ANNUAL REPORT | 2021

Jamaica Money Market Brokers Ltd.

Contents

VISION OF LOVE

JMMB is seeking to create an organisational environment in which team players can achieve their full potential. Accordingly, the teams at JMMB are committed to a long-term ongoing process of holistic development that recognises the complete development of the individual. JMMB is therefore, a medium through which individuals may have dreams for themselves; and can extend those dreams beyond the organisation into an infinite, prosperous and abundant society and universe. Each person is loving and respectful of each other, and represents an important link in a chain of **LOVE**, serving each other, sharing ideas, building each other. Hence the JMMB vision is shared by all team players.

The JMMB team is clear that the organisation is based on **UNCONDITIONAL LOVE** and **MUTUAL RESPECT**. This **LOVE** is expressed in ongoing day to day working relationships and performance. Unconditional love is expressed in every interaction and is the foundation upon which the organisation rests. Love motivates the JMMB team to serve our clients who are a very special part of our family. The driving force of the organisation is to provide opportunities for team players to expand their potential, to recognise the power within and their ability to fully express and manifest this power to the benefit of the individual, the organisation and the society. In the process, all individual and organisational goals are achieved.

This is the central ethos / philosophy of JMMB and becomes more challenging as the organisation increases in size. This innovative approach to life represents a new way of looking at the world, where equality and equity are dominant. Hence, this represents a paradigm shift.

JMMB is therefore, actively and publicly involved in charitable and voluntary activities within the society and recognises and accepts its social responsibility, understanding that it has everything to do with JMMB which is part of the link in the wider chain. With this perspective, the JMMB team recognises diversity, while celebrating differences among team members, realising that there are commonalities that bind members together. When this “One-Ness” is accepted, nurtured and developed, this enhances the ongoing implementation of the shared vision. The intention is to ensure that wherever conflict exists, we aspire to a positive outcome.

JMMB is committed to life in all its abundance. Accordingly, team players recognise the links between the organisation and the wider society and the inter-relatedness of all life. In keeping with this, JMMB is committed to being actively concerned with the conservation, preservation and sustenance of the natural environment in order to ensure sustainable development.

The atmosphere that JMMB is in the process of developing, may be defined as an energy field where overlapping circles of creativity, passion, excitement, fun and laughter coexist in a dynamic process that ultimately leads to higher levels of self-actualization; hence, the achievement of the organisational mission. This is a loving, caring and honest atmosphere where ideas are valued and shared openly; where a balance is created between aspirations and practical aspects of work and life, between actualization and potential. There are no fears, no limitations, no boundaries. Team members are therefore expected and encouraged to be genuine, taking responsibility to express anything they feel, knowing that it is safe to do so. To ensure this, JMMB is committed to providing an open forum for ideas to be discussed, tested and implemented in order to help each other grow.

Team members, therefore, envision JMMB as the premier financial institution of its kind: successful, professionally managed with excellent team members giving exceptional client care and striving to achieve excellence in all areas of life. Team members see JMMB continuing to expand beyond Jamaica, retaining its spiritual characteristics and therefore, developing all the disciplines required for its continued success.

DECLARATION

I believe so strongly in myself that I will not get defensive by criticism as I know that every experience is an opportunity for growth. I will nurture and build my fellow team players. I will use every opportunity to praise and give thanks. I embrace the uncertainty that forms part of my vision. I have a strong enough faith to know that everything that happens along my path happens for a reason, and that all things work together for my good.

CORPORATE INFORMATION

CLIENT CARE SUPPORT
(876) 998-JMMB (5662)
From the USA and Canada:
1 (877) 533-5662
From the UK: 0 (800) 404-9616
Opening Hours:
Monday – Sunday:
8:00 a.m. – 12:00 a.m.
Email: info@jmmb.com
www.jmmb.com

HEAD OFFICE
6 Haughton Terrace
Kingston 10
Tel: (876) 998-5662
Fax: (876) 960-9546
OPENING HOURS:
Monday – Friday:
8:30 a.m. – 3:30 p.m.
Email: info@jmmb.com
www.jmmb.com

HAUGHTON AVENUE BRANCH
5 Haughton Avenue
Kingston 10

KNUTSFORD BOULEVARD BRANCH
11 Knutsford Boulevard
Kingston 5

JUNCTION AGENCY
Shop 2, Roye's Plaza
Main Street, Junction
St. Elizabeth

MANDEVILLE BRANCH
23 Ward Avenue
Mandeville, Manchester

MONTEGO BAY BRANCH
Suite 1
Fairview Office Park
Alice Eldemire Drive
Montego Bay, St. James

MAY PEN BRANCH
Shop 28B, Bargain Village Plaza,
35 Main Street
May Pen, Clarendon

OCHO RIOS BRANCH
Guardian Life Building
2 Graham Street
Ocho Rios, St. Ann

PORTMORE BRANCH
47 - 48 West Trade Way
Portmore Town Centre
Portmore, St. Catherine

SANTA CRUZ BRANCH
Shop # 2 Oasis Plaza, Coke Drive,
Santa Cruz, St. Elizabeth

JAMAICA MONEY MARKET BROKERS LIMITED
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at JMMB Head Office, 6 Haughton Terrace, Kingston 10, Jamaica on Thursday, September 23, 2021, at 1.00 P.M. for the purpose to consider and if thought fit to pass the following ordinary resolutions:

1. **TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021, AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON.**

"THAT the Directors' Report, the Auditors' Report and the Statements of Account of the Company for the year ended March 31, 2021 be received."

2. **TO REAPPOINT DIRECTORS**

The directors retiring from office by rotation pursuant to Article 105 of the company's Articles of Association are Mrs. Audrey Deer Williams and Dr. Archibald Campbell, who being eligible offer themselves for re-election.

(a) THAT Mrs. Audrey Deer Williams be and is hereby re-elected a Director of the company;

(b) THAT Dr. Archibald Campbell be and is hereby re-elected a Director of the company;

3. TO APPOINT AUDITORS AND AUTHORISE THE DIRECTORS TO FIX THE REMUNERATION OF THE AUDITORS

"THAT KPMG, Chartered Accountants, having agreed to continue in office as auditors, be and are hereby appointed auditors of the Company to hold office until the next annual general meeting at a remuneration to be fixed by the Directors of the Company".

4. **TO APPROVE DIRECTORS' REMUNERATION**

"THAT the amount included in the Audited Accounts of the Company for the year ended March 31, 2021 as remuneration for their services be and is hereby approved."

Dated this 28th day of July 2021

By Order of the Board

Carolyn DaCosta
Secretary

REGISTERED OFFICE
6 Haughton Terrace
Kingston 10

NB: A member entitled to vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the company. Enclosed is a proxy form for your convenience, which must be lodged at the Company's Registered Office at least forty-eight hours before the time appointed for holding the meeting. The Proxy Form shall bear the stamp duty of $100.00. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.

CHAIRMAN'S MESSAGE

Nobody wishes for hard times. But when the going gets tough, there is one definite silver lining. You get to find out who your true friends are – people who know you, and you can count on for support. 2020 was one such year. Because of the COVID-19 pandemic, the economy took a dive. Businesses closed down, each and every one of us was impacted. Many experienced emotional and financial setbacks. Amid the shadow of the pandemic, however, JMMB was there for you our valued clients and shareholders.

We made it our business to understand what you were going through and to help you in any way we could. The pandemic forced us to improve our online transactions options and revised our processes to allow us to continue serving our clients.

Despite the challenges we are pleased to submit the Annual Report for Jamaica Money Market Brokers Limited (JMMB) for the year ended March 31, 2021. For the year, JMMB posted net profit of J$2.65B, finishing 7% lower than prior period while operating revenue totaled J$9.21B which was a 16% decrease over the prior year. In addition to the pandemic, the lower performance was due also to the transfer of JMMB International as a subsidiary, during the first quarter of the year.

At the heart of our strategy are our clients who continue to have confidence in the vision and direction of the company. Throughout 2020/21, the team focused on further embedding our Financial Partnership strategy which drives our operations and service delivery. We have remained committed to transforming the way we work and improving our service delivery. In the coming year, the team's focus will continue to be on bolstering the platforms and channels through which we interact and serve.

Our management team continues to lead with confidence in the best interest of all our stakeholders. The Board salutes the management team for their hard work and commitment. We are also very grateful for all our team members and thank everyone for the role they each play in delivering the client value proposition and executing our strategy.

Thank you to our shareholders, who have demonstrated confidence in us and who continue to partner with us. We are truly committed to building shareholder value, and without you this would not be possible.

Archibald Campbell, DBA

DIRECTORS PROFILES

DR. ARCHIBALD CAMPBELL - CHAIRMAN

Areas of expertise:

- Accounting
- Administration
- Arbitration
- Business Ethics
- Business Operations
- Finance

Archibald is currently the Chairman of JMMB Group Limited and majority of its subsidiaries in Jamaica, Dominican Republic and Trinidad and Tobago, as well as the Board of Trustees of the JMMB Pension Fund. He is also a Director of JMMB Bank (Jamaica) Limited and Sagicor Financial Company Limited, an Associated Company. He also sits as a director on a number of Sagicor Financial Company Limited's subsidiaries. Prior to this he served as a Director at the University Hospital of the West Indies, a member of the Sugar Industry Divestment negotiation team, two pension funds and also several companies that included hotels, property management, banks, tertiary level institutions and a number of non-profit organisations. He was a lecturer at the University of the West Indies (UWI) where he taught Accounting as well as Risk Management in the Banking Degree. Archibald also served as Bursar of the UWI and Chief Financial Officer with responsibility for maintaining relations with the seventeen (17) contributing Caribbean countries with regard to funding. He is a Chartered Accountant and is a past president of the Institute of Chartered Accountants of Jamaica. Archibald is a published author and speaker in the accounting and finance sectors. With a Doctorate in Business Administration (DBA) and a M.Sc. in Accounting from the University of the West Indies, various international training and certification and over 40 years of experience in the industry, Dr. Campbell is an unmatched resource.

KISHA ANDERSON JP

Areas of expertise:

- Administration
- Investment Management
- Leadership & Coaching
- Business Ethics
- Business Operations
- Finance

Kisha began her tenure in the financial sector over 20 years ago at Jamaica Money Market Brokers Limited (JMMB). She entered the field with a degree in Environmental Sciences from the UWI, Mona and has subsequently completed a four (4) month Harvard Business School General Management Program, where she gained invaluable knowledge and exposure to new paradigms and techniques to support her strategic and leadership capabilities. During her tenure at JMMB she contributed to its branch development, strategic leadership and was instrumental in ensuring operational readiness in converting JMMB Merchant Bank Limited into a commercial bank.

Kisha served as Country Chief Executive Officer of JMMB's Jamaican-based subsidiaries: JMMB Bank (Jamaica) Limited, JMMB Insurance Brokers Limited, JMMB Fund Managers Limited and JMMB Securities Limited (Jamaica). She also serves as a director for JMMB Investments (Trinidad and Tobago) Limited and its subsidiary JMMB Securities (T&T) Limited. Kisha is also member of First Rock Capital Holdings Limited Board of Directors.

She is a Justice of the Peace for Kingston, Secretary for the Bethel Thrift Society Investment & Credit Committee and serves alongside her husband in the Moorlands summer camp ministry.

AUDREY DEER-WILLIAMS

Areas of expertise:

- Administration
- Business Ethics
- Treasury Operations
- Investment Management
- Process Improvement
- Strategic Planning

Audrey is the Chief Technical Director assigned to the Social Security Division of the Ministry of Labour and Social Security. She worked in various capacities in the United States in the financial services sector prior to her service in the public sector in Jamaica. Audrey is a distinguished public servant whose extensive training and expertise in a multiplicity of areas has made her an invaluable resource. She holds an undergraduate degree in Economics and Accounting from the University of the West Indies and a Master's degree in Business Administration from Manchester Business School.

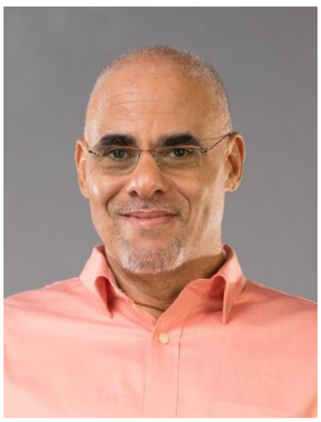
H. WAYNE POWELL

Areas of expertise:

- Administration
- Banking
- Business Ethics
- Business Operations
- Finance
- Human Resource Management
- Leadership Consultation

H. Wayne is currently a business, financial and leadership Consultant who has previously served as Vice-President at Scotiabank International and Executive Vice-President at Scotiabank Jamaica. He has been recognized at the national level for his extraordinary contribution to the banking sector in Jamaica. As a finance, banking and leadership consultant, he brings to JMMB Group over 45 years of knowledge and experience in the financial sector, both locally and internationally. H. Wayne is also known for his contribution to nation building as a Justice of the Peace, as well as, through his affiliation with the Rotary Club of New Kingston and other charitable organizations. H. Wayne sits on several corporate and public sector boards and currently serves as a member of the following JMMB Group's Board Committees: Finance, Culture and Leadership Development and Audit. Wayne was recently appointed as a member of the Integrity Commission.

KEITH DUNCAN



Areas of expertise:

- Administration
- Business Ethics
- Business Operations
- Corporate Governance
- Finance
- Investment Management
- Strategic Planning

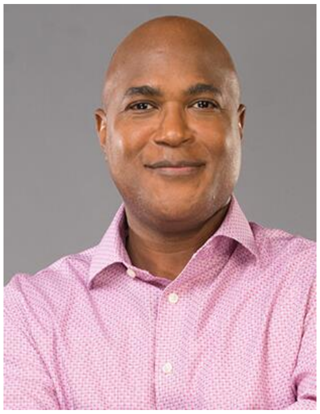
Keith is the Group Chief Executive Officer at the JMMB Group of Companies and has responsibility for overall performance and charting the strategic direction of the Group.

His financial expertise has not only benefited the JMMB Group, but also the Jamaican financial sector. Mr. Duncan is currently the President of the Private Sector Organization of Jamaica (PSOJ) and served as a Vice-President of the PSOJ throughout 2013 – 2015. He is also Past President of the Jamaica Securities Dealers Association (JSDA) and continues to contribute his service to Jamaica through various roles, including his current appointment as Chairman of the Economic Programme and Oversight Committee (EPOC).

Under his leadership, the JMMB Group was conferred with the American Foundation for the University of the West Indies (AFUWI) Award for Excellence in Business Leadership in February 2020, and the prestigious 'Best of Chamber Award' from the Jamaica Chamber of Commerce in March 2011.

He is a Chartered Financial Analyst and holds a B.A. (Economics) from the University of Western Ontario in Canada.

V. ANDREW WHYTE



Areas of expertise:

- Accounting/Finance
- Banking
- Risk Management
- Corporate Governance
- Internal Audit

Andrew is the Group Treasurer at Jamaica Producers Group, a multi-national company with operations in Jamaica, the Netherlands, United Kingdom, the Dominican Republic, Cayman Islands and the USA. He previously worked in the financial industry for several years. An Independent Director, he currently serves as Chairman of the JMMB Group and JMMB Bank (Ja) Limited Audit & Compliance Committees, in addition to being a member of both the Risk and Finance Committees. Andrew is also a director on a number of JMMB Group's subsidiaries. He has a Bachelor's degree in Chemical Engineering from Illinois Institute of Technology and a Master's degree in Business Administration from the University of Illinois Chicago. In addition to his training and experience, Andrew utilizes his Christian principles to guide his contribution. He chairs the Board of Trustees of the preparatory school, Emmanuel Christian Academy.

COMPANY SECRETARY

CAROLYN DACOSTA, Corporate Secretary

Carolyn has served as Corporate Secretary for JMMB since March 18, 2008. Carolyn holds certification in Corporate Governance from Harvard Business School, an MBA in Finance as well as a Diploma in International Compliance from the Manchester Business School in the UK, an LLB (Law degree) from the University of London and a Bachelor's degree from the University of the West Indies. She brings an unparalleled combination of technical skills and experience to this critical role. In keeping with the Group's commitment to effective corporate governance, she ensures compliance with all relevant statutory and regulatory requirements, monitors changes in relevant legislation and ensures the taking of appropriate action, as required. Additionally, Carolyn is a Fellow of the International Compliance Association and a Justice of the Peace for the parish of St. Catherine

JAMAICA MONEY MARKET BROKERS LIMITED SENIOR TEAM LEADERS

- Keisha Forbes-Ellis - Chief Executive Officer & Chief Country Officer – Jamaica
- Kwame Brooks - General Manager, Trading and Treasury
- Nerene Brown - Operations Manager, Client Sales & Service Delivery
- Kashwayne Bryson - Financial Controller
- Claudine Campbell-Bryan - Country Compliance Officer & Deputy Corporate Secretary
- Cecile Cooper - Country Chief, Culture and Human Development Officer
- Alwayne Cousins - Manager Corporate Solutions
- Patreina Messam - Internal Audit Manager
- Densie Robinson - Senior Corporate Manager, Settlement & Securities
- Fornia Young - General Manager, Client Partnership
- Stephen Shim – Group Information Technology Officer

Group Executives with oversight responsibilities for the Company

- Peta-Gaye Bartley - Group Chief Internal Auditor
- Damion Brown - Group Chief Investment Officer
- Carolyn DaCosta - Group Chief Compliance Officer
- Patrick Ellis - Group Chief Financial Officer
- Dereck Rajack - Group Chief Risk Officer
- Kerry Ann Stimpson - Group Chief Marketing Officer
- Patricia Sutherland – Group Chief Operations Officer *
- Claudine Tracey - Group Chief Strategy Officer

*joined JMMB Group Limited on April 1 2021.

