Data and Analysis to identify and assess Operational Risks inherent in all material products, activities, processes, systems, third-party arrangements, as well as ongoing monitoring post-implementation of Operational Risk, to ensure that inherent risks and incentives are well understood. Additionally, these tools help risk owners understand and proactively manage operational risk exposures. Management uses outputs of these tools to make informed risk decisions.
- **Control and mitigation:** Another critical element to sound Operational Risk Management is the existence of a sound internal control system. Internal controls are embedded into JEF's day-to-day business activities and are designed to ensure, to the extent possible, that the Group's activities are efficient and effective; that information is reliable, timely and complete; and that the Group is compliant with applicable laws and regulations.
- **Monitoring and Reporting:** An effective monitoring process is essential for managing Operational Risk as it assists in early detection and correction of emerging Operational Risk issues. Additionally, appropriate reporting mechanisms are implemented at the Business Unit, Senior Management and Board levels to support proactive management of Operational Risk and to establish the overall operational risk profile of the Group. Any changes to the operational risk profile that are not aligned to our business strategy or operational risk appetite are identified and discussed at the Management and Board Committees.

A significant component of operational risk that has become increasingly prevalent in the business environment and that affects the operations of 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 2023**

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

---

### **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 2023**

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

---

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

The composition of Tier II capital includes inter alia:

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

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 2023**

*(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.

	<b>JMMB (TT) Group</b>	<b>JMMB (TT) Group</b>
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Tier 1 capital	320,422	343,403
Tier 2 capital	194,897	126,763
Total regulatory capital	515,319	470,166
<b>Risk-weighted assets:</b>		
Total risk weighted assets -credit risk	2,652,867	2,608,397
Total risk weighted assets -market risk	1,338,010	1,192,162
Total risk weighted assets –operational risk	314,568	286,220
	4,305,445	4,086,779
Common Equity Tier 1 ratio	4.5%	9.74%
Tier 1 Capital ratio	6.0%	9.74%
Capital Adequacy Ratio	10.0%	11.97%

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Consolidated and Separate Financial Statements

**31 March 2023**

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

---

### **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 2023**

*(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 2023				
	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	-	765,294	1,545	766,839	-	766,839	-	766,839
Other sovereign	-	600,011	-	600,011	551,865	48,146	-	600,011
Corporate bonds	-	687,311	22,410	709,721	-	709,721	-	709,721
Quoted and unquoted equities	-	8,814	21,481	30,295	22,048	-	8,247	30,295
	-	2,061,430	45,436	2,106,866	573,913	1,524,706	8,247	2,106,866
<b>Financial assets not measured at fair value</b>								
Cash and cash equivalents	627,680	-	-	627,680				
Interest receivable	34,775	-	-	34,775				
Loans and notes receivable	1,594,226	-	-	1,594,226				
Accounts receivable	41,003	-	-	41,003				
	2,297,684	-	-	2,297,684				
<b>Financial liabilities not measured at fair value</b>								
Customer deposits	2,631,251	-	-	2,631,251				
Securities sold under agreements to repurchase	710,265	-	-	710,265				
Lease liability	23,977	-	-	23,977				
Interest payable	18,257	-	-	18,257				
Accounts payable	177,027	-	-	177,027				
Due to related party	169,058	-	-	169,058				
Subordinated debt	133,742	-	-	133,742				
Notes payable	246,214	-	-	246,214				
	4,109,791	-	-	4,109,791				



# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

*(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- Restated see Note 37								
	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	-	854,607	-	854,607
Other sovereign	-	267,287	-	267,287	215,457	51,830	-	267,287
Corporate bonds	-	770,089	61,145	831,234	-	831,234	-	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	243,167	1,737,671	15,077	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				
Subordinated debt	133,772	-	-	133,772				
Notes payable	255,056	-	-	255,056				
	3,799,094	-	-	3,799,094				