JAMAICA MONEY MARKET BROKERS LIMITED
TOP 10 SHAREHOLDERS AT 31 MARCH 2021

		ORDINARY SHARES
		1,630,552,530
SHAREHOLDERS	**SHAREHOLDINGS**	%
JMMB GROUP LTD	1,630,552,530	100
	1,630,552,530	**100**

SHAREHOLDINGS OF DIRECTORS AND SENIOR MANAGEMENT

Directors	**Shareholdings**	**Connected Parties**	
Archibald Campbell	Nil		
Keith P. Duncan	Nil	Concise E.I. Ltd	& JVF E.I. Ltd
Kisha Anderson	Nil		
Audrey Deer-Williams	Nil		
V. Andrew Whyte	Nil		
H. Wayne Powell	Nil		

Senior Management	**Shareholdings**	**Connected Parties**	
Donna Duncan-Scott	Nil	JVF O.N. Ltd &	Concise O.N. Ltd.
Keith Duncan	Nil	Concise E.I. Ltd. &	JVF E.I. Ltd
Carolyn DaCosta	Nil		
Paul Gray	Nil		
Julian Mair	Nil		
Patricia Sutherland	Nil	JVF RI Limited	
Patrick Ellis	Nil		
Janet Patrick	Nil		
Damion Brown	Nil		
Kerry-Ann Stimpson	Nil		
Claudine Tracey	Nil		
Peta- Gaye Bartley	Nil		

MANAGEMENT DISCUSSION AND ANALYSIS

The Management of Jamaica Money Market Brokers Limited and its subsidiaries (JMMB) is responsible for the integrity and objectivity of the information contained in the Management Discussion and Analysis (MD&A).

The information presented is based on the informed judgment of the management with appropriate consideration to materiality. The MD&A is prepared to enable readers, clients and shareholders to assess the operations and financial performance of JMMB for the financial year ended March 31st 2021 compared with prior years. It should be read in conjunction with the JMMB's financial statements.

In this regard, management maintains a system of accounting and reporting that provides for the necessary internal controls to ensure transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposal and liabilities fully recognized. Importantly, the system of control is continually reviewed for effectiveness and is supported by written policies and guidelines, qualified personnel, and strong internal audit and risk assessment procedures.

The financial information disclosed in this MD&A is consistent with JMMB's audited consolidated financial statements and related notes for the financial year ended March 31st, 2021. Unless otherwise indicated, all amounts expressed are in Jamaican dollars and have been primarily derived from JMMB's financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS).

This MD&A may contain forward looking statements. Forward looking statements are statements made based on assumptions or predictions of the future which may not necessarily be realized. Although JMMB believes that in making any such statement its expectations are based on reasonable assumptions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected.

FINANCIAL YEAR 2020/21 CONSOLIDATED FINANCIAL PERFORMANCE

The Management Discussion and Analysis section of this report details the combined results of the following entities:

- Jamaica Money Market Brokers Limited
- JMMB Fund Managers Limited

- JMMB Securities Limited
- JMMB Insurance Brokers Limited
- Capital and Credit Securities Limited
- JMMB Real Estate Limited

FINANCIAL RESULTS SUMMARY

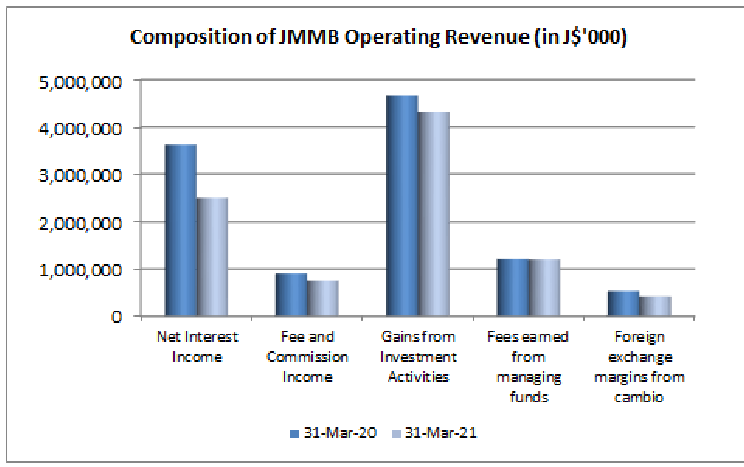
Jamaica Money Market Brokers Limited and its subsidiaries (JMMB) achieved strong performance for the financial year ended March 31, 2021. Despite the pandemic, we continued on the trajectory of delivering positive value to our stakeholders.

NET PROFIT

For the financial year ended March 31, 2021, Jamaica Money Market Brokers Limited and its subsidiaries (JMMB) posted solid results as net profit was J$2.65B. This was 7% lower than the prior period, largely as JMMB International is no longer a subsidiary of this entity.

OPERATING REVENUE

Net operating revenue amounted to J$9.21B, reflecting a 16% decrease. In addition to the transfer of JMMB International as a subsidiary which adversely impacted net interest income and bond trading gains, performance was negatively impacted by reduced economic activity due to the pandemic.



NET INTEREST INCOME (NII)

NII declined by 31% to J$2.50B, as in addition to the transfer of JMMB International, the average portfolio size maintained over the year was lower than the prior year.

FUNDS UNDER MANAGEMENT

Our asset management business line posted sound results for the period under review. For the first half of the year, growth was a secondary objective as we initially focused on providing guidance, support and financial advice to our clients. The business line's positive results is therefore demonstrative of the strong partnership we maintained in successfully supporting clients with fulfilling their financial goals through our on-balance sheet and off-balance sheet solutions. We saw a consequent growth in our total clients' funds under management of 22% to J$303.64B. This was largely driven by on-balance sheet FUM.

On-balance sheet FUM increased by 39% to J$159.68B as clients, particularly those with short-term investment horizons, preferred fixed income investments without price volatility since there were elevated levels of uncertainty in the financial markets.

FEES EARNED FROM MANAGED FUNDS

Fees earned from managed funds amounted to J$1.20B, which was flat relative to the prior period. Asset values retraced and sales fell during the first half of the financial year in response to the onset of the pandemic. Prices recovered in the second half of the year as the market felt comfortable that an “end” was in sight with the initiation of the global vaccination programme.

As we continued to focus on our clients’ holistic financial needs, we recognized that there was increased need for managed portfolios for our medium corporates. This need was amplified by the uncertainty and reduced cash flows caused by the pandemic. Given that these clients were already experiencing low returns on their portfolios due to the continued low interest rate environment, we formally launched our investment management services on October 14th 2020 and it has thus far been favorably received by this client segment.

BOND AND EQUITY TRADING GAINS

The year presented a mix of market challenges and opportunities despite the uncertainties arising out of the COVID-19 pandemic. Gains from equity and fixed income stood at J$3.65B compared to J$4.91B in the prior year. This was due in part to the transfer of JMMB International as the decline would have been considerably less.

General market sentiment remained strong in global fixed income despite the deepening impact of COVID-19 on macroeconomic indicators and the global supply chain. Central Banks across the world remained committed to keeping interest rates low and market liquidity high to encourage conditions to facilitate a speedy economic recovery. This collective action resulted in strong price appreciation in emerging markets bonds to pre-pandemic levels. The market also remained receptive to new issuances which saw its fair share of activity over the period. The trading desk was successful in positioning the portfolio to capitalize on the positive price movements across the yield curve for the period and thus achieving a better than expected result for trading gains.

The local equities market showed recovery over the year albeit at a much slower pace than fixed income. The JSE combined index appreciated by 5.74% over the financial year with the Junior market leading the way with a 29.46% appreciation. Trading volume and value remained challenged over the period as institutional participation in the market remained relatively weak, thus affecting liquidity levels. Despite the moderate trading conditions, we were able to post an 11% increase in revenue from the equity portfolios mainly due to the growth in our dividend income over the year which was a part of the strategy to enhance income from the portfolio through regional diversification.

For another consecutive year JMMBSL maintained its number one (1) ranking for number of trades on the JSE. Despite lower trade volume and trade value as consistent with the overall market trend, the equity brokerage continued to cement its place as the top retail broker and has also made significant strides in building out institutional trading. Further enhancements were also made to the Group's online trading platform, Moneyline, to improve the experience of everyday users as well as those who prefer active trading. Live execution and trade data as well as new charting features have been well received by our clients. We anticipate further enhancements on Moneyline with additional functionalities in the near future which should further improve user experience.

FOREIGN EXCHANGE (FX) MARGIN FROM CAMBIO TRADING

The cambio business line recorded a creditable performance for the year, posting FX trading gains of J$425M. While this represented a 20% decline, the performance was sound considering the decline in FX inflows stemming from significant dislocation in the tourism sector during the year because of the pandemic. Throughout the year we closely partnered with our clients to aggressively source and efficiently settle their FX transactions, whilst also providing innovative FX solutions. The cambio business line managed to maintain its position as the second largest cambio in the market with approximately 8% of the overall FX market (both cambios and authorized dealers).

We continued to observe volatility in the local FX rate over the year while overall market conditions remained buoyant. The Jamaican dollar lost approximately 8% against the US dollar over the financial year. The Central Bank remained active using BFIXTT to intervene where necessary to address supply issues in the market but there was continued pressure on the dollar despite bouts of revaluation. We will continue to position our cambio services to add value to our clients, ensuring best in class execution and service delivery.

OTHER FEES AND COMMISSION

Other fees and commission also declined by 16% to J$758M. This was due mainly to services directly linked to economic activity.

EFFICIENCY

In the 2020/21 financial year, administrative expenses declined by 26% to J$6.12B. This was due mainly to short-term cost containment measures implemented by the Group to improve operating efficiency in light of impact COVID 19 on our operating territories' economies. The Group will continue to focus on extracting operational efficiency from all entities through its continued work on standardization and process improvement projects.

FINANCIAL POSITION

- Assets

The asset base rose by 16% to J$245.79B over the period, with growth funded by repos. Total shareholders' equity stood at J$25.46B and reflected growth of 31% on account of improvement in fair value reserves, corresponding to the rebound in asset prices.

- Capital Adequacy Ratio (CAR)

The regulated entity, Jamaica Money Market Brokers Limited, remained adequately capitalized as at March 31, 2021 as the CAR stood at 14.98% which is higher than the regulatory minimum of 10%.

BUSINESS LINE PERFORMANCE

- Collective Investment Schemes (CIS) – Enhanced Value Proposition

CIS market share grew by 1% during the year and as at the end of the year it accounted for 13.3% of the total market in Jamaica. Despite this, we remained third in rank for unit trust FUM. CIS FUM increased by J$3.4B or 10% to J$38.8B when compared to prior period and was due primarily to organic growth which reflected the continued client confidence in the value proposition of our range of CIS.

Our collective investments schemes are managed in accordance with established investment policies geared towards providing long-term financial value for our clients. We continuously review our strategies and make tactical adjustments as market dynamics change. Our drive to provide a diversified suite of investment solutions motivates us to review our unit trust solutions to ensure that value is maximized for our clients and that we continue to meet their needs through our range of offerings.

Our packaged investment portfolios, specially designed around client specific needs, have continued to bolster our investment solution offerings. Discretionary portfolios offerings provide clients with a pre-determined mix of funds geared towards achieving a particular goal. Clients therefore can choose to invest in any one fund or a pre-determined mix of funds geared toward their specific investment goal.

- Pensions – Solid Growth through Client Engagement and Education

The pension business line continued its strong performance as evidenced by a 15% growth in FUM at J$20.3B, breaking the J$20B threshold for the first time. The sustained efforts to strengthen partnerships with our existing client base and promote the importance of their long-term financial security resulted in the strong performance for this segment. With asset prices rebounding and a consistent increase in the client base, the business line continued to successfully navigate and leverage opportunities during the year.

The suite of services and solutions ranges from pooled funds to segregated fund management and other customized service offerings. Our three core areas of focus namely, Client Communication and Engagement, Financial Education, and Operational Efficiency, continue to underpin our operations. The pandemic, however, fueled the rapid transformation of our business model and communication strategy. This transformation had the positive effect of the creation of more efficient processes and procedures for client onboarding. This was supported by the enhancement of our communications strategy to focus on financial literacy. We relied heavily on the use of social media, the engagement of industry experts, and increased marketing campaigns to execute this focus. Our financial literacy activities were aimed at raising awareness on financial and retirement planning and their relative importance given the challenges experienced by many in the height of the pandemic.

- Insurance Brokerage

Through our insurance brokerage arm, we provide the value added service to clients of assisting them in sourcing competitively priced solutions to meet their insurance needs. We also offer a variety of insurance packages designed to meet clients' personal and corporate needs. Fees were 4% higher and was attributable to our sustained efforts to maximize on cross-selling opportunities in the wider JMMB Group.

- Capital Markets offered via JMMB Securities Limited

Our capital markets team continued to deliver exceptional results during the year under review. The year was marked by solid growth as transaction volumes moved from J$59B in the prior year to over J$68B representing growth of 15%.

The unit continued to deliver expertise in the delivery of innovative debt and equity funding instruments to corporate, government and institutional clients in the region on behalf of the Group.

2021/22 FINANCIAL YEAR STRATEGIC OUTLOOK

For the 2021/22 financial year, we expect continued recovery of the economy and market spattered with pockets of market volatility. We are however cognizant that there will be a 'new normal' as behavioural patterns as well as operational changes adopted in during the pandemic will continue in years to come. We will thus remain focus on the continued execution of our digital transformation initiatives aimed at enhancing our clients' experience with us while improving our operational efficiency. There will also be a deliberate focus on the integration of our sales team in order to facilitate our objective of providing holistic financial solutions.

Financial markets have exhibited a high level of resilience throughout the pandemic. While we are grateful for the progress made to gradually re-open the economy, we continue to see headwinds surrounding economic recovery and the time it will take. We will therefore continue to position our portfolios to achieve the optimal risk/reward profile to create shareholder value.

We look forward to the full re-opening of the economy, which will lead to increased commercial activity and, by extension, increased FX trading activity. Headwinds for the FX market remain due to lingering effects of the pandemic and while we are positive about recovery, many uncertainties remain with the timeline for full a return to "normal" activity. We will therefore take a practical approach to the market in the coming year.

We will continue to be nimble in our operations and, in particular, leverage social media and other electronic touch points to seamlessly deliver our value proposition to clients. While tactical adjustments were made to fund structure and asset mixes during the year, our long-term strategic focus remains the same. In the short to medium -term we will continue to consolidate where appropriate even while we seek to drive enhanced long-term returns for our clients.

The new financial year will see us continuing to promote CIS as a choice investment vehicle that affords a wider cross-section of clients the opportunity for better risk-adjusted returns. Notwithstanding the pandemic, we were encouraged by the enhanced engagement of clients around retirement planning and remain committed to broadening our efforts at client financial education programs tailored towards retirement goal attainment. We will therefore continue to forge strong partnerships with our clients and proactively seek to meet their needs in the current dynamic financial environment through our suite of off-balance sheet product offerings.

LOVE AND PARTNERSHIP - YOUR BEST INTEREST AT HEART

The team closes this financial year truly thankful for the many achievements attained internally and enters the new financial year recommitted to JMMB's core of Love and partnership with our clients. We remain hopeful and confident in the sustainability of JMMB and expect to continue seeing realized value for all the stakeholders, clients and team members for whom we continue to build JMMB with their Best Interest at Heart.

CORPORATE GOVERNANCE REPORT

High standards of Corporate Governance have always been central to JMMB's Strategy and a central plank in our financial and reputational success. The Covid-19 pandemic presented an unprecedented challenge to the world and every single institution. The board responded immediately to maintain the viability of JMMB and its subsidiaries and ensure the effectiveness of the risk management and compliance processes in support of our clients, shareholders and team members. This response provided reassurance of its business and governance structure in light of extraordinary challenges. This has strategically positioned us to face the future.

The Board of Directors of Jamaica Money Market Brokers Limited (JMMB) has met quarterly and has continued the progression towards achieving the strategic goals and objectives of the Company. In March 2021, the customary annual review of the goals and objectives was done.

The Directors and Management are committed to high standards of governance that are consistent with regulatory expectations and evolving best practices, that are aligned with our strategy and risk appetite. We believe that good governance is not just about overseeing JMMB and its practices, but doing so in a way that is transparent. It involves the board actively engaging with all stakeholders, knowing the respective business lines and their risks, understanding the challenges and opportunities of a changing industry and economy and challenging management where necessary. Good governance also involves setting robust standards and principles that will guide the JMMB to success as well as help clients thrive and our communities prosper – all while ensuring that we are constantly enhancing value for our shareholders.

This report provides a summary of the work of the Board and its committees over the financial year ended March 31, 2021.

JMMB Board of Directors and its committees have oversight responsibility for the Board committees. The Board of Directors proactively adopts governance policies and practices designed to align the interests of the Board and management with those of shareholders and other stakeholders, and to promote the highest standards of ethical behaviour and risk management at every level within the organisation. The Company's corporate governance framework is subject to ongoing review, assessment and improvement.

DEFINITIONS:

"Company"	Jamaica Money Market Brokers Limited
"Director" or "Directors"	The person(s) who is(are) a member(s) of the Board
"Executive Director"	a director who is a member of the management team of JMMB Group Limited or its subsidiaries and affiliates.
"Independent Director"	director who is not: an employee of a company within the Group within the last five years; a person holding five per centum or more of the shares of the company or a connected person; and a party to a significant economic or other relationship with the company within the last five years.
"Non- Executive Director"	a director who is not part of the current management in the JMMB.
"JMMB"	Jamaica Money Market Brokers Limited
"JMMBGL"	JMMB Group Limited (Parent Company)
'JMMB Group" or "the Group"	The group of companies comprised of JMMBGL, its subsidiaries and affiliates. A list of the companies can be found at Note 1 of the Audited Financial Statements.
"JSE"	The Jamaica Stock Exchange

The core principles defined:

Conduct and culture	By setting the tone from the top, the board champions JMMB Group's values of love, trust, openness, integrity and good governance
Stewardship	Directors are stewards of the Company exercising independent judgment and safeguarding the interest of shareholders
Risk oversight	The Board oversees the frameworks, policies and processes to identify and manage the risks faced by the Group.
Independence	Independence from management is fundamental to the Board's effective oversight, and mechanisms are in place to ensure its independence
Strategic oversight	Directors are key advisors to management, advising on strategic direction, objectives and action plans, taking into

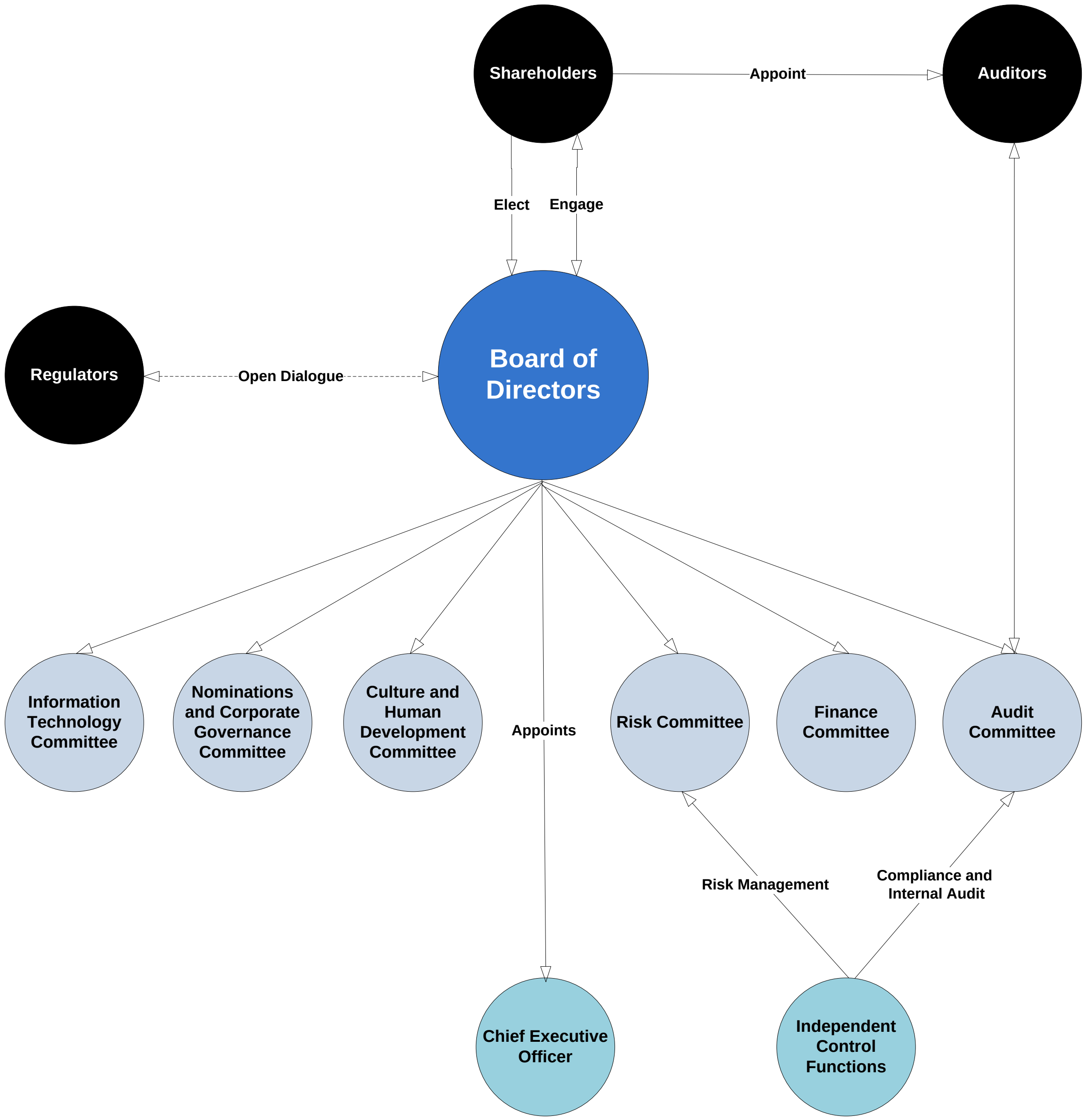
	account business opportunities and the JMMB Group's risk appetite.
Continuous improvement	The board is committed to continuously improving its corporate governance principles, policies and practices.
Accountability	Transparency is a hallmark of good governance. The board is committed to clear and comprehensive financial reporting and disclosure, and constructive shareholder and stakeholder engagement.

For the Financial year 2020/21, the Board deliberated on several matters, including, but not limited to, the following:

- Company strategies and strategic direction
- Financial performance
- Review of capital structure and dividend
- Review and approval of Policies
- Operational performance
- Governance and compliance matters
- External financial reporting
- Changes in regulatory environment and impact on the Company
- Changes in information technology
- Risk Management
- Corporate Culture
- Human Resources leadership development
- Corporate Social Responsibility

OUR GOVERNANCE STRUCTURE

JMMB Group Limited, the parent, governance structure establishes the fundamental relationships among the board, its committees, management, shareholders and other stakeholders. It plays an oversight role in the management of JMMB by way of the different board committees. JMMB Group Limited sets the culture and values as well as the strategic and corporate objectives for the entities within the Group, and it determines the plans for achieving and monitoring performance through this structure.



*each board committee reports on its activities to the Board of Directors.

- **Role of the Board of Directors**

The JMMB board makes major policy decisions, participates in strategic planning and reviews management's performance and effectiveness. The board is guided by the laws and regulations of the various jurisdictions in which it operates. The board reviews and makes decisions about strategic directions and delegates other decisions to its board committees or management using a board approved decision rights matrix As provided by our polices, management may require board approval for some matters that exceed a certain dollar value or may have significant impact on the JMMB brand.

- **Role of the Board Chairman**

Dr. Archibald Campbell is our independent Board Chairman. Having an independent, non-executive Board Chair enhances management's accountability and the board's independent oversight. The Board Chair leads board and shareholder meetings and is responsible for the management, development and effective functioning of the Board. The Chair has the deciding vote if a board vote results in a tie.

The Board Chair:

- advises the CEO on major issues and liaises between the board and senior management
- participates in the orientation of new directors and the continuing development of current directors
- along with the Nominations and Corporate Governance Committee Chair, conducts the board's effectiveness evaluation and plans board succession and recruitment
- interacts with directors and senior executives on a regular basis
- meets with regulators, shareholders and stakeholders on behalf of the board when needed, and meets periodically with independent directors of our subsidiaries.

The Board reviews and approves the Board Chair's mandate, while the Nominations and Corporate Governance committee, under the direction of its Chair, annually assesses the effectiveness of the Board Chair in fulfilling his mandate. Our Group Corporate Governance Policy, which contains the mandates of the board, board chair and board committees may be found at www.jmmb.com.

- **Our Code of Ethics and Conduct**

The JMMB Code of Ethics and Conduct ("the Code") promotes standards of desired behaviour that apply to directors, senior management and all team members. It includes the responsibility to be truthful, respect others, comply with laws, regulations and our policies, and engage in practices that are fair and not misleading. Each year Directors and team members must acknowledge that they have read and understand the Code, and certify that they are in compliance with it.

The Company has adopted the Code of Ethics and Standards of Professional Conduct of the Association for Investment Management and Research (AIMR®) and each new team member is trained in this area during orientation. There is also a mandatory annual refresher course for all team members and Directors.

- **Board information**

The Chairman and the Group CEO, supported by the Company Secretary, ensure procedures are in place to give the board timely access to the information it needs to carry out its duties. To ensure timely access to information, directors:

- receive a comprehensive package of information at least five (5) days prior to each board and committee meeting
- have access to board committee meeting minutes
- participate in annual and biannual strategic sessions
- have full access to senior management and team members
- receive educational material on matters that affect our business
- Identify their continuing education needs through discussions at board or committee meetings
- receive timely updates on matters that may affect the business's performance and reputation
- are kept abreast of all regulatory matters such as regulatory audits, changes in regulations or guidelines and outcomes of meetings with regulators, to name a few.

- **Board Expertise**

The Directors of the Board are selected on the criteria of proven skill and ability in their particular field of proficiency, and a diversity of outlook and experience which directly benefits the operation of the Board as the custodian of the business.

- **Board Delegation**

The JMMB Group Board has delegated specific responsibilities for Audit, Risk, Nominations and Corporate Governance, Information Systems, Finance and Culture and Human Development to Committees. These Committees have written approved terms of reference setting out their respective roles and responsibilities and limits of authority.

Each Committee's terms of reference is included in the Group's Corporate Governance Policy which may be found at www.jmmb.com.

JMMB GROUP BOARD COMMITTEE REPORTS

The following reports from the JMMB GL board committees provide an insight into the role of the committees as it related to the JMMB Group, of which JMMB is a part. Independent Directors of JMMB are members of the JMMBGL board committees in order to execute on their oversight responsibilities

1. **Report from the Nominations & Corporate Governance Committee**

The Committee is satisfied that its activities over the fiscal year have fulfilled its mandate. Over the financial year, the committee met and discussed the following;

- ✓ Review and recommendation of directors to the Dominican Republic and Trinidadian subsidiaries
- ✓ Review of Annual General meeting and recommendations for improvement
- ✓ Review of JSE Corporate Governance Index results and agreed on actions to be taken where necessary
- ✓ Opined on the restructuring of the governance structures at the country level

The Nominations and Corporate Governance Committee is responsible for on an ongoing basis determining the appropriate skills, perspectives, experience and characteristics required of Board candidates, considering the Group's changing needs and the Board composition

In assessing candidates and selecting nominees for the boards, diversity is an important factor that is taken into consideration by the Committee. As such, the Committee has in place as an objective that at least 30% of board members should be women. We have surpassed this target for JMMBGL and continue our efforts in improving the ratio for the Group as a whole in due course.

Three (3) meetings of the Committee were held for the year.

2. Report from the Culture and Human Development Committee

The purpose of the JMMB Group Culture and Human Development Committee is to assist the board of directors in discharging its duties with regards to team members, ensuring that the activities are consistent with the policies and directives of the boards of the JMMB Group. The Committee formulates and reviews the compensation programmes for Board members and senior officers. In doing so, it ensures that compensation is consistent with the Group's objectives, strategy and control environment to guarantee fairness and compliance with the legal requirements of the countries in which the Group operates and consistency with its mission and values.

During the year, the Committee focused on the following:

1. The Gender Diversity and Inclusion Initiative
2. Approval of equitable, best interest approach to managing people expenditures in a Pandemic
3. Approval of revision of CHDT Strategy & budget in light of the pandemic ;

4. Approval of the Group CHD Pandemic response plan to ensure Team member physical and emotional well-being and teams safely manned to take care of the clients throughout the pandemic.
5. Approval of Group and Country Executive Total Compensation review and support in gaining alignment with the Executive Leadership. This review was done to ensure equitable compensation package that attracts and retains high performing senior leaders that live true to the JMMB values and Vision of Love.
6. Approval of the Remote Work Policy

There were for (4) meetings for the year.

3. Report of the Finance Committee

The Finance Committee has responsibility for oversight of the Group's financial reporting, ensuring that fair, balanced and comprehensible reports that comply with International Accounting Standards are produced. The Committee maintained oversight of the financial statements review process and submitted certification to the Board to enable it to be in a position to approve the financial statements.

The Group has robust controls, procedures and systems that are designed to ensure that information is disclosed in a timely manner to the regulators and the market.

The Committee met and review the following:

- ✓ Recommended the approval of the audited financial statements for JMMB Group Limited and its subsidiaries
- ✓ Recommended the approval of unaudited financial statements for JMMB Group Limited and its subsidiaries
- ✓ considered dividend payment to shareholders
- ✓ opined on possible partnerships
- ✓ recommended the approval of annual budget for the group of companies

- *Auditor independence*

For the year ended March 31, 2021, the Committee reviewed the external auditor's independence, the scope of non-audit services and independence safeguards with the Group's external auditor - KPMG Chartered Accountants,

As part of the review, the Committee received and reviewed confirmation in writing that, in KPMG's professional judgement, the independence and objectivity of the audit engagement partner and audit staff were not impaired.

There were thirteen (13) meetings for the year.

4. Report of the Information Technology Committee

The Information Systems (IS) Committee assists the Board in its oversight of technology strategy, investments made in support of the strategy and technology risk. The Committee has specific responsibility for establishing structures, mechanisms and processes that ensure that information technology (IT) is controlled and delivers value to the business. The responsibilities of the committee include:

- ✓ Guiding the Group as to the future of technological developments;
- ✓ Linking IT strategy and goals to the business strategy and goals;
- ✓ Leading the development of a process framework, based on generally accepted practices that align, control and measure IT activities;
- ✓ Ensuring that there is consistent and relevant communication between IT and the business on strategic and operational activities, issues and opportunities;
- ✓ Directing the development and implementation of a performance measurement mechanism to monitor IT-related strategic and operational activities across the Group;
- ✓ Leading the development of a robust IT risk management framework with clearly defined and articulated responsibilities across the Group; and
- ✓ Providing oversight to ensure that IT policies are adhered to and procedures exist to reinforce defined policies.

During the year the Committee focused on the following areas:

- ✓ Assessed the technology needed to meet the needs as the group moved into remote working.
- ✓ Reviewed the security systems to ensure group was protected as we moved into remote working.
- ✓ Aligned IT Strategy to ensure the capacity to operationalize the overall Group strategy.
- ✓ Reviewed and aligned planned infrastructure upgrades needed to enhance regional integration.
- ✓ Performed post T24 implementation assessment in Trinidad and Tobago.
- ✓ Aligned Group IT to an effective Service Model and Service Level Agreement needed to drive regional IT efficiencies.
- ✓ Reviewed and approved IS polices and recommended same for approval by the JMMB GL Board of Directors
- ✓ Reviewed and approved the digital strategy.
- ✓ Approved the information technology budget
- ✓ Assessed the hardware infrastructure and recommend improvements

There were six (6) meetings for the year.

5. Report from the Audit & Compliance Committee of the Board

As an integral part of the Group's corporate governance structure, the Group's Internal Audit Department and its activities are guided by a Charter approved by the Group Audit & Compliance Committee. The Department reports to the Group Audit & Compliance Committee which ensures independence in the Department's review of the effectiveness of the Group's risk management, governance and internal control processes.

The scope of the Department's review includes assessing areas such as corporate governance, risk management, the efficiency and effectiveness of management's controls over the company's operations (including safeguarding of assets), the reliability of financial and management reporting and compliance with laws and regulations.

The Group's internal audit assessment of internal controls is based on the standards set by the control criteria framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO Internal Control Framework). This model evaluates the internal control measures adopted by management. All audits are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

In its oversight of the internal audit function, the Group Audit & Compliance Committee reviews Internal Audit's assessment of the adequacy and effectiveness of the Group's internal controls, compliance with legal, statutory, regulatory and other requirements and management of risk. The Committee, during the course of its activities, also reviews management reports on regulatory, risk and fraud-related matters. Additionally, some members of the Group Audit Committee also sit on the Audit Committees of subsidiary companies.

The Group Audit & Compliance Committee Chairman reports to the JMMBGL Board on all significant issues considered by the Committee.

During the financial year under review, the Committee achieved the following:

- ✓ Reviewed and approved the Group's audit and compliance plans and strategies while ensuring the plans are designed to assist the Group to achieve its strategic objectives.
- ✓ Reviewed compliance with internal policies, procedures and standards, relevant external laws and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system.
- ✓ Reviewed reports on certain key business processes and assessed recommendations to improve their effectiveness and efficiency.
- ✓ Reviewed the adequacy and effectiveness of the controls incorporated in the implementation of new systems/processes.
- ✓ Received and reviewed audit reports from subsidiary Board Audit Committees.

The issues identified during the financial year have been or are being addressed by the process owners.

There were Five (5) meetings for the year.

6. Report from the Risk Committee of the Board

The Group has an enterprise wide risk management framework in place to identify, assess, manage and report risks and risk adjusted returns on a consistent and reliable basis.

The role of the Board Risk Committee is to ensure that a comprehensive risk management framework is enacted by Management and to promote an appropriate risk management culture, on behalf of the Board. The Board Risk Committee's oversight responsibilities with regard to the risk management framework and the underlying compliance monitoring and governance structure include overseeing risk exposures and strategies in relation to the following:

- ✓ Capital Allocation
- ✓ Credit
- ✓ Market (inclusive of interest rate, liquidity, counterparty, concentration, foreign currency exposure and equity risks)
- ✓ Operational (inclusive of IT Risk)
- ✓ Compliance
- ✓ Legal
- ✓ Reputational

The Board Risk Committee approves the Group's risk policies and its risk appetite statement, including risk limits, which is then recommended to the Group Board of Directors for ratification.

The Risk framework is designed to achieve business outcomes consistent with the Group's risk-return expectations and includes:

- ✓ The Group Risk Appetite Statement and Internal Capital Adequacy Assessment frameworks,
- ✓ Group-wide risk management policies for each of the principal risk areas,
- ✓ Major risk limits to manage exposures and risk concentrations, and
- ✓ Appropriate monitoring and reporting of business risks during the year.

The Board Risk Committee considered the following matters:

- ✓ Monitored Management's compliance with the Group risk management framework including policies and limits
- ✓ Reviewed and made recommendations to the Board of Directors on key policies for ratification relating to capital (that underpin the Internal Capital Adequacy Assessment Process), liquidity, credit and other material risks. These are overseen and reviewed by the Board mostly on an annual basis.
- ✓ Reviewed significant transactions that could impact the overall financial strength or reputation of the Group and subsidiaries
- ✓ Reviewed and approved the Internal Capital Adequacy Assessment Process (ICAAP) for JMMB GL and its subsidiaries
- ✓ Debt issuance by subsidiaries
- ✓ Assessed loan facility by IDB
- ✓ Reviewed the group Investment Policy Statement
- ✓ Capital market transactions
- ✓ Discussed preparations to address the anticipated changes in the regulatory framework and industry conditions over the next few years.
- ✓ Assessed the impact of COVID-19 on the capital of the group,
- ✓ deliberated on capital market transactions, significant and transactions and gave oversight to the general risk framework.

The Board Risk Committee had twenty-two (22) meetings for the financial year.