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

### **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 2023**

*(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 2023					
	Amortised Cost	Fair value through other comprehensive income	Fair Value Through Profit or Loss	Other Liabilities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets not measured at fair value</b>					
Cash and cash equivalents	211	-	-	-	211
Accounts receivable	17,765	-	-	-	17,765
	17,976	-	-	-	17,976
<b>Financial liabilities not measured at fair value</b>					
Due to related party	-	-	-	64,310	64,310
Accounts payable	-	-	-	1,244	1,244
	-	-	-	65,554	65,554

The Company					
31 March 2022					
	Amortised Cost	Fair value through other comprehensive income	Fair Value Through Profit or Loss	Other Liabilities	Total
	\$'000	\$'000	\$'000	\$'000	\$'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	-	-	-	61,227	61,227
Accounts payable	-	-	-	202	202
	-	-	-	61,429	61,429

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

*(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 end 2022.

	<b>Equities</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>The Group 2023</u></b>		
Opening balance	15,077	15,077
Additions	-	-
Disposals	(7,526)	(7,526)
Total gains or losses: -in OCI	696	696
Closing balance	<u>8,247</u>	<u>8,247</u>
<b><u>The Group 2022</u></b>		
Opening balance	13,304	13,304
Additions	7,526	7,526
Disposals	(5,297)	(5,297)
Total gains or losses: - in OCI	(456)	(456)
Closing balance	<u>15,077</u>	<u>15,077</u>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

*(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	Valuation Technique	Significant Unobservable Input	(1) Range	(2) Weighted Average
	\$'000				
Equities	\$8,247 (2022: \$15,077)	Discounted cashflow	Revenue growth cost of equity Volatility of earnings	5% above and below	68.97-100 per share

Significant unobservable inputs are developed as follows:

- 1) The ranges of values shown in the above table represent the highest and lowest levels used in the valuation of the Company's Level 3 financial instruments as March 31, 2023. 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 Company's Level 3 financial instruments.
- 2) Weighted average has been calculated by weighting inputs by the relative fair value.

#### (e) Valuation techniques for investments

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 and are classified as level 1
(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: <ul style="list-style-type: none"> <li>• Eurobonds</li> <li>• Other</li> </ul>	Estimated using bid-prices published by major overseas brokers. 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.
(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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

### 30. Contingencies and Commitments

#### (a) Litigation

As at 31 March 2023, there were two 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 (2022: NIL).

#### (b) Credit Commitments

As at 31 March 2023, the Group's credit commitments were as follows:

	The Group	
	2023 \$'000	2022 \$'000
Undrawn commitments for loans and advances	37,255	7,924
Loan and advances approved pending finalisation of documents	113,233	97,423

### 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.

Reportable segments	Operations
Retail	Loans, deposits and other transactions and balances with retail customers
Corporate/Commercial	Loans, deposits and other transactions and balances with corporate/commercial customers
Treasury 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