DIRECTORS CONTINUING PROFESSIONAL EDUCATION

The Directors attended various training sessions during the financial year including:

Organisation	Topic
Internal training	Cyber Security Training
Caribbean Corp Caribbean Corporate Governance Institute	Master Class - Ethics & Governance,
PriceWaterHouse	Data Protection Act - Jamaica
Caribbean Corp Caribbean Corporate Governance Institute	Finance for Directors Masterclass - The Board's Role in Financial Stewardship and Financial Oversight
Jamaica Institute of Financial Services	AML/CFT in the digital space
Jamaica Chamber of Commerce	Data Security – Local and International Compliance
JMMB Internal Training	AML/ CFT / KYC Training

DIRECTORS' COMPENSATION

Experienced, focused and talented directors are essential to the achievement of our strategic objectives and to provide effective guidance and oversight to management. The Culture and Human Development Committee is responsible for board compensation and annually reviews the amount and form of non-executive directors' compensation, taking into account the:

- size, complexity and geographic scope of JMMB Group
- time commitment expected of directors;
- overall expertise and experience required;
- need for compensation that is fair and positioned to attract highly qualified directors; and
- Alignment of the interests of directors with those of our shareholders.

JMMB compensates its directors fairly and responsibly in alignment with the Group's strategy. For the financial year a total of J$7, 668,000 for the Company and J$11,827,000 for the Group of Companies.

REGULATORY COMPLIANCE

The Compliance Department ensures compliance with laws, regulations, guidance notes, policies and standards of good governance in the territories within which the Group operates. The Group Chief Compliance Officer provides a bi-monthly compliance report to the Group Board of Directors and a quarterly report to the Company's Board of Directors. The report provides details on, among other matters, changes in the regulatory environment in which the entities operate as well as information on regulatory audits and 'Know Your Client' matters.

The Board is satisfied that compliance issues raised during the financial year have been properly addressed and resolved and that there are no material unresolved issues.

The Board understands the regulatory framework under which the Group operates and cooperates with regulators to ensure that the financial system is safe and sound.

The Board and Management therefore:

- Maintain open communication with the regulators;
- Comply promptly and fully with requests for information as required by law;
- Keep abreast of the findings of on-site examination processes and direct management to determine whether similar problems exist elsewhere in the Group and take corrective action; and
- Ensure that there is annual training of all team members and directors on the Proceeds of Crime Act, Code of Ethics, 'Know Your Client and Employee' and any new regulations.
- No significant issues were identified in regulatory audits conducted during the financial year.

CONFLICT OF INTEREST

Declaration of interest is required where personal or business relationships or interests of directors and management may conflict with that of the Group. Where there is deemed to be a conflict of interest the director or management team member will recuse themselves from that portion of the meeting when the matter is being discussed.

SHAREHOLDER ENGAGEMENT AND COMMUNICATION

Members of the Board of Directors make themselves available to engage with shareholders and encourage them to express their views. The Board is committed to maintaining and improving dialogue with shareholders in order to ensure that the objectives of both the Group and the shareholders are understood. The Board has an open door policy whereby any shareholder or any team member may contact the Chairman via the Company Secretary or by sending emails to shareholderquery@jmmb.com.

The Company uses email alerts and actively promotes downloading of all reports from its website which enhances the speed and equality of shareholder communication. As part of our commitment to 'Going Green' and preserving the earth for future generations, the Company has taken full advantage of provisions within the Articles of Incorporation allowing the website to be used as a means of communication to and from shareholders, where they have not requested hard copy documents.

There are many ways in which people can engage with us and access important information:

Board of Directors	Stakeholders can communicate with the directors or the board chair as described at shareholdersquery@jmmb.com
Management	The CEO, group executive and senior management may be contacted at info@jmmb.com
Investor relations	Investors are encourage to communicate with us via our email address info@jmmb.com

YOUR VIEWPOINT IS IMPORTANT

We value your support, and encourage you to share your opinions, suggestions and concerns with us. You can do so by emailing the Company Secretary at shareholderquery@jmmb.com, or writing directly to the Chairman, Dr. Archibald Campbell, c/o JMMB, 6 Haughton Terrace, Kingston 10.

RISK MANAGEMENT REPORT

Given the ever-changing financial landscape that Jamaica Money Market Brokers Limited operates in, we continuously monitor our operating environment in order to proactively manage our risk exposures.

Risk management is the process of identifying, assessing and controlling threats to an organization's capital and earnings. These risks stem from a wide variety of sources, including legal liabilities, strategic management errors, accidents, natural disasters and market uncertainty associated with the effect of changes on the value of assets and liabilities due to market factors.

Jamaica Market Money Brokers Limited (JMMB) continues to adjust its financial and investment profile and actively manages its risk exposures to position itself to take advantage of market opportunities and ensure resilience even if significant adverse market conditions should develop in global markets or in any of the jurisdictions in which we operate.

RISK GOVERNANCE FRAMEWORK: Safeguarding stakeholders' interest

Our unique value proposition remains at the core of all our undertakings at the JMMB. Since 'we always keep the customers' best interest at heart', JMMB invariably takes proactive measures to safeguard the best interest of our stakeholders. This is within the context of a robust capital and risk management framework whereby the risk universe is accurately identified; material risk factors are then continuously measured, monitored, controlled and reported. The limit and breach escalation system provides a mechanism for risk control, with limits based on the risk appetite for each major risk approved by the Board of Directors along with having been reviewed and approved by the Group Board Risk Committee (BRC).

The Board of Directors determines the overall level of acceptable risk, with active oversight provided by the BRC that approves and monitors the supporting risk tolerances. Thus, the BRC provides strategic direction for the Group and ensures that the risk governance framework remains strong. Furthermore, to ensure that risk management is a part of the fabric of the organization, members of the Group Risk Department are included on committees that address the strategic objectives of the company.

On an annual basis an internal capital adequacy assessment process (ICAAP) is conducted which supports our strategies and provides a comprehensive view of the risk profile and capital requirements of the entity. It also provides the mechanism to adjust our business operations and strategies given changes in the internal and external environments.

RISK MANAGEMENT PRINCIPLES AND CULTURE

JMMB remains committed to the following core principles of its risk management framework:

i. There is full Board ownership of risk governance and this oversight responsibility is enhanced by the specific focus of a BRC;

ii. There is a vibrant risk management culture embedded in the organization inclusive of the Board, Senior Management, Team Leaders and all team members. They are all aware of, and aligned on, their roles and responsibilities in risk management through regular training and the prevalence of risk-based assessments in decision making.

iii. Best practice risk management techniques are employed in managing the various risks to which the company is exposed and adequate resources are allocated to the management of risk.

iv. Risks undertaken are within the company's risk appetite and there are effective, dynamic and adaptive processes for the ongoing identification, measurement and management of material risk exposures.

v. Adequate capitalization to protect against the effects of major shocks.

vi. Data quality is continuously monitored in order to achieve timeliness, transparency, accuracy, completeness and relevance of reporting.

vii. The operating environment is taken into consideration and risk management techniques are tailored to adequately support each entity.

RISK MEASUREMENT, CONTROL AND REPORTING

The assessment of the material risk exposures includes both quantitative and qualitative approaches, thus ensuring an optimal balance between model outputs and the extensive experience of our management team. Given the ever-changing financial landscape, these models and techniques are validated periodically to ensure that they are efficient, adequately capturing the risk factors, and in alignment with applicable international best practices. Our data quality is also assessed for accuracy and sufficiency. These risk assessment processes and the management of material risk exposures are documented in our various risk policies and procedures.

The operations of JMMB gives rise to the following material risk exposures: I) market risk, II) credit risk, III) liquidity risk and IV) operational risk V) Regulatory VI) Reputational and VII) Capital Adequacy

Tools used to measure and manage risk

I. Market Risk

Market risk is commonly defined as the likelihood that there is a decline in the value of assets due to adverse movements in market factors such as interest rates, foreign exchange rates and equity prices.

In accordance with international best practices, the JMMB monitors both the market risk exposures within individual entities and consolidated exposures across the countries in which we operate. There is no single measure to capture market risk and therefore we use various metrics, both statistical and non-statistical, to assess risk including:

1. Value-at-risk (VaR)
2. Stress testing
3. Non-statistical risk measures
4. Other sensitivity assessments

Value-at-Risk (VaR) which is a widely used risk metric provides a single measure that captures the potential loss in the portfolio over a specific time period and for a given probability.

Stress testing and reverse stress testing considers plausible movement in market factors such as interest and foreign exchange rates and equity prices- and the impact on our current financial position.

The JMMB also utilized non-statistical risk measures and other sensitivity techniques such as duration which reflects an instrument's sensitivity to interest rate risk as well as repricing gaps which approximates the potential change in net interest income. Likewise, scenario based stress test comprising of both specific and systematic risks are conducted in line with the near and long-term strategy.

II. Credit and Counterparty Risk

Credit risk is the potential for loss due to failure of a borrower to meet their contractual obligation to repay a debt in accordance with the agreed terms. The JMMB is exposed to credit risk from its margin lending, investments and funding activities where counterparties have contractual obligations to make payments or facilitate transactions.

The Board specifies a tolerance level for credit and counterparty risk, which is actively managed by the market risk team for the margin loan and investment portfolios.

Using internally developed quantitative and qualitative models and fundamental research, we determine exposure limits to counterparties arising from lending, investment and funding activities.

Given the expansion of the entity's balance sheet and the increased diversity of clients, we continuously aim to improve and standardize our counterparty risk management capabilities to better manage exposures.

III. Liquidity Risk

Liquidity risk is the risk that a financial institution's condition and soundness will be challenged by an inability or perceived inability to efficiently meet both expected and unexpected current and future cash flow needs. Liquidity risk usually arises from other issues such as credit deterioration and market disruption, it is actively managed within the entity with both short-term and long-term horizons.

The ability of the JMMB to maintain or generate sufficient cash resources to meet its obligations as they fall due on acceptable terms is critically important, since an inability to do so can quickly undermine the viability of the entity's operations. Thus, JMMB proactively approaches liquidity management to ensure that this position is never compromised.

There is a liquidity risk policy which specifies liquidity principles and minimum liquidity requirements for the entity, as well as other guidelines and limits which provide stronger assurance that all obligations can be met despite very stressful market conditions.

The liquidity risk profile is assessed in detail as part of the review by the Group Liquidity Management Committee on a bi-weekly basis to determine the potential liquidity needs in light of changes in market conditions. Liquidity stress tests are also conducted periodically to determine if obligations can be met in predefined adverse scenarios, and potential response plans are in place to ensure that obligations can be reasonably expected to be serviced under any plausible scenario.

Key liquidity metrics monitoring including volatile liabilities coverage ratio, liquidity gaps, overall liquid assets to total assets and available liquid assets are regularly monitored to ensure that liquidity objectives are not compromised. Desired liquidity levels are adjusted according to evaluations of market conditions and liquidity conditions.

IV. Operational Risk

Operational risk may be defined as "the risk of loss from inadequate or failed internal processes, people and systems or from external events." The entity's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The operational risk framework seeks to limit operational risks to acceptable levels, even as complexity of operations increases. Appropriate control systems and processes, along with operational redundancies and business recovery plans act to safeguard against significant disruptions in our operations. Recruitment and training of competent staff, segregation of duties and independent checks are employed to reduce the possibility of errors or inappropriate actions. A rigorous compliance framework and independent internal audit program ensures that controls are maintained and all material risks are properly identified and adequately managed. These all support our aim of helping our clients achieve their financial life goals in the safest and most client friendly way possible.

An important part of managing operational risks is a robust business continuity plan ("BCP"). The 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 objectives of the BCP are to:

(a) Protect human life;

(b) Identify processes critical to the operations of JMMB and safeguard its assets;

(c) Provide tested plans which, when executed, will permit timely and efficient recovery and resumption of critical business functions;

(d) Minimize the inconvenience and potential disruption of service to internal and external customers;

(e) Describe the organizational structure necessary for executing the plan;

(f) Identify the equipment, procedures and activities for recovery.

(g) Ensure that the reputation and financial viability of the entity is maintained at all times; and

(h) Ensure compliance with regulatory requirements.

The BCP is focused on minimizing the down time and data loss within the thresholds identified the entity. The plan is meant to minimize losses and/or negative impact to client service as a result of serious incidents or disasters that may occur from time to time.

V. Regulatory Risk

Regulatory risk may be defined as the risk of having the license to operate withdrawn by a regulator, being fined or having conditions applied (retrospectively or prospectively) that adversely impact the economic value of an enterprise. JMMB embraces the importance of developing a team approach to identifying, understanding, and managing regulatory risks.

The Legal and Compliance Department is charged with overseeing compliance with all regulatory requirements. The Compliance function conducts reviews and assesses controls; conformance with policies and procedures; and submits monthly compliance reports to the JMMB Board. Where there is the potential for any breach, this is promptly escalated to all relevant parties and the Board with an appropriate explanation and remediation plan.

VI. Reputational Risk

Reputational risk is defined as the risk of possible damage to our brand and reputation, and the associated risk to earnings, capital or liquidity arising from any association, action or inaction which could be perceived by stakeholders or regulators to be inappropriate or inconsistent with the JMMB's values and beliefs as outlined in our Vision of Love.

Reputational risk is a key consideration in all activities that the entity undertakes. The Group has various policies, systems and controls in place to ensure proactive identification, assessment and management of reputational risk issues that can arise from internal or external sources. Team members are strongly encouraged through a Staff Code of Conduct and directives from management to act in a manner that reflects positively on the institution and adheres to the JMMB Group's standards.

VII. Capital Adequacy

On an annual basis, JMMB institutes an Internal Capital Adequacy Assessment Process (ICAAP) process which supports our strategies and provides a comprehensive view of the risk profile and capital requirements of the entity. It also provides the mechanism to adjust our business operations and strategies given changes in the internal and external environment. Where the assessments suggest that the entity could require additional capital to support the projected growth or in the event of very adverse market developments, this is reviewed by the BRC and the board of directors and appropriate capital plans articulated.

Capital will be maintained above the minimum levels needed to support the financial profile given the desire to ensure the financial stability the entity under all plausible circumstances.

RISK MONITORING AND CONTROL

The Risk Management Framework is delivered via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring in the context of the market environment and business strategy. In setting limits, JMMB takes into consideration factors such as market volatility, liquidity, and overall approved risk appetite.

Periodic reports are used to inform the decisions of senior management and the Group Board Risk Committee with a clear understanding of the company's risk profile. This includes compliance with risk limits, and reflect management's strategies and tactics while ensuring compliance with Board's expressed risk tolerance.

APPENDIX: RELEVANT REGULATION FY 2020/21

Country	Regulation
Jamaica	The Bank of Jamaica (BoJ) circulated its consultation paper on the Implementation of the Basel III Framework for review and feedback from the industry. While this regulation is directed towards the banking entities, it is expected to impact investment subsidiaries in its application to Financial Holding Companies (FHCs)
	Implementation of the Retail Repo Mismatch Ratio (RRMR) 20% limit which was due to start in March 2021 will be further delayed until September 2021.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED MARCH 31ST 2021

The Directors are pleased to present their Report for the year ended March 31, 2021. The Report represents the results for Jamaica Money Market Brokers Limited and its subsidiaries (collectively referred to as "the Group") and the Group's interest in its associated companies.

GROUP RESULTS

i. Operating Revenue net of interest expense was $9.21 billion (2020: $10.93 billion)
ii. The Profit before income tax was $2.95 billion (2020: $ 2.48 billion)
iii. The Profit attributable to equity holders of the parent after income tax was $2.65 billion (2020: $ 2.84 billion)
iv. Shareholders' Equity was $25.46 billion (2020: $19.39 billion)

DIVIDENDS

For the financial year ended March 31, 2021, no dividends were declared.

DIRECTORS

The members of the Board of Directors as at March 31, 2021 were as follows:

Dr. Archibald A. Campbell	Chairman
Mr. Keith P. Duncan	Executive Director & Group Chief Executive Officer
Mrs. Audrey Deer-Williams	Director
Mr. H. Wayne Powell	Director
Mr. V. Andrew Whyte	Director
Mrs. Kisha Anderson	Director
Ms. Carolyn DaCosta Mrs. Claudine Campbell-Bryan	Corporate Secretary Deputy Corporate Secretary

In accordance with Article 105 of the Company's Articles of Association, the Directors retiring from office by rotation are Mrs. Audrey Deer-Williams and Dr Archibald Campbell who, being eligible, offer themselves for re-election.

AUDITORS

KPMG, the external Auditors, have indicated their willingness to continue in office pursuant to Section 154 of the Companies Act, 2004.

APPRECIATION

The Directors wish to express their heartfelt thanks to the management and all team members for the commendable work done during the challenging year - the company results generated are derived from your dedication and commitment to long-term value creation. As always, deep and sincere appreciation to the clients for their continued support and partnership.

By Order of the Board

Dated this July 28th day of July 2021

Carolyn DaCosta
Corporate Secretary

APPENDIX 1- AUDITED FINANCIALS FOR THE YEAR ENDED MARCH 31, 2021

PROXY FORM

I/We ____ of ____ being a member/members of **JAMAICA MONEY MARKET BROKERS LIMITED** hereby appoint________________________of________________________ or failing him/her ______________________of ________________________ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday September 23, 2021 at 1.00 P.M. at the JMMB HEAD OFFICE 6 HAUGHTON TERRACE KINGSTON 10 JAMAICA, and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 2 (a)		
Resolution 2 (b)		
Resolution 3		
Resolution 4		

Dated this ____________________day of____________________ 2021

____

Signature

Notes:

1. To be valid this proxy must be deposited with the Secretary Jamaica Money Market Brokers Limited at 6 HAUGHTON TERRACE, KINGSTON 10, not less than 48 hours before the time appointed for holding the meeting. A Proxy need not be a member of the Company.

Affix stamp

$100

2. This Form of Proxy should bear stamp duty of $100.00. Adhesive stamps are to be cancelled by the person signing the proxy
3. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.

JAMAICA MONEY MARKET BROKERS LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2021

KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922-6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Jamaica Money Market Brokers Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 9 to 118, which comprise the Group's and Company's statements of financial position as at 31 March 2021, the Group's and Company's profit and loss accounts, statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 March 2021, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

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

1. *Fair value of investments*

Key Audit Matter *[see notes 14 and 27]*	*How the matter was addressed in our audit*
A significant portion of the Group's and Company's investment securities are measured at fair value. Valuation of these investments, although based on observable market inputs, requires significant estimation. Management used valuation techniques which require inputs such as market yields obtained from established yield curves which are impacted by uncertainty of market factors. The COVID-19 pandemic has increased volatility of prices in various markets, the uncertainty of which has increased estimation risk of prices used in determining fair values.	Our procedures in this area included the following: • Assessing and testing the design and operating effectiveness of the Group's and Company's controls over the determination and computation of fair values. • Challenging the reasonableness of yields or prices by comparison to independent third-party pricing sources. • Assessing the reasonableness of significant assumptions used by management. • Involving our own valuation specialists to determine or obtain yields or prices of specific securities and comparing these to those used by management. • Assessing the adequacy of the disclosures, including the degree of estimation involved in determining fair values.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

2. *Measurement of expected credit losses on financial assets*

Key Audit Matter *[see note 26(b)]*	*How the matter was addressed in our audit*
The Group and Company recognise expected credit losses ('ECL') on financial assets, the determination of which is highly subjective and requires management to make significant judgement and assumptions. The key areas that required greater management judgement included the determination of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information.	Our procedures in this area included the following: • Obtaining an understanding of the models used by management for the calculation of expected credit losses on financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI). • Assessing and testing the design and implementation of controls over the determination of expected credit losses. • Testing the design of key controls over the completeness and accuracy of data inputs into the IFRS 9 impairment models. • Testing the completeness and accuracy of data used in the models to the underlying accounting records, on a sample basis. • Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's and Company's impairment methodologies, including the SICR criteria used and independently assessing the assumptions for probabilities of default, loss given default and exposure at default and the incorporation of forward-looking

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

2. *Measurement of expected credit losses on financial assets (continued)*

Key Audit Matter *[see note 26(b)]*	*How the matter was addressed in our audit*
The economic impact of COVID-19 on financial assets has resulted in increased judgement in the following: - qualitative factors that create COVID-19 related changes to significant increase in credit risk. - increased uncertainty about potential future economic scenarios and their impact on credit losses. Significant management judgement and assumptions are also used in determining the appropriate variables and assumptions in an appropriate model used in the measurement of the expected credit losses. The use of these judgements and assumptions increases the risk of material misstatement and is therefore an area of increased audit focus.	Our procedures in this area included the following (continued): • Evaluating the adequacy of the financial statement disclosures, including disclosures of the key assumptions and judgements, for compliance with IFRS 9.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Audit of the Financial Statements (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 7-8, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Cynthia Lawrence.

KPMG

Chartered Accountants
Kingston, Jamaica

June 14, 2021

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Appendix to the Independent Auditors' report

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Appendix to the Independent Auditors' report (Continued)

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

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

Jamaica Money Market Brokers Limited

Consolidated Profit and Loss Account

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Net Interest Income and Other Revenue			
Interest income from securities, calculated using the effective interest method	4	8,474,990	9,165,943
Interest expense	4	(5,973,164)	(5,544,741)
Net Interest Income		**2,501,826**	**3,621,202**
Fee and commission income		758,384	907,542
Gains on securities trading, net		3,648,065	4,908,459
Net gain/(loss) from financial assets at fair value through profit or loss (FVTPL)		36,624	(261,019)
Fees earned on managing funds on behalf of clients		1,202,090	1,207,635
Foreign exchange margins from cambio trading		425,181	533,594
Foreign exchange gains		633,601	15,562
Operating Revenue Net of Interest Expense		**9,205,771**	**10,932,975**
Other Income			
Dividends		114,493	47,763
Management fees		169,760	174,629
Other		20,849	-
		9,510,873	**11,155,367**
Operating Expenses			
Staff costs	5	(3,373,461)	(5,001,249)
Other expenses	6	(2,749,567)	(3,256,994)
		(6,123,028)	**(8,258,243)**
		3,387,845	**2,897,124**
Impairment loss on financial assets	7	(435,567)	(419,260)
Profit before Taxation		**2,952,278**	**2,477,864**
Taxation (charge)/credit	8	(307,051)	360,665
Profit for the Year		**2,645,227**	**2,838,529**
Attributable to:			
Equity holders of the parent		2,645,227	2,838,529
Earnings per stock unit	20	**$1.62**	**$1.74**

The notes on pages 21 to 118 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Profit for the Year	2,645,227	2,838,529
Other Comprehensive Income/(Loss)		
Item that may not be reclassified to profit or loss:		
Unrealised (loss)/gains on equity securities at fair value through other comprehensive income (FVOCI)	(76,037)	176,600
Items that may be reclassified to profit or loss:		
Unrealised gains/(losses) on investment securities at FVOCI, net of tax	3,390,778	(5,443,309)
Foreign exchange differences on translation of foreign subsidiaries	-	291,292
	3,314,741	(4,975,417)
Total Comprehensive Income/(Loss) for the Year, net of tax	**5,959,968**	**(2,136,888)**

Jamaica Money Market Brokers Limited

Consolidated Statement of Financial Position

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
ASSETS			
Cash and cash equivalents	10	15,629,482	11,446,716
Interest receivable		1,862,896	2,158,437
Income tax recoverable		353,067	350,373
Loans and notes receivable	11	14,217,458	14,092,564
Other receivables	12	2,134,265	5,640,043
Due from parent company	25	13,783,924	10,131,550
Securities purchased under agreements to resell	13	45,091,307	20,010,613
Investment securities	14	144,041,076	139,054,244
Investment property	16	698,932	621,232
Intangible assets	17	1,681,315	1,269,822
Property, plant and equipment	18	2,640,646	2,788,121
Deferred tax assets	19	3,499,320	4,534,839
Right-of-use assets	24	155,531	186,825
		245,789,219	**212,285,379**
STOCKHOLDERS' EQUITY			
Share capital	20	1,864,054	1,864,054
Investment revaluation reserve	21(a)	2,138,734	(4,490,790)
Retained earnings reserve	21(b)	9,605,055	9,605,055
Cumulative translation reserve		-	777,135
Retained earnings		11,854,127	11,633,366
		25,461,970	**19,388,820**
LIABILITIES			
Securities sold under agreements to repurchase	22	178,862,034	144,167,536
Notes payable	23	21,823,542	30,006,046
Lease liabilities	24	171,658	190,493
Redeemable preference shares	20	14,116,815	13,123,770
Deferred income tax liabilities	19	8,434	7,599
Interest payable		1,070,696	878,821
Income tax payable		2,234,854	1,363,402
Other payables		2,039,216	3,158,892
		220,327,249	**192,896,559**
		245,789,219	**212,285,379**

The financial statements on pages 9 to 118 were approved for issue by the Board of Directors on 14 June 2021 and signed on its behalf by:

Archibald Campbell Chairman

Keith P. Duncan Group Chief Executive Officer

Jamaica Money Market Brokers Limited

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	Share Capital $'000	Retained Earnings Reserve $'000	Investment Revaluation Reserve $'000	Cumulative Translation Reserve $'000	Retained Earnings $'000	Total Attributable to Equity holders of the Parent $'000	Total $'000
Balances as at 31 March 2019		**1,864,054**	**9,605,055**	**775,919**	**485,843**	**10,594,837**	**23,325,708**	**23,325,708**
Profit for the year		-	-	-	-	2,838,529	2,838,529	2,838,529
Other comprehensive loss for 2020:								
Unrealised losses on investment securities at FVOCI, net of tax		-	-	(5,266,709)	-	-	(5,266,709)	(5,266,709)
Foreign exchange differences on translation of foreign subsidiaries' balances		-	-	-	291,292	-	291,292	291,292
Total other comprehensive loss		-	-	(5,266,709)	291,292	-	(4,975,417)	(4,975,417)
Total comprehensive loss		-	-	(5,266,709)	291,292	2,838,529	(2,136,888)	(2,136,888)
Transactions with owners of the Company:								
Dividends on ordinary stock units	9	-	-	-	-	(1,800,000)	(1,800,000)	(1,800,000)
Balances at 31 March 2020		**1,864,054**	**9,605,055**	**(4,490,790)**	**777,135**	**11,633,366**	**19,388,820**	**19,388,820**
Profit for the year		-	-	-	-	2,645,227	2,645,227	2,645,227
Other comprehensive income for 2021:								
Unrealised gains on investment securities at FVOCI, net of tax, being total other comprehensive income		-	-	3,314,741	-	-	3,314,741	3,314,741
Total comprehensive income		-	-	3,314,741	-	2,645,227	5,959,968	5,959,968
Effect of group reorganisation	1 (c)	-	-	3,314,783	(777,135)	(2,424,466)	113,182	113,182
Balances as at 31 March 2021		**1,864,054**	**9,605,055**	**2,138,734**	**-**	**11,854,127**	**25,461,970**	**25,461,970**

The notes on pages 21 to 118 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Profit for the year		2,645,227	2,838,529
Adjustments for:			
Dividend income		(114,493)	(47,763)
Interest income	4	(8,474,990)	(9,165,943)
Interest expense	4	5,973,164	5,544,741
Impairment loss on financial assets	7	435,567	419,260
Income tax charge/(credit)	8	307,051	(360,665)
Amortisation of intangible assets	17	76,776	108,550
Depreciation of property, plant and equipment	18	245,907	233,151
Depreciation of right-of-use-assets	24	32,178	27,547
Fair value gains on investment property		(77,700)	(102,484)
Unrealised (gain)/loss on trading securities		(36,624)	261,019
Foreign exchange losses on lease liabilities		9,634	556
Foreign currency translation gains		(635,601)	(16,118)
		386,096	(259,620)
Changes in operating assets and liabilities:			
Income tax recoverable, net		(2,694)	(381,484)
Loans and notes receivable		(273,121)	(6,291,825)
Other receivables		3,505,267	(762,122)
Due from parent company		(3,652,374)	99,109
Other payables		(1,119,676)	1,748,435
Securities purchased under agreements to resell		(25,080,960)	(6,401,040)
Securities sold under agreements to repurchase		34,694,498	20,096,798
		8,457,036	7,848,251
Interest received		8,770,531	9,198,673
Interest paid		(5,770,779)	(5,787,742)
Taxation paid		(1,570,768)	(1,223,504)
Net cash provided by operating activities (Page 14)		**9,886,020**	**10,035,678**

Jamaica Money Market Brokers Limited

Consolidated Statement of Cash Flows (Continued)

Year ended 31 March 2021

expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Net cash provided by operating activities (Page 13)		**9,886,020**	**10,035,678**
Cash Flows from Investing Activities			
Investment securities, net		3,549,556	(7,067,410)
Dividend received		114,493	47,763
Investment properties, net		-	(29,132)
Purchase of computer software	17	(488,269)	(517,505)
Purchase of property, plant and equipment	18	(98,833)	(594,887)
Proceeds from disposal of property, plant and equipment		-	761
Net cash provided by/(used in) investing activities		**3,076,947**	**(8,160,410)**
Cash Flows from Financing Activities			
Notes payable		(8,444,856)	292,516
Lease liabilities	24	(39,863)	(32,862)
Dividends paid on ordinary stock units	9	-	(1,800,000)
Net cash used in financing activities		**(8,484,719)**	**(1,540,346)**
Effect of exchange rate changes on cash and cash equivalents		(295,482)	54,928
Net increase in cash and cash equivalents		4,182,766	389,850
Cash and cash equivalents at beginning of year		11,446,716	11,056,866
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	**15,629,482**	**11,446,716**

Jamaica Money Market Brokers Limited

Company Profit and Loss Account

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Net Interest Income and Other Revenue			
Interest income from securities, calculated using the effective interest method	4	8,286,405	7,541,216
Interest expense	4	(5,928,706)	(5,058,527)
Net Interest Income		**2,357,699**	**2,482,689**
Fee and commission income		160,189	227,146
Gains on securities trading		3,323,215	4,684,814
Net gain/(loss) from financial assets at fair value through profit and loss (FVTPL)		58,016	(184,100)
Fees earned on managing funds on behalf of clients		54,009	44,924
Foreign exchange gains/(losses)		443,185	(210,537)
Operating Revenue Net of Interest Expense		**6,396,313**	**7,044,936**
Other Income			
Dividends		1,900,736	1,829,366
Management fees		437,002	433,040
Other		19,331	-
		8,753,382	**9,307,342**
Operating Expenses			
Staff costs	5	(2,865,270)	(4,512,671)
Other expenses	6	(2,504,888)	(2,906,480)
		(5,370,158)	**(7,419,151)**
		3,383,224	**1,888,191**
Impairment loss on financial assets	7	(256,631)	(256,187)
Profit before Taxation		**3,126,593**	**1,632,004**
Taxation credit	8	134,188	869,133
Profit for the Year		**3,260,781**	**2,501,137**

Jamaica Money Market Brokers Limited

Company Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Profit for the Year	**3,260,781**	2,501,137
Other Comprehensive Income/(Loss)		
Item that may not be reclassified to profit or loss:		
Unrealised (loss)/gains on equity securities at FVOCI, net of tax	(123,929)	160,632
Item that may be reclassified to profit or loss:		
Unrealised gains/(losses) on investment securities at FVOCI	4,381,230	(3,267,267)
	4,257,301	(3,106,635)
Total Comprehensive Income/(Loss) for the Year, net of tax	**7,518,082**	**(605,498)**

Jamaica Money Market Brokers Limited

Company Statement of Financial Position

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
ASSETS			
Cash and cash equivalents	10	13,658,600	9,635,807
Interest receivable		1,862,521	1,384,031
Income tax recoverable		332,167	309,061
Loans and notes receivable	11	12,931,781	12,783,723
Other receivables	12	4,604,155	6,911,240
Due from parent company	25	13,783,924	10,131,550
Securities purchased under agreements to resell	13	45,237,131	33,568,139
Investment securities	14	142,306,667	104,369,850
Interest in subsidiaries	15	608,421	1,096,921
Intangible asset	17	1,545,055	1,110,896
Property, plant and equipment	18	1,743,907	1,882,735
Right-of-use assets	24	142,791	171,534
Deferred income tax assets	19	3,460,566	3,496,256
		242,217,686	**186,851,743**
STOCKHOLDERS' EQUITY			
Share capital	20	1,864,054	1,864,054
Investment revaluation reserve	21(a)	1,929,982	(2,327,319)
Retained earnings reserve	21(b)	9,605,055	9,605,055
Retained earnings		9,221,918	5,961,137
		22,621,009	**15,102,927**
LIABILITIES			
Securities sold under agreements to repurchase	22	179,143,964	144,757,090
Notes payable	23	21,823,542	9,912,046
Lease liabilities	24	158,753	175,589
Redeemable preference shares	20	14,116,815	13,123,770
Interest payable		1,071,762	796,307
Income tax payable		1,899,435	951,331
Other payables		1,382,406	2,032,683
		219,596,677	**171,748,816**
		242,217,686	**186,851,743**

The financial statements on pages 9 to 118 were approved for issue by the Board of Directors on 14 June 2021 and signed on its behalf by:

Archibald Campbell — Chairman

Keith P. Duncan — Group Chief Executive Officer

Jamaica Money Market Brokers Limited

Company Statement of Changes in Stockholders' Equity

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Investment Revaluation Reserve $'000	Retained Earnings Reserve $'000	Retained Earnings $'000	Total $'000
Balances at 31 March 2019		**1,864,054**	**779,316**	**9,605,055**	**5,260,000**	**17,508,425**
Profit for the year		-	-	-	2,501,137	2,501,137
Other comprehensive loss for 2020:						
Unrealised losses on investment securities at FVOCI, net of tax		-	(3,106,635)	-	-	(3,106,635)
Total comprehensive loss for 2020		-	(3,106,635)	-	2,501,137	(605,498)
Transactions with owners of the Company						
Dividends	9	-	-	-	(1,800,000)	(1,800,000)
Balances at 31 March 2020		**1,864,054**	**(2,327,319)**	**9,605,055**	**5,961,137**	**15,102,927**
Profit for the year		-	-	-	3,260,781	3,260,781
Other comprehensive income for 2021:						
Unrealised gains on investment securities at FVOCI, net of tax		-	4,257,301	-	-	4,257,301
Total comprehensive income for 2021		-	4,257,301	-	3,260,781	7,518,082
Balances as at 31 March 2021		1,864,054	**1,929,982**	**9,605,055**	**9,221,918**	**22,621,009**

The notes on pages 21 to 118 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Company Statement of Cash Flows

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Profit for the year		3,260,781	2,501,137
Adjustments for:			
Dividend income		(1,900,736)	(1,829,366)
Interest income	4	(8,286,405)	(7,541,216)
Interest expense	4	5,928,706	5,058,527
Income tax credit	8	(134,188)	(869,133)
Impairment loss on financial assets	7	256,631	256,187
Amortisation of intangible assets	17	54,109	76,982
Depreciation of property, plant and equipment	18	237,603	224,921
Depreciation of right-of-use assets	24	28,743	26,157
Unrealised (gain)/loss on trading securities		(58,016)	184,100
Foreign exchange losses on lease liabilities		11,092	1,131
Foreign currency translation (gains)/losses		(432,093)	209,406
		(1,033,773)	(1,701,167)
Changes in operating assets and liabilities:			
Income tax recoverable, net		(23,106)	(403,083)
Loans and notes receivable		(117,901)	(6,148,471)
Other receivables		2,307,085	(993,477)
Other payables		(650,277)	1,198,724
Due from parent company		(3,163,874)	99,109
Securities purchased under agreements to resell		(11,967,599)	(8,189,276)
Securities sold under agreements to repurchase		34,386,874	19,994,882
		19,737,429	3,857,241
Interest received		7,807,915	7,507,013
Interest paid		(5,643,305)	(5,308,186)
Taxation paid		(1,010,363)	(455,834)
Net cash provided by operating activities (Page 20)		**20,891,676**	**5,600,234**

Jamaica Money Market Brokers Limited

Company Statement of Cash Flows (Continued)

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Net cash provided by operating activities (Page 19)		**20,891,676**	**5,600,234**
Cash Flows from Investing Activities			
Dividends received		1,900,736	1,829,366
Investment securities, net		(29,498,175)	(3,735,823)
Purchase of computer software	17	(488,268)	(517,505)
Purchase of property, plant and equipment	18	(98,775)	(347,053)
Net cash used in investing activities		**(28,184,482)**	**(2,771,015)**
Cash Flows from Financing Activities			
Lease liabilities	24	(37,874)	(31,299)
Dividends paid an ordinary stock units	9	-	(1,800,000)
Notes payable		11,649,145	(1,048,484)
Net cash provided by/(used in) financing activities		**11,611,271**	**(2,879,783)**
Effect of exchange rate changes on cash and cash equivalents		(295,672)	52,245
Net increase in cash and cash equivalents		4,022,793	1,681
Cash and cash equivalents at beginning of year		9,635,807	9,634,126
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	**13,658,600**	**9,635,807**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements
31 March 2021
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

(a) Jamaica Money Market Brokers Limited (the "Company") is incorporated and domiciled in Jamaica. The registered office of the Company is located at 6 Haughton Terrace, Kingston 10, Jamaica. The Company is a wholly owned subsidiary of JMMB Group Limited ("parent"), a company incorporated in Jamaica. The principal activities of the Company are securities brokering, securities trading, dealing in money market instruments, and managing funds on behalf of clients.