## Notes to the Financial Statements

**31 March 2023**

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

### 31. Operating Segment (continued)

	The Group						Total
	Retail	Corporate/ Commercial	Treasury and Portfolio Management	Securities Trading	Equity Brokerage	Other Functions	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 31 March 2023</b>							
Net interest income	66,875	66,664	56,107	-	859	-	190,505
Gains on securities trading	-	-	1,039	7,661	-	-	8,700
Fees and commissions income	10,376	3,857	4,808	-	4,865	155	24,060
Net revenue from financial instruments at FVTPL	-	-	-	-	5,479	-	5,479
Foreign exchange gains	-	-	38,451	-	(2,694)	-	35,757
Other Income	-	-	-	-	1,147	200	1,347
<b>Total Income</b>	<b>77,251</b>	<b>70,521</b>	<b>100,405</b>	<b>7,661</b>	<b>9,656</b>	<b>355</b>	<b>265,849</b>
Impairment losses on financial assets	(19,415)	(14,053)	2,401	(3,065)	168	-	(33,964)
Staff costs	(32,176)	(5,800)	(2,738)	-	(2,456)	(47,999)	(91,169)
Operating expenses	(41,334)	(4,228)	(692)	-	(2,185)	(26,384)	(74,823)
<b>Total Expenses</b>	<b>(92,925)</b>	<b>(24,081)</b>	<b>(1,029)</b>	<b>(3,065)</b>	<b>(4,473)</b>	<b>(74,383)</b>	<b>(199,956)</b>
<b>Profit (loss) before taxation</b>	<b>(15,674)</b>	<b>46,440</b>	<b>99,376</b>	<b>4,596</b>	<b>5,183</b>	<b>(74,028)</b>	<b>65,893</b>
<b>Segment assets</b>	<b>831,989</b>	<b>901,640</b>	<b>2,540,035</b>	<b>16,750</b>	<b>49,525</b>	<b>162,364</b>	<b>4,502,303</b>
<b>Segment liabilities</b>	<b>1,383,230</b>	<b>611,770</b>	<b>2,017,586</b>	<b>26,994</b>	<b>26,575</b>	<b>57,637</b>	<b>4,123,792</b>

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

### 31. Operating Segment (continued)

	The Group					
	Retail	Corporate/ Commercial	Treasury and Portfolio Management	Bond Trading	Equity Brokerage	Other Functions
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 31 March 2022 (Restated see Note 37)</b>						
Net interest income	58,692	68,939	23,430	-	-	-
Gains on securities trading	-	-	918	4,835	-	-
Fees and commissions income	7,926	669	127	-	8,821	3,478
Net revenue from financial instruments at FVTPL	-	-	-	-	5,050	-
Foreign exchange gains	-	-	24,113	-	(1,272)	-
Other Income	-	-	-	-	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>
Impairment losses on financial assets	(7,281)	(7,091)	(1,661)	-	(182)	-
Staff costs	(12,570)	(4,816)	(2,350)	-	(1,762)	(59,248)
Operating expenses	(36,604)	(3,277)	(1,034)	-	(1,913)	(18,914)
<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>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>Segment assets</b>	<b>464,589</b>	<b>816,365</b>	<b>2,612,560</b>	<b>8,282</b>	<b>69,612</b>	<b>188,600</b>
<b>Segment liabilities</b>	<b>1,241,303</b>	<b>528,639</b>	<b>1,854,659</b>	<b>27,018</b>	<b>50,214</b>	<b>109,563</b>



# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

### **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. 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 with 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 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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

31 March 2023

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

---

### 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)(4); 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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

### **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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

### **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 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

**31 March 2023**

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

---

### **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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

### **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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

### **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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

### **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).



# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

### **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.

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 2023**

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

---

### **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 "default".

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.

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

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

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

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

##### *(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.

##### *(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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

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

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

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

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

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

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

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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

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

#### **(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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

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

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

##### *iv. Banking and Non-banking Licenses*

The banking and securities licenses 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

**31 March 2023**

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

---

### **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

**31 March 2023**

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

---

### **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



# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

### **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 2023, the Group's contributions amounted to \$4.4 million (2022: 4.4 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 2023 totalled \$4,312 (2022: \$4,005). In the event of a call on these commitments, the Group has equal and offsetting claims against its customers.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

### **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 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 June 30, 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 adoption of amendments to IFRS 16 did not result in any changes to the financial statements.

- Amendments to IAS 37 Provisions, 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 adoption of amendments to IAS 37 did not result in any changes to the financial statements.