The Company is exempt from the provisions of the Money Lending Act.

Certain of the Company's preference shares are listed on the Jamaica Stock Exchange.

(b) The Company has interest in the operating subsidiaries listed below. The Company and its subsidiaries are collectively referred to as the "Group".

Name of Subsidiary	% Shareholding Held by the Company	Country of Incorporation	Principal Activities
JMMB Securities Limited	100	Jamaica	Stock brokering
JMMB Insurance Brokers Limited	100	Jamaica	Insurance brokering
JMMB Real Estate Holdings Limited	100	Jamaica	Real estate holding
Capital & Credit Securities Limited	100	Jamaica	Investment holding and management
JMMB Fund Managers Limited	100	Jamaica	Fund management

(c) During the year, the Company transferred ownership of JMMB International Limited to its parent company, JMMB Group Limited.

As the reorganisation is a transaction among entities under common control, the Group applied predecessor value method of accounting. Under the predecessor method:

- The Group did not restate assets and liabilities to their fair values. Instead, the Group incorporated the assets and liabilities at the amounts recorded in the books of the combined companies, adjusted to achieve harmonisation of accounting policies.
- No goodwill arose.
- The consolidated financial statements incorporated the combined companies' results as if the companies had always been combined.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

(c) (Continued)

The net assets transferred comprised the following:

	2021
	$'000
Cash and cash equivalents	850,215
Interest receivable	353,995
Investments	34,390,513
Other assets	1,710
Deferred tax assets	1,416,264
Securities sold under agreement to repurchase	(14,083,551)
Notes payable	(21,376,500)
Interest payable	(5,558)
Other liabilities	(718,535)
	828,553

2. Statement of Compliance and Basis of Preparation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the relevant provisions of the Jamaican Companies Act ("the Act").

Certain new and amended standards came into effect during the current financial year. None of these issued had a material impact on the Group's financial statements. Details of the Group's accounting policies are included in note 30.

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis, except for certain financial instruments and investment properties which are measured at fair value.

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars, which is the functional currency of the Company, and are expressed in thousands of dollars unless otherwise stated.

(d) 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.

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

(d) Use of estimates and judgements (continued):

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.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities:

(a) Key sources of estimation uncertainty

(i) Impairment of financial assets

The measurement of the expected credit loss (ECL) 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 notes 26(b) and 30(b).

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

- Determining criteria for significant increases in credit risk with qualitative factors incorporated for the economic impact of Covid-19;
- Choosing appropriate assumptions for the measurement of ECL; and
- Establishing the number and relative weightings of forward-looking scenarios, with increased uncertainties due to Covid-19 for each type of product/market and the associated 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 several financial assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which uses indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach, particularly with the increased volatility of certain markets due to Covid-19. The fair values determined in this way are classified as Level 2 fair values.

Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument (see notes 14 and 27).

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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

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

The Group's accounting policies which require the use of judgements in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements include the following:

(1) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(2) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

(3) Income taxes

The current and deferred tax liabilities and assets arising from certain transactions or events may be uncertain in the ordinary course of business. The Group recognises tax assets and liabilities based on its understanding of the relevant tax rules and its judgement. Where, on the basis of a subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

4. Net Interest Income

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
Interest income	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	24,164	14,477	12,522	9,877
Loans and notes receivable	812,412	630,096	817,425	631,294
Resale agreements	811,120	477,773	812,437	620,864
Investment securities	6,827,294	8,043,597	6,644,021	6,279,181
Total interest income	**8,474,990**	**9,165,943**	**8,286,405**	**7,541,216**
Interest expense				
Repurchase agreements	4,273,145	4,035,050	4,272,936	3,549,198
Notes payable	795,768	667,281	752,083	667,281
Lease liabilities	10,510	8,427	9,946	8,066
Redeemable preference shares	893,741	833,983	893,741	833,982
Total interest expense	**5,973,164**	**5,544,741**	**5,928,706**	**5,058,527**
Net interest income, calculated using the effective interest method	**2,501,826**	**3,621,202**	**2,357,699**	**2,482,689**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

5. Staff Costs

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Salaries and benefits, including profit-related pay	2,704,349	4,202,022	2,295,110	3,786,966
Statutory payroll contributions	262,509	295,895	226,334	261,219
Pension costs (note 28)	96,755	93,165	87,001	83,543
Training and development	52,220	118,840	42,092	118,454
Other staff benefits	257,628	291,327	214,733	262,489
	3,373,461	**5,001,249**	**2,865,270**	**4,512,671**

6. Other Expenses

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Asset tax	433,928	399,625	424,776	389,721
Information technology	424,019	494,648	418,471	481,772
Legal and professional fees	510,489	614,878	425,074	515,363
Marketing, corporate affairs and donations	216,510	417,961	171,326	317,564
Depreciation and amortisation	354,861	369,249	320,453	328,060
Irrecoverable – GCT	181,122	238,577	179,235	233,875
Utilities	137,971	127,270	135,391	123,956
Repairs and maintenance	108,507	114,369	106,230	107,643
Security	79,361	91,468	76,658	88,299
Other	31,639	95,424	10,947	71,310
Stationery, printing and postage	51,311	62,135	48,801	59,465
Bank charges	42,213	51,127	28,025	34,351
Directors' fees	11,827	13,725	7,668	8,348
Insurance	85,463	60,398	83,181	69,122
Office rental	23,742	39,434	23,767	31,346
Auditors' remuneration	34,853	38,801	23,419	18,380
Motor vehicle expenses and rental	21,751	27,905	21,466	27,905
	2,749,567	**3,256,994**	**2,504,888**	**2,906,480**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

7. Impairment Loss on Financial Assets

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Investment securities at amortised cost (note 14)	38,536	(5,488)	38,536	(3,600)
Investment securities at FVOCI	248,027	273,447	248,027	272,407
Loans and notes receivable (note 11)	148,227	212,804	(30,157)	66,819
Other assets (note 12)	511	401	-	-
Securities purchased under agreements to resell (note 13)	266	(61,904)	225	(79,439)
	435,567	**419,260**	**256,631**	**256,187**

8. Taxation

(a) Income tax is computed at 33⅓% on the profit for the year adjusted for tax purposes.

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax	2,440,857	1,454,040	1,956,921	910,286
Tax credit	(375)	-	-	-
Prior year under provision	1,738	27,569	1,546	1,002
	2,442,220	1,481,609	1,958,467	911,288
Deferred tax				
Origination and reversal of temporary differences (note 19)	(2,135,169)	(1,842,274)	(2,092,655)	(1,780,421)
	307,051	**(360,665)**	**(134,188)**	**(869,133)**

8. Taxation (continued)

(b) The tax on profit differs from the theoretical amount that would arise using the statutory rate of 33⅓% as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Profit before taxation	**2,952,278**	**2,477,864**	**3,126,593**	**1,632,004**
Tax calculated at 33⅓%	984,093	825,955	1,042,198	544,001
Adjusted for the effects of:				
Income not subject to tax	(837,566)	(1,696,022)	(1,302,073)	(1,542,502)
Tax credit	(375)	-	-	-
Disallowed expenses	223,893	506,252	188,419	135,832
Prior year under provision	1,738	27,569	1,546	1,002
Other	(64,732)	(24,419)	(64,278)	(7,466)
	307,051	**(360,665)**	**(134,188)**	**(869,133)**

(c) At the reporting date, taxation losses, subject to agreement with the Commissioner General, Tax Administration Jamaica, available for set off against future taxable profits, amounted to approximately $1,263,241,000 (2020: $1,000,729,000) for the Group and $Nil (2020: $ Nil) for the Company.

9. Dividends

	2021	**2020**
	$'000	**$'000**
Ordinary dividends paid: $Nil (2020: $1.10) per stock unit – gross	-	**1,800,000**

10. Cash and Cash Equivalents

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash	14,092,084	9,834,055	12,121,202	8,024,285
Cash equivalents	1,537,398	1,612,661	1,537,398	1,611,522
	15,629,482	**11,446,716**	**13,658,600**	**9,635,807**

Cash equivalents include $1,537,398,000 (2020: $1,611,522,000) held by an investment broker as security for funding provided on certain investment securities, which is not available for immediate use.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

11. Loans and Notes Receivable

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Corporate	6,496,663	5,262,309	4,094,164	3,016,884
Financial institutions	3,194,794	4,521,107	3,194,794	4,521,107
Individuals	5,695,858	5,333,156	5,695,858	5,333,156
	15,387,315	15,116,572	12,984,816	12,871,147
Less: allowance for impairment [note 26(b)(vi)(v)]	(1,169,857)	(1,024,008)	(53,035)	(87,424)
	14,217,458	**14,092,564**	**12,931,781**	**12,783,723**

Allowance for impairment:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	1,024,008	816,713	87,424	26,114
Charge for year (note 7)	148,227	212,804	(30,157)	66,819
Write-offs, net	(2,378)	(5,509)	(4,232)	(5,509)
Balance at 31 March	**1,169,857**	**1,024,008**	**53,035**	**87,424**

12. Other Receivables

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Receivables from related parties	1,290,770	3,808,499	4,329,764	6,035,341
Other receivables	828,182	1,200,187	254,400	240,377
Staff loans	19,991	635,524	19,991	635,522
	2,138,943	5,644,210	4,604,155	6,911,240
Less: Allowance for impairment	(4,678)	(4,167)	-	-
	2,134,265	**5,640,043**	**4,604,155**	**6,911,240**

Allowance for impairment:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	4,167	3,766	-	-
Charge for the year (note 7)	511	401	-	-
Balance at 31 March	**4,678**	**4,167**	-	-

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

13. Securities Purchased Under Agreements to Resell

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Denominated in Jamaica dollars	26,616,021	20,010,723	26,616,022	20,010,723
Denominated in United States dollars	18,475,662	-	18,621,488	13,557,570
	45,091,683	20,010,723	45,237,510	33,568,293
Less: allowance for impairment [note 26(b)(vi)(v)]	(376)	(110)	(379)	(154)
	45,091,307	**20,010,613**	**45,237,131**	**33,568,139**

Allowance for impairment:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	110	62,014	154	79,593
Charge/(credit) for the year (note 7)	266	(61,904)	225	(79,439)
Balance at 31 March	**376**	**110**	**379**	**154**

Resale agreements include balances with related parties as set out in note 25. All resale agreements mature within twelve months after the reporting date.

The securities that the Company obtains as collateral under resale agreements may be used as collateral under repurchase agreements. Certain of these securities and interest accrued thereon are pledged as security for repurchase agreements (note 22).

At the reporting date, the fair value of the securities obtained and held under resale agreements was $64,368,691,000 (2020: $20,205,464,000) for the Group and $64,796,445,000 (2020: $51,113,631,000) for the Company.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

14. Investment Securities

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Debt securities at amortised cost:				
Certificates of deposit	255,668	155,528	-	-
Government of Jamaica securities	7,951,068	7,647,759	7,951,068	7,647,759
Sovereign bonds	-	270,881	-	270,881
Corporate bonds:				
Government of Jamaica guaranteed	-	2,316,972	-	-
	8,206,736	10,391,140	7,951,068	7,918,640
Debt securities at fair value through other comprehensive income [FVOCI]:				
Government of Jamaica securities	54,588,108	72,030,028	54,588,108	47,646,361
Certificates of deposit	20,873,966	7,515,213	20,873,966	7,515,213
Corporate bonds:				
Government of Jamaica guaranteed	143,909	2,988,926	143,909	85,879
Other	44,645,786	40,804,626	44,645,786	37,069,955
Sovereign bonds	11,014,725	1,262,918	11,014,725	1,262,918
	131,266,494	124,601,711	131,266,494	93,580,326
Equity securities at FVOCI:				
Quoted equities	2,160,298	2,152,946	1,962,067	2,060,831
Debt securities designated at fair value through profit and loss:				
Corporate bonds	-	1,200	-	1,200
Other sovereign bonds	-	373	-	373
	-	1,573	-	1,573
Equity securities at fair value through profit and loss:				
Quoted equities	1,869,881	1,418,573	796,168	497,732
Other securities at fair value through profit and loss:				
Units in unit trusts	515,894	433,324	309,097	248,671
Money market funds	67,289	325,079	67,289	325,079
	583,183	758,403	376,386	573,750
	144,086,592	139,324,346	142,352,183	104,632,852
Less: allowance for impairment losses of debt securities at amortised cost [note 26(b)(vi)(v)]	(45,516)	(270,102)	(45,516)	(263,002)
	144,041,076	**139,054,244**	**142,306,667**	**104,369,850**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

14. Investment Securities (Continued)

Allowance for impairment losses of investment securities at amortised cost:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	270,102	274,978	263,002	266,602
Credit for the year (note 7)	38,536	(5,488)	38,536	(3,600)
Write off	(263,122)	-	(256,022)	-
Foreign exchange adjustment	-	612	-	-
Balance at 31 March	**45,516**	**270,102**	**45,516**	**263,002**

Investments mature, from the reporting date, as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica securities:				
From 3 months to 1 year	9,782,420	1,546,481	9,782,420	1,546,481
Over 1 year to 5 years	9,638,127	15,692,193	9,638,127	15,692,193
Over 5 years	43,086,977	62,415,203	43,086,977	38,031,536
	62,507,524	79,653,877	62,507,524	55,270,210
Certificates of deposit:				
Within 3 months	424,788	7,515,213	169,120	7,515,213
Over 3 months to 1 year	5,631,838	-	5,631,838	-
Over 1 year to 5 years	15,073,008	155,528	15,073,008	-
	21,129,634	7,670,741	20,873,966	7,515,213
Sovereign bonds and corporate bonds:				
Within 3 months	5,407,195	-	5,407,195	-
Over 3 months to 1 year	1,575,487	1,081,027	1,575,487	1,081,027
Over 1 year to 5 years	30,179,506	20,390,865	30,179,506	17,550,913
Over 5 years	18,642,232	25,941,677	18,642,232	19,834,038
	55,804,420	47,413,569	55,804,420	38,465,978
Other [see (c) below]	4,599,498	4,316,057	3,120,757	3,118,449
	144,041,076	**139,054,244**	**142,306,667**	**104,369,850**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

14. Investment Securities (Continued)

(a) Government of Jamaica securities and certain other bonds are pledged as security for repurchase agreements (note 22).

(b) Government of Jamaica securities having an aggregate face value of $620,000,000 (2020: $620,000,000) have been pledged as collateral against possible overdrafts at the Central Bank and against uncleared effects at one of the Company's bankers.

(c) Other includes quoted equities, unit trusts and interest in pooled money market funds for which there are no fixed maturity dates.

15. Interest in Subsidiaries

	2021	**2020**
	$'000	**$'000**
JMMB Securities Limited		
Shares, at cost – equity	26,050	26,050
– preference	55,000	55,000
	81,050	81,050
JMMB Insurance Brokers Limited		
Shares, at cost - equity	125,000	125,000
Loan	10,000	10,000
	135,000	135,000
JMMB International Limited		
Shares, at cost – equity [see note 1(c)]	-	500,000
JMMB Real Estate Holdings Limited		
Shares, at cost – equity	1	1
Capital & Credit Securities Limited		
Shares, at cost – equity	126,315	126,315
JMMB Fund Managers Limited		
Shares, at cost - equity	266,055	254,555
	608,421	**1,096,921**

16. Investment Property

	The Group	
	2021	2020
	$'000	$'000
Balance as at 1 April	621,232	489,616
Acquisitions	-	29,132
Change in fair value	77,700	102,484
	698,932	**621,232**

The properties are measured at fair value, as appraised by professional, independent valuers every three years and in the intervening years by management. The valuation model considers the present value of the net cash flows that can be generated from the property, the condition of the buildings and their location (prime vs secondary), in addition to recent market transactions in the same proximity.

Investment properties rental income of $Nil (2020: $Nil) and incurred expenses of $18,821,000 (2020: $14,775,000) for the year.

The fair value of the Group's investment properties is categorised as Level 3 in the fair value hierarchy.

The technique used to determine the fair value of the Group's investment properties is as follows.

Valuation technique	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Market approach. This model takes into account: • The assumed intention to dispose of the property in an open market transaction • The assumed sale would take place on the basis of a willing seller and willing buyer; • A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market; • Values are expected to remain stable throughout the period of market exposure and disposal (hypothetical); and • The property will be freely exposed to the market.	• Judgements about whether the property can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its use class. • The strength of demand for the property, given its condition, location and range of potential uses. • The potential rental value of the property in the current investment climate.	The estimated fair value would increase/(decrease) if: • The strength of the demand is greater/(less) than estimated. • The potential rental income from the property is greater/(less) than judged.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

17. Intangible Assets

	The Group				
	Licence	Customer List	Goodwill	Computer Software	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
31 March 2019	25,040	333,166	9,064	1,449,547	1,816,817
Additions	-	-	-	517,505	517,505
31 March 2020	25,040	333,166	9,064	1,967,052	2,334,322
Additions	-	-	-	488,269	488,269
31 March 2021	25,040	333,166	9,064	2,455,321	2,822,591
Accumulated Amortisation					
31 March 2019	-	219,542	-	736,408	955,950
Charge for the year	-	16,661	-	91,889	108,550
31 March 2020	-	236,203	-	828,297	1,064,500
Charge for the year	-	7,760	-	69,016	76,776
31 March 2021	-	243,963	-	897,313	1,141,276
Net Book Value					
31 March 2021	**25,040**	**89,203**	**9,064**	**1,558,008**	**1,681,315**
31 March 2020	**25,040**	**96,963**	**9,064**	**1,138,755**	**1,269,822**

	The Company
	Computer Software
	$'000
Cost	
31 March 2019	1,356,059
Additions	517,505
31 March 2020	1,873,564
Additions	488,268
31 March 2021	2,361,832
Accumulated Amortisation	
31 March 2019	685,686
Charge for the year	76,982
31 March 2020	762,668
Charge for the year	54,109
31 March 2021	816,777
Net Book Value	
31 March 2021	**1,545,055**
31 March 2020	**1,110,896**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

18. Property, Plant and Equipment

The Group

	Freehold Land and Buildings	Leasehold Improvement	Motor Vehicles	Computer Equipment	Equipment, Furniture and Fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
31 March 2019	**2,069,671**	**136,168**	**60,936**	**1,172,458**	**773,865**	**4,213,098**
Additions	294,151	18,364	38,469	200,784	43,119	594,887
Disposals	-	-	-	-	(761)	(761)
Exchange rate adjustment	-	-	-	-	19	19
31 March 2020	**2,363,822**	**154,532**	**99,405**	**1,373,242**	**816,242**	**4,807,243**
Additions	2,209	10,874	5,573	17,527	62,650	98,833
Transfer to parent company	-	-	-	(344)	(3,498)	(3,842)
31 March 2021	**2,366,031**	**165,406**	**104,978**	**1,390,425**	**875,394**	**4,902,234**
Accumulated Depreciation						
31 March 2019	**235,189**	**131,063**	**43,115**	**910,539**	**466,065**	**1,785,971**
Charge for the year	33,569	2,681	8,541	138,942	49,418	233,151
31 March 2020	**268,758**	**133,744**	**51,656**	**1,049,481**	**515,483**	**2,019,122**
Charge for the year	34,425	2,520	13,027	50,602	145,333	245,907
Transfer to parent company	-	-	-	(344)	(3,097)	(3,441)
31 March 2021	**303,183**	**136,264**	**64,683**	**1,099,739**	**657,719**	**2,261,588**
Net Book Value						
31 March 2021	**2,062,848**	**29,142**	**40,295**	**290,686**	**217,675**	**2,640,646**
31 March 2020	**2,095,064**	**20,788**	**47,749**	**323,761**	**300,759**	**2,788,121**

The Company

	Freehold Land and Buildings	Leasehold Improvement	Motor Vehicles	Computer Equipment	Equipment, Furniture and Fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
31 March 2019	**1,369,800**	**110,907**	**60,935**	**1,140,695**	**704,202**	**3,386,539**
Additions	46,601	18,364	38,469	200,784	42,835	347,053
31 March 2020	**1,416,401**	**129,271**	**99,404**	**1,341,479**	**747,037**	**3,733,592**
Additions	2,209	10,874	5,573	62,650	17,469	98,775
31 March 2021	**1,418,610**	**140,145**	**104,977**	**1,404,129**	**764,506**	**3,832,367**
Accumulated Depreciation						
31 March 2019	**197,484**	**106,686**	**43,116**	**881,550**	**397,100**	**1,625,936**
Charge for the year	26,352	2,212	8,541	138,916	48,900	224,921
31 March 2020	**223,836**	**108,898**	**51,657**	**1,020,466**	**446,000**	**1,850,857**
Charge for the year	26,552	2,471	13,027	145,333	50,220	237,603
31 March 2021	**250,388**	**111,369**	**64,684**	**1,165,799**	**496,220**	**2,088,460**
Net Book Value						
31 March 2021	**1,168,222**	**28,776**	**40,293**	**238,330**	**268,286**	**1,743,907**
31 March 2020	**1,192,565**	**20,373**	**47,747**	**321,013**	**301,037**	**1,882,735**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements
31 March 2021
(expressed in Jamaican dollars unless otherwise indicated)

19. Deferred Income Taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same fiscal authority.

Deferred income tax is calculated in full on temporary differences using a principal tax rate of 33⅓%.

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

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred income tax assets	3,499,320	4,534,839	3,460,566	3,496,256
Deferred income tax liabilities	(8,434)	(7,599)	-	-
Net deferred income tax assets	3,490,886	4,527,240	3,460,566	3,496,256

The movement for the year in the net deferred tax is as follows:

	The Group				
	2021				
	Balance at Beginning of Year	Transfer to Parent Company [note 1(c)]	Recognised in Income (note 8)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000	$'000
Tax losses carried forward	12,726	(12,726)	-	-	-
Investments	3,686,154	(1,390,812)	510,927	(1,767,985)	1,038,284
Accounts payable	49,197	-	20,225	-	69,422
Property, plant and equipment	(18,642)	-	27,887	-	9,245
Accounts receivable	6,315	-	(440)	-	5,875
Interest payable	265,409	-	91,809	-	357,218
Unrealised foreign exchange losses	886,180	-	1,536,570	-	2,422,750
Notes receivable	26,123	-	(8,446)	-	17,677
Lease liabilities	1,223	-	4,152	-	5,375
Interest receivable	(387,445)	-	(47,515)	-	(434,960)
	4,527,240	**(1,403,538)**	**2,135,169**	**(1,767,985)**	**3,490,886**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

19. Deferred Income Taxes (Continued)

The movement for the year in the net deferred tax is as follows:

	The Group			
	2020			
	Balance at Beginning of Year	Recognised in Income (note 8)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Tax losses carried forward	3,317	9,409	-	12,726
Investments	966,538	173,093	2,546,523	3,686,154
Accounts payable	22,323	26,874	-	49,197
Property, plant and equipment	(24,969)	6,327	-	(18,642)
Accounts receivable	6,854	(539)	-	6,315
Interest payable	351,314	(85,905)	-	265,409
Unrealised foreign exchange (gains)/losses	(812,322)	1,698,502	-	886,180
Notes receivable	-	26,123	-	26,123
Lease liabilities	-	1,223	-	1,223
Interest receivable	(374,612)	(12,833)	-	(387,445)
	138,443	**1,842,274**	**2,546,523**	**4,527,240**

	The Company			
	2021			
	Balance at Beginning of Year	Recognised in Income (note 8)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Investments	2,680,902	477,421	(2,128,345)	1,029,978
Notes receivable	26,123	(8,446)	-	17,677
Other receivables	7,026	(611)	-	6,415
Accounts payable	44,662	17,960	-	62,622
Property, plant and equipment	(25,567)	24,538	-	(1,029)
Interest payable	265,409	91,809	-	357,218
Unrealised foreign exchange losses	883,390	1,533,710	-	2,417,100
Interest receivable	(387,041)	(47,694)	-	(434,735)
Lease liabilities	1,352	3,968	-	5,320
	3,496,256	**2,092,655**	**(2,128,345)**	**3,460,566**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

19. Deferred Income Taxes (Continued)

The movement for the year in the net deferred tax is as follows (continued):

	The Company			
	2020			
	Balance at Beginning of Year	Recognised in Income (note 8)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Investments	1,008,374	128,554	1,543,974	2,680,902
Notes receivable	-	26,123	-	26,123
Other receivables	-	7,026	-	7,026
Accounts payable	20,898	23,764	-	44,662
Property, plant and equipment	(19,170)	(6,397)	-	(25,567)
Interest payable	351,309	(85,900)	-	265,409
Unrealised foreign exchange (gains)/losses	(815,168)	1,698,558	-	883,390
Interest receivable	(374,382)	(12,659)	-	(387,041)
Lease liabilities	-	1,352	-	1,352
	171,861	**1,780,421**	**1,543,974**	**3,496,256**

20. Share Capital

	2021 Number of Shares 000	2020 Number of Shares 000
Authorised:		
Ordinary stock units of no par value	1,816,400	1,816,400
Fixed rate cumulative redeemable preference shares of no par value	4,000,000	4,000,000
	5,816,400	**5,816,400**

	2021 Number of Stock units 000	2020 Number of Stock units 000
Issued ordinary share capital:		
Ordinary stock units in issue	**1,630,552**	**1,630,552**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

20. Share Capital (Continued)

	2021 $'000	2020 $'000
Stated capital:		
1,630,552,530 ordinary stock units	1,864,054	1,864,054
941,699,000 7.50% cumulative redeemable preference stock units	941,699	941,699
33,938,125 USD 6.00% cumulative redeemable preference stock units	4,916,956	4,546,351
57,000,000 USD 6.90% cumulative redeemable preference stock units	8,258,160	7,635,720
	15,980,869	14,987,824
Less redeemable preference stock units classified as liabilities in the financial statements	(14,116,815)	(13,123,770)
	1,864,054	**1,864,054**

The significant terms and conditions of the preference stock units are as follows:

(i) The right to cumulative preferential dividends payable monthly at the rate agreed for each class;

(ii) The right, on winding up, to receive all arrears of dividends and repayment of the capital in priority to the ordinary shareholders;

(iii) No right to vote at general meetings, except where dividends are not paid for twelve months or on winding up of the Company.

The rights attaching to the ordinary shares include the following:

(i) Entitlement of dividends as declared from time to time (note 9)

(ii) Entitlement to one vote per share at meetings of the Company.

Earning per stock unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent of $2,645,227,000 (2020: $2,838,529,000) by the weighted average number of ordinary stock units in issue during the year, numbering, 1,630,552,530 (2020:1,630,552,530).

21 Reserves

(a) Investment Revaluation Reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of investments measured at fair value through other comprehensive income (FVOCI) net, of deferred tax, until the assets are derecognised or impaired.

(b) Retained Earnings Reserve

In a previous year, in accordance with a board resolution, the Company transferred a portion of its profit after tax to a non-distributable retained earnings reserve. This reserve constitutes a part of the Company's capital base in determining the capital adequacy ratio.

22. Securities Sold Under Agreements to Repurchase

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Denominated in Jamaica dollars	59,198,864	61,127,356	59,480,794	61,716,601
Denominated in United States dollars	119,403,596	81,561,729	119,403,596	81,562,037
Denominated in Pound Sterling	110,128	1,262,252	110,128	1,262,252
Denominated in Euros	149,446	164,472	149,446	164,472
Denominated in Canadian dollars	-	51,727	-	51,728
	178,862,034	**144,167,536**	**179,143,964**	**144,757,090**

Repurchase agreements are collateralised by certain securities and other instruments with a carrying value of $193,785,153,000 (2020: $149,874,301,000) for the Group and $194,100,667,000 (2020: $150,493,009,000), for the Company respectively, (notes 13 and 14).

Repurchase agreements include balances with related parties as set out in note 25. Certain of the securities described in note 14 and interest accrued thereon are pledged as securities.

23. Notes Payable

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Senior Unsecured US$ Fixed Note (i)	2,799,661	2,588,643	2,799,661	2,588,643
Unsecured US$ Fixed Note (ii)	-	971,478	-	971,478
Unsecured J$ Fixed Note (iii)	-	472,425	-	472,425
Unsecured J$ Fixed Note (iv)	-	5,879,500	-	5,879,500
Unsecured US$ Fixed Note (v)	-	20,094,000	-	-
Unsecured J$ Fixed Note (vi)	9,965,934	-	9,965,934	-
Unsecured J$ Fixed Note (vii)	1,548,147	-	1,548,147	-
Unsecured J$ Fixed Note (viii)	7,509,800	-	7,509,800	-
	21,823,542	**30,006,046**	**21,823,542**	**9,912,046**

(i) The note is unsecured and bears interest at 5.5% per annum, with interest payable on a quarterly basis. The note matures on 15 June 2023.

(ii) This represents unsecured fixed rate US$ debt issued in three tranches bearing interest at 5.5%, 5.65% and 5.80% per annum, payable on a quarterly basis. They matured on 20 December 2019, 20 June 2020 and 21 December 2020 respectively, and were repaid.

(iii) This represents unsecured fixed rate J$ debt issued in three tranches bearing interest at 5.65%, 6.0% and 6.25% per annum, payable on a quarterly basis. They matured on 20 December 2019, 20 June 2020 and 21 December 2020 respectively, and were repaid.

23. Notes Payable (Continued)

(iv) This represents unsecured fixed rate J$ debt bearing interest at 6.75% per annum, payable on a quarterly basis. The note matured on 27 July 2020 and was repaid.

(v) The note was unsecured and bears interest at 2.5% per annum. Interest is payable on a quarterly basis. The note matured on 30 April 2020 and was repaid.

(vi) This represents unsecured fixed rate J$ debt issued in two tranches bearing interest at 7.15% and 7.35% per annum, payable annually. The note matures on 19 June 2021.

(vii) This represents an unsecured fixed rate US$ indexed debt bearing interest at 5.25% per annum, payable on a quarterly basis. The note matures on 27 July 2022.

(viii) This represents unsecured fixed rate J$ debt bearing interest at 6.25% per annum, payable on a quarterly basis. The note matures on 27 July 2021.

24. Leases

The Group leases properties for office space and other uses. The leases run for a period of 1-5 years. Certain leases have an option to renew for further periods of 1 to 5 years.

The Group leases IT 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.

(i) Amounts recognised in the statement of financial position shows the following amounts relating to leases:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	214,372	214,372	197,691	197,691
Additions	884	-	-	-
Balance at 31 March	**215,256**	**214,372**	**197,691**	**197,691**
Depreciation at 1 April	27,547	-	26,157	-
Charge for the year	32,178	27,547	28,743	26,157
	59,725	**27,547**	**54,900**	**26,157**
Balance at 31 March	**155,531**	**186,825**	**142,791**	**171,534**
Lease liabilities:				
Current	32,730	29,659	29,425	26,719
Non-current	138,928	160,834	129,328	148,870
	171,658	**190,493**	**158,753**	**175,589**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

24. Leases (continued)

(i) Amounts recognised in the statement of financial position shows the following amounts relating to leases (continued):

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Undiscounted cashflows of lease Liabilities				
Less than one year	10,400	10,364	9,388	9,442
One to five years	31,200	29,190	28,165	26,425
More than five years	157,518	186,338	147,064	173,129
	199,118	225,892	184,617	208,996
Less future interest charges	(27,460)	(35,399)	(25,864)	(33,407)
	171,658	**190,493**	**158,753**	**175,589**

(ii) Amounts recognised in the profit and loss account relating to leases:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Depreciation charge of right-of-use assets	32,178	27,547	28,743	26,157
Interest expense	10,510	8,427	9,946	8,066
Expense relating to short-term leases (included in administration expenses)	25,265	33,124	25,265	27,010

(iii) Amounts recognised in the statement of cash flows

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Total cash out flows for leases	39,863	32,862	37,874	31,299

(iv) Extension options

Some property leases contain extension options exercisable by the Group up to six months before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

24. Leases (continued)

(v) Extension options

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $23,969,000 (2020: $25,196,000) for the Group and $10,307,000 (2020: $12,690,000) for the Company.

25. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Related companies include parent company, subsidiaries and fellow subsidiaries. Related parties include directors, key management and companies for which the Company provides management services.

(i) The statement of financial position includes balances, arising in the normal course of business, with related parties, as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Directors:				
Notes receivable	36,356	19,658	36,356	19,658
Interest payable	(609)	(168)	(609)	(168)
Repurchase agreements	(89,965)	(35,411)	(89,965)	(35,411)
Other related parties:				
Notes receivable	2,458,549	2,458,549	2,458,549	2,458,549
Interest payable	(68)	-	(68)	-
Repurchase agreements	(26,581)	-	(26,581)	-

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Parent company:				
Investment securities	-	15,179,658	-	15,179,658
Accounts receivable	13,783,924	10,131,550	13,783,924	10,131,550
Redeemable preference shares	(14,116,815)	(13,123,770)	(14,116,815)	(13,123,770)
Interest receivable	-	288,377	-	288,377
Interest payable	(238,735)	(172,277)	(238,735)	(172,277)
Notes payable	(19,023,881)	(7,323,403)	(19,023,881)	(7,323,403)
Repurchase agreements	(719,272)	(641,238)	(719,272)	(641,238)
Subsidiaries:				
Resale agreements	-	-	145,827	13,557,570
Notes receivable	-	-	252,498	240,602
Interest receivable	-	-	427	4,174
Accounts receivable	-	-	3,069,645	2,277,940
Repurchase agreements	-	-	281,930	(589,245)
Interest payable	-	-	(640)	(1,056)

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

25. Related Party Transactions and Balances (Continued)

(i) The statement of financial position includes balances, arising in the normal course of business, with related parties, as follows (continued):

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Fellow subsidiaries:				
Cash and bank balances	305,706	122,186	-	-
Other receivable	821,072	705,419	779,194	702,462
Notes receivable	1,283,616	1,930,924	1,283,616	1,930,924
Resale agreements	41,791,683	14,010,723	41,791,683	14,010,723
Interest receivable	516,132	34,872	514,691	34,872
Investments	17,385,600	-	17,385,600	-
Repurchase agreements	(3,441,903)	(4,498,721)	(3,441,903)	(4,498,721)
Interest payable	(37,164)	(24,399)	(37,164)	(24,399)
Managed funds:				
Cash and cash equivalents	1,433,160	504,600	-	-
Other receivables	569,991	3,430,402	469,325	3,054,939
Notes payable	-	(20,094,000)	-	-
Accounts payable	(103,272)	(42,219)	-	-

(ii) The profit and loss account included the following income earned from, and expenses incurred in, transactions with related parties, in the ordinary course of business:

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Directors:				
Interest income	1,487	1,380	1,487	1,380
Interest expense	(2,011)	(1,728)	(2,011)	(1,728)
Subsidiaries:				
Interest income	-	-	6,295	150,714
Interest expense	-	-	(17,547)	(19,870)
Parent company:				
Interest income	529,716	288,377	529,716	288,377
Interest expense	(1,485,503)	(1,460,377)	(1,485,503)	(1,460,377)
Fellow subsidiaries:				
Interest income	680,686	625,506	1,144,327	625,506
Gain from securities trading	1,481	100,053	1,481	100,053
Interest expense	(121,646)	(191,021)	(121,646)	(175,689)

25. Related Party Transactions and Balances (Continued)

(ii) The profit and loss account includes the following income earned from, and expenses incurred in, transactions with related parties, in the ordinary course of business (continued):

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Managed funds:-				
Gain on sale of securities	71,598	247,322	71,598	247,322
Fee income	858,020	892,180	-	-
Interest income	7,164	1,675	-	-
Interest expense	(329,261)	(772,308)	(329,261)	(266,545)

(iii) 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 of the Group and company secretary. The compensation paid or payable to key management for employee services is as shown below:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Directors' emoluments:				
Fees	11,827	13,725	7,668	8,348
Management remuneration	73,792	67,384	73,792	67,384
Key management compensation:				
Salaries and related costs	329,960	333,541	212,836	253,684
Post-employment benefits	12,049	11,501	10,619	10,599
	427,628	**426,151**	**304,915**	**340,015**

26. Financial Risk Management

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

(a) Introduction and overview

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Risk management framework

The risks are managed through an established risk management framework for the Group, which involves the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board has established committees/departments for managing and monitoring risks, as follows:

(i) Risk Management Committee

The Risk Committee is a Board Committee responsible for the supervision of the overall risk management functions of the Group. The committee decides the policies and strategy for integrated risk management of the various risk exposures of the Group.