- Amendments to IAS 16 Property, Plant and Equipment, effective for annual periods beginning on or after January 1, 2022, will mainly affect extractive and petrochemical industries and include the following guidance. In the process of making an item of property, plant and equipment (PPE) available for its intended use, a company may produce and sell items – e.g. minerals extracted in the process of constructing an underground mine or oil and gas from testing wells before starting production. It provides guidance on the accounting for such sale proceeds and the related production costs. Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between, costs associated with producing and selling items before the item of PPE is available for use, and costs associated with making the item of PPE available for its intended use. Making this allocation of costs may require significant estimation and judgement. Companies in the extractive industry may need to monitor costs at a more granular level. The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to; disclose separately the sales proceeds and related production cost recognised in profit or loss, and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

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

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

- 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.
  - (i) 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.
  - (ii) IFRS 16 Leases amendment removes the illustration of payments from the lessor relating to leasehold improvements.
  - (iii) The amendments to IAS 41 Agriculture removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

The adoption of Annual Improvements to IFRS Standards 2018-2020 cycle did 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 Group has not early-adopted. The Group has assessed them with respect to its operations and has determined that the following are relevant:

- IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4, Insurance Contracts and is effective for annual reporting periods beginning on or after January 1, 2023. It outlines a new measurement model for insurance contracts, a General Measurement Model (GMM), which is modified for insurance contracts with direct participation features, described as Variable Fee Approach. The GMM is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The new standard focuses on types of contracts and therefore applies to all entities whether or not they are regulated as insurance entities.

Generally, an entity will apply IFRS 17 to contracts that meet the definition of an insurance contract with certain exceptions where accounting under another standard is permitted, for example, financial guarantee contracts accounted for under IFRS 9.

The Group is in the process of reviewing the impact of the standard on the various types of contracts it issues.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

31 March 2023

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

---

### 32. Significant Accounting Policies (continued)

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

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

Under existing IAS 1 requirements, the Bank classifies a liability as current when it does 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, a right to defer settlement must have substance and exist at the reporting date. The Bank 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 Bank 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 the Bank 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 Bank's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that the reporting entity 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 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:

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

The amendments are consistent with the refined definition of material:

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

The Group does not expect the amendments to have a significant impact 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.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

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

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

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:

- (i) 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
- (ii) 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.
- (iii) the effects of changes in such inputs or measurement techniques are changes in accounting estimates.

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

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

### 33. Earnings per Share

Amounts are noted in thousands except per share

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit attributable to ordinary shares	<u>45,953</u>	<u>33,966</u>	<u>2,850</u>	<u>3,201</u>
Ordinary shares at 1 Apr	<u>208,161</u>	<u>208,161</u>	<u>208,161</u>	<u>208,161</u>
	<u>\$0.22</u>	<u>\$0.16</u>	<u>\$0.01</u>	<u>\$0.02</u>

The above represents both basic and diluted EPS

### 34. Events after the Reporting Period

One of the subsidiaries in the Group, JMMB Express Finance (T&T) Limited, is in the process of making a minority stake investment of 19.9% in another privately owned financial institution in Trinidad and Tobago. An initial subscription agreement has been signed by both parties and is pending regulatory and other approvals.

There are no other 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 ongoing Russia-Ukraine crisis poses geopolitical risks that could lead to market volatility and disrupt international trade. While the Group has no direct exposure to Russia and Ukraine, there can be indirect impacts through global financial markets. While we believe that these impacts have been largely priced in we continue to monitor the situation and take any developments into account in our management strategies and will respond as the situation evolves.

### 36. Climate Related Risk

The JMMB Group acknowledges that climate change can have serious implications for our business and our clients going forward. We understand that the effects of climate change may pose physical, transition, and other risks that could impact our operations and financial performance. This disclosure outlines these potential risks while also highlighting opportunities related to a low-carbon, sustainable economy and our plans to develop a framework to address this emerging risk area.

Physical risks arise from potential damage to our physical assets and those of our clients due to climate change-induced events, including acute events like floods and storms, and chronic conditions like rising sea levels and changing precipitation patterns.

Transition risks arise from the process of adjustment towards a low-carbon economy. These risks are varied and include changes in technology, policy and legal frameworks, and market conditions which can have financial and reputational impacts on our operations.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

---

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

These risks could influence the viability of certain sectors or businesses, the valuation of collateral and by extension the credit risk associated with certain borrowers. There are also the risks associate with shifts in supply and demand, changes in energy prices, changes in asset valuations or changing sentiment towards certain industries that could affect the financial performance of our clients and impact our own investment and credit portfolios.