The Risk Committee is responsible for approving all credit requests above a specified threshold and ensuring that all lending facilities conform to standards agreed by the Board and embodied in Credit Risk Policy. The committee is ultimately responsible for determining the composition and management of the credit portfolio and has available a number of measures it can employ in this respect including the making of specific and general impairment allowances against actual or potential bad debts. The committee is supported in its work by the Management Credit Committee.

(ii) Audit Committee

The Audit Committee of the parent company's Board monitors the quality of the Group's internal controls and compliance with regulatory requirements. The Audit Committee is assisted in its oversight role by the Internal Audit Function and the Risk and Compliance Unit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported quarterly to the Audit Committee.

The management of certain specific aspects of operational risk, such as fraud, is also within the purview of the Audit Committee.

26. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Risk management framework (continued)

(iii) Investment Committee

The Investment Committee is a senior management level committee responsible for the management of market risks. The committee monitors the composition of assets and liabilities, evaluates potential market risk involved in launching new products, reviews and articulates funding policy and decides optimal ways of managing the Group's liquidity.

(iv) Asset and liability Committees (ALCOs)

ALCOs are management committees that monitor and adjust the overall profile of assets and liabilities of the respective entities to increase the probability of achieving strategic business results within the context of Board approved risk appetite, relevant policies and applicable regulations.

Impact of Covid-19

The World Health Organisation declared the novel Coronavirus (Covid-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. As the global economy continued to be impacted by the Covid-19 pandemic, Jamaica experienced similar challenges in all sectors of the economy. Between quarter one of 2015 and quarter four of 2019, Jamaica had experienced 20 consecutive quarters of economic growth. However, by quarter 2 of 2020 (Apr-Jun) the economy contracted by 18% year over year as the closure of international borders negatively impacted tourism. The transport, storage & communication and entertainment sectors also experienced significant contractions over the year due to measures put in place to restrict movement and promote physical distancing. The closure of schools and work from home orders would have further restricted demand for transportation and reduced demand for goods and services.

As the Jamaican economy came to grips with the pandemic, a few sectors began to show positive signs. The PIOJ estimated that Mining & Quarrying grew by 6% in Q4-2020 (Oct-Dec) as the JISCO Alpart Refinery resumed production during the year. Construction also grew by approximately 6.5% between Q3-2020 (Jul-Sep) and Q1-2021 (Jan-Mar). On the Services side, only the segment "Producers of Government Services" showed marginally positive economic growth numbers throughout the ongoing crisis period.

The economy has been faced with reduced economic activity and consequently reduced revenue flows, increased expenditure to support the vulnerable and therefore widening fiscal deficits. In response, the Bank of Jamaica maintained an accommodative monetary policy approach with low policy rates to foster increased economic activity and improved system liquidity. Of note, the Standard & Poor's affirmed the nation's 'B+' rating with a negative outlook.

Going forward, it is anticipated that improved access to vaccines and the roll out of Jamaica's vaccination program will improve economic conditions. The PIOJ is also of the view that the sacrifices made by the Jamaican people pre-Covid-19, which improved and significantly strengthened the economic and fiscal numbers, will help the sovereign to recover from the Covid-19 pandemic at a much faster pace relative to the 2008/09 global financial crisis.

26. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Impact of Covid-19 (continued)

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

There is a framework in place to ensure that all entities within the Group are adequately capitalized through the Internal Capital Adequacy Assessment Process (ICAAP) and that these entities have sufficient liquid assets and ready access to financing to support business operations and growth. Furthermore, the Group has developed contingency plans to ensure that the impact on the Group would be manageable and to facilitate timely responses. The Group has activated its Business Continuity Plan (BCP) to ensure that our clients, team members and other key stakeholders remain safe and that the Group is prepared for any eventuality. We are following all announcements and advisories by the Ministry of Health and our actions will be guided accordingly. We continue to operate with a high level of urgency to ensure that the Group is well prepared and actively responding to the Covid-19 pandemic.

In response to the pandemic, management has adopted several measures specifically around financial risk management. These measures include the following:

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

(ii) Ensuring that the Group's recovery plan for banking and investments subsidiaries is kept up to date. The key aspects of the plan include:

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

(iii) The implementation of measures to assist clients during this pandemic, such as:

- Payment holidays on loans – The Group continues to work with clients that are impacted by the pandemic in keeping with the guidelines set out by the regulators. The Group will continue to proactively assess the credit portfolio and work with clients to ensure adequate support is provided which may include the restructuring of select credit facilities; and
- Special arrangements with clients, such as amending their collateral/margin requirements on select products based on their needs.

26. Financial Risk Management (Continued)

(b) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group’s customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from, its lending activities, as well as from investments in debt securities and other exposures arising from its trading activities (‘trading exposures’) including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

(i) Management of credit risk

Credit risk is a significant risk for the Group’s business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports regularly to the Board of Directors and head of each business unit.

(ii) The Management Credit Committee, Liquidity Management Committee and the Asset and Liability Committees within the Company meet regularly to discuss strategies and plans around managing the liquidity and the capital needs of the Company.

The Group structures the levels 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 geographical and industry segments.

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).

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

The Group manages the credit risk of financial assets as follows:

(i) Loans and notes receivable

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.

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 revision. 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.

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, which is shown below, reflects the range of default probabilities defined for each rating class.

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Management of credit risk (continued)

(i) Loans and notes receivable

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

Loans and notes receivable that are cash-secured are included in the credit classification as Risk Rated 1, based on the Group's rating grades.

(ii) Investments and resale agreements

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

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

(iii) Cash and cash equivalents

Cash and cash equivalents are held in financial institutions which management regards as strong and there is no significant concentration. The strength of these financial institutions is continually reviewed by the Risk Committee.

(ii) Credit risk analysis

The following table sets out information about the credit risk and the credit quality of financial assets measured at amortised cost and FVOCI debt instruments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Loans and notes receivable at amortised cost:

	The Group			
	2021			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Credit grade				
Standard monitoring	12,203,190	932,407	-	13,135,597
Default	-	-	2,251,718	2,251,718
	12,203,190	932,407	2,251,718	15,387,315
Loss allowance [note 26(b)(vi)(v)]	(45,147)	(286)	(1,124,424)	(1,169,857)
	12,158,043	**932,121**	**1,127,294**	**14,217,458**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Credit risk analysis (continued)

Loans and notes receivable at amortised cost:

	The Group			
	2020			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Credit grade				
Standard monitoring	12,239,442	730,111	-	12,969,553
Default	-	-	2,147,019	2,147,019
	12,239,442	730,111	2,147,019	15,116,572
Loss allowance [note 26(b)(vi)(v)]	(73,413)	(1,815)	(948,780)	(1,024,008)
	12,166,029	**728,296**	**1,198,239**	**14,092,564**

	The Group			
	2021			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Ageing of loans and notes receivable				
Neither past due nor impaired	9,274,062	-	-	9,274,062
Past due 1-30 days	2,929,128	-	-	2,929,128
Past due 31-60	-	777,057	-	777,057
Past due 61-90	-	155,350	-	155,350
More than 90 days	-	-	2,251,718	2,251,718
Total	**12,203,190**	**932,407**	**2,251,718**	**15,387,315**

	The Group			
	2020			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Ageing of loans and notes receivable				
Neither past due nor impaired	12,085,099	-	-	12,085,099
Past due 1-30 days	154,343	-	-	154,343
Past due 31-60	-	454,091	-	454,091
Past due 61-90	-	276,020	-	276,020
More than 90 days	-	-	2,147,019	2,147,019
Total	**12,239,442**	**730,111**	**2,147,019**	**15,116,572**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Loans and notes receivable at amortised cost (continued):

	The Company			
	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Credit grade				
Standard monitoring	11,956,517	932,407	-	12,888,924
Default	-	-	95,892	95,892
	11,956,517	932,407	95,892	12,984,816
Loss allowance [note 26(b)(vi)(v)]	(48,475)	(286)	(4,274)	(53,035)
	11,908,042	**932,121**	**91,618**	**12,931,781**

	The Company			
	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Credit grade				
Standard monitoring	11,999,442	730,111	-	12,729,553
Default	-	-	141,594	141,594
	11,999,442	730,111	141,594	12,871,147
Loss allowance [note 26(b)(vi)(v)]	(76,561)	(1,815)	(9,048)	(87,424)
	11,922,881	**728,296**	**132,546**	**12,783,723**

	The Company			
	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Ageing of loans and notes receivable				
Neither past due nor impaired	9,027,389	-	-	9,027,389
Past due 1-30 days	2,929,128	-	-	2,929,128
Past due 31-60	-	777,057	-	777,057
Past due 61-90	-	155,350	-	155,350
More than 90 days	-	-	95,892	95,892
Total	**11,956,517**	**932,407**	**95,892**	**12,984,816**

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Loans and notes receivable at amortised cost (continued):

	The Company			
	2020			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Ageing of loans and notes receivable				
Neither past due nor impaired	11,845,099	-	-	11,845,099
Past due 1-30 days	154,343	-	-	154,343
Past due 31-60	-	454,091	-	454,091
Past due 61-90	-	276,020	-	276,020
More than 90 days	-	-	141,594	141,594
Total	**11,999,442**	**730,111**	**141,594**	**12,871,147**

Debt securities at amortised cost:

	The Group	
	2021	2020
	Stage 1 $'000	Stage 1 $'000
Credit grade		
Watch	8,206,736	10,391,140
Loss allowance [note 26(b)(vi)(v)]	(45,516)	(270,102)
	8,161,220	**10,121,038**

	The Company	
	2021	2020
	Stage 1 $'000	Stage 1 $'000
Credit grade		
Watch	7,951,068	7,918,640
Loss allowance[note 26(b)(vi)(v)]	(45,516)	(263,002)
	7,905,552	**7,655,638**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Securities purchased under agreements to resell at amortised cost:

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Watch	45,091,683	-	-	45,091,683
Loss allowance [note 26(b)(vi)(v)]	(376)	-	-	(376)
	45,091,307	-	-	**45,091,307**

	The Group			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Watch	20,010,723	-	-	20,010,723
Loss allowance [note 26(b)(vi)(v)]	(110)	-	-	(110)
	20,010,613	**-**	**-**	**20,010,613**

	The Company			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Watch	45,237,510	-	-	45,237,510
Loss allowance [note 26(b)(vi)(v)]	(379)	-	-	(379)
	45,237,131	-	-	**45,237,131**

	The Company			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Watch	33,568,293	-	-	33,568,293
Loss allowance [note 26(b)(vi)(v)]	(154)	-	-	(154)
	33,568,139	-	-	**33,568,139**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Debt securities at FVOCI:

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Investment grade	4,672,062	-	-	4,672,062
Watch	122,025,395	881,719	-	122,907,114
Speculative	3,353,773	13,869	-	3,367,642
Default	-	-	319,676	319,676
	130,051,230	**895,588**	**319,676**	**131,266,494**
Loss allowance [note 26(b)(vi)(v)]	**781,617**	**31,184**	**132,589**	**945,390**

	The Group			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Investment grade	3,788,284	-	-	3,788,284
Watch	116,923,737	-	-	116,923,737
Speculative	3,462,751	404,520	-	3,867,271
Default	-	-	22,419	22,419
	124,174,772	**404,520**	**22,419**	**124,601,711**
Loss allowance [note 26(b)(vi)(v)]	**714,654**	**92,182**	**2,274**	**809,110**

	The Company			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Investment grade	4,672,062	-	-	4,672,062
Watch	122,025,395	881,719	-	122,907,114
Speculative	3,353,773	13,869	-	3,367,642
Default	-	-	319,676	319,676
	130,051,230	**895,588**	**319,676**	**131,266,494**
Loss allowance [note 26(b)(vi)(v)]	**781,617**	**31,184**	**132,589**	**945,390**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Debt securities at FVOCI (continued):

	The Company			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Investment grade	3,788,284	-	-	3,788,284
Watch	85,902,373	-	-	85,902,373
Speculative	3,462,730	404,520	-	3,867,250
Default	-	-	22,419	22,419
	93,153,387	**404,520**	**22,419**	**93,580,326**
Loss allowance [note 26(b)(vi)(v)]	**602,908**	**92,182**	**2,274**	**697,364**

(iii) Maximum exposure to credit risk

The maximum exposure to credit risk is the amount of loss that should be suffered if every counterparty to the Group's financial assets were to default at once. These are represented by the carrying amounts of financial assets on the statement of financial position.

(iv) Concentration of credit risk

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

	The Group				
	2021				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector					
Government of Jamaica	-	-	-	62,651,433	62,651,433
Sovereign bonds	-	-	-	11,014,725	11,014,725
Bank of Jamaica	1,031,654	-	-	20,873,966	21,905,620
Corporate	-	5,375,802	-	48,917,768	54,293,570
Financial institutions	14,597,828	3,165,419	45,091,307	583,184	63,437,738
Retail	-	5,676,237	-	-	5,676,237
	15,629,482	**14,217,458**	**45,091,307**	**144,041,076**	**218,979,323**
Concentration by location					
Jamaica	14,036,473	11,007,916	26,615,645	100,257,274	151,917,308
North America	1,368,211	-	-	3,622,513	4,990,724
Trinidad and Tobago	224,798	685,801	-	9,289,697	10,200,296
Dominica Republic	-	575,187	-	-	575,187
Other	-	1,948,554	18,475,662	30,871,592	51,295,808
	15,629,482	**14,217,458**	**45,091,307**	**144,041,076**	**218,979,323**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk (continued)

	The Group				
	2020				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector					
Government of Jamaica	-	-	-	84,952,677	84,952,677
Sovereign bonds	-	-	-	1,308,943	1,308,943
Bank of Jamaica	3,149,782	-	-	7,515,213	10,664,995
Corporate	-	4,279,387	-	44,519,008	48,798,395
Financial institutions	8,296,934	4,524,255	20,010,613	758,403	33,590,205
Retail	-	5,288,922	-	-	5,288,922
	11,446,716	**14,092,564**	**20,010,613**	**139,054,244**	**184,604,137**
Concentration by location					
Jamaica	9,396,833	10,389,248	20,010,613	121,891,968	161,688,662
North America	1,860,505	-	-	3,783,063	5,643,568
Trinidad and Tobago	156,299	792,585	-	6,249,630	7,198,514
Dominica Republic	-	1,125,306	-	155,528	1,280,834
Other	33,079	1,785,425	-	6,974,055	8,792,559
	11,446,716	**14,092,564**	**20,010,613**	**139,054,244**	**184,604,137**

	The Company				
	2021				
	Cash and cash equivalents $'000	Loans and notes receivable $'000	Resale agreements $'000	Investment securities $'000	Total $'000
Concentration by sector					
Government of Jamaica	-	-	-	62,651,433	62,651,433
Sovereign bonds	-	-	-	11,014,725	11,014,725
Bank of Jamaica	1,031,654	-	-	20,873,966	21,905,620
Corporate	-	4,090,125	-	47,390,157	51,480,282
Financial institutions	12,626,946	3,165,419	45,237,131	376,386	61,405,882
Retail	-	5,676,237	-	-	5,676,237
	13,658,600	**12,931,781**	**45,237,131**	**142,306,667**	**214,134,179**
Concentration by location					
Jamaica	12,121,202	9,722,239	26,761,469	98,699,294	147,304,204
North America	1,314,825	-	-	3,622,513	4,937,338
Trinidad and Tobago	222,573	685,801	-	9,113,267	10,021,641
Dominica Republic	-	575,187	-	-	575,187
Other	-	1,948,554	18,475,662	30,871,593	51,295,809
	13,658,600	**12,931,781**	**45,237,131**	**142,306,667**	**214,134,179**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk (continued)

	The Company				
	2020				
	Cash and cash equivalents $'000	**Loans and notes receivable $'000**	**Resale agreements $'000**	**Investment securities $'000**	**Total $'000**
Concentration by sector					
Government of Jamaica	-	-	-	55,356,089	55,356,089
Sovereign bonds	-	-	-	1,308,943	1,308,943
Bank of Jamaica	3,149,782	-	-	7,515,213	10,664,995
Corporate	-	2,973,694	-	39,615,855	42,589,549
Financial institutions	6,486,025	4,521,107	33,568,139	573,750	45,149,021
Retail	-	5,288,922	-	-	5,288,922
	9,635,807	**12,783,723**	**33,568,139**	**104,369,850**	**160,357,519**
Concentration by location					
Jamaica	8,024,285	9,080,407	20,345,577	91,190,663	128,640,932
North America	1,465,325	-	-	3,783,063	5,248,388
Trinidad and Tobago	146,197	792,585	-	2,422,069	3,360,851
Dominica Republic	-	1,125,306	-	-	1,125,306
Other	-	1,785,425	13,222,562	6,974,055	21,982,042
	9,635,807	**12,783,723**	**33,568,139**	**104,369,850**	**160,357,519**

(v) Collateral and other credit enhancements held against financial assets

The Group holds collateral against loans and advances to customers and others in the form of mortgage interests over property, other registered securities and other assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over balances with banks