The transition to a low-carbon, sustainable economy also presents various opportunities such as the growing demand for green finance products, such as green bonds and sustainability-linked loans as well as opportunities in advising clients on sustainability and climate-related issues.

The Group currently identifies climate change risk as an emerging risk within its Enterprise Risk Management framework. Progress is being made 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 in our credit portfolios. This will be cascaded throughout the Group in the upcoming fiscal year.

While there is no formal climate risk policy in place at present, the Group has started the work on building our expertise in this area. The Group ensures that there are mitigants in place for certain climate related events such as insurance for its physical assets as well as assets held as collateral for loan facilities. There is also a Business Continuity Plan (BCP) in place to ensure that the Group can operate in situations where climate related disruptions to business may occur. The Group recognizes the growing importance of this emerging risk area and will be implementing methodologies for identifying and quantifying how climate risks could impact us and our clients as well as strategies to manage this risk going forward. With this said, we acknowledge that we are in the preliminary stages of developing this framework and will be working to progress this in the upcoming year.

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

### 37. Restatement of the prior year comparatives

#### Financial instruments measures at fair value – fair value hierarchy

A restatement has been made to correct an inconsistency in the fair value hierarchy which was disclosed in the financial statements for the year ended 31 March, 2022 to comply with the classification of investments into the various levels in accordance with IFRS with no changes to the overall reported amounts for these financial instruments.

#### Financial assets measured at fair value

		Level 1	Level 2	Level 3	Total
Government of Trinidad and Tobago securities	As previously reported	236,798	617,809	-	854,607
	Adjustment	(236,798)	236,798	-	-
	Restated	-	854,607	-	854,607
Other sovereign	As previously reported	267,030	-	257	267,287
	Adjustment	(51,573)	51,830	(257)	-
	Restated	215,457	51,830	-	267,287
Corporate bonds	As previously reported	315,578	301,295	214,361	831,234
	Adjustment	(315,578)	529,939	(214,361)	-
	Restated	-	831,234	-	831,234
Quoted and unquoted securities	As previously reported	27,710	-	15,077	42,787
	Adjustment	-	-	-	-
	Restated	27,710	-	15,077	42,787
Total	As previously reported	847,115	919,105	229,695	1,995,915
	Adjustment	(603,948)	818,566	(214,618)	-
	Restated	243,167	1,737,671	15,077	1,995,915



# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

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

### 37. Restatement of the prior year comparatives

#### Operating segment

A restatement has been made to the segment assets and liabilities which were disclosed in the financial statements for the year ended 31 March, 2022. System enhancements facilitate a more refined classification into the reported segments and for consistency this was applied to the prior year as well.

This was a voluntary change by management and not a prior period error.

#### Segment assets

	Retail	Corporate/ Commercial	Treasury and Portfolio Management	Bond Trading	Equity Brokerage	Other Functions	Total
As previously reported	83,267	1,252,816	2,517,261	8,282	69,612	228,770	4,160,008
Adjustment	381,322	(436,451)	95,299	-	-	(40,170)	-
As restated	464,589	816,365	2,612,560	8,282	69,612	188,600	4,160,008

#### Segment liabilities

	Retail	Corporate/ Commercial	Treasury and Portfolio Management	Bond Trading	Equity Brokerage	Other Functions	Total
As previously reported	140,289	2,533,374	1,045,702	27,018	50,214	14,799	3,811,396
Adjustment	1,101,014	(2,004,735)	808,957	-	-	94,764	-
As restated	1,241,303	528,639	1,854,659	27,018	50,214	109,563	3,811,396

# Jamaica Money Market Brokers (Trinidad and Tobago) Limited

## Notes to the Financial Statements

**31 March 2023**

*(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

**31 March 2023**

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

---

### 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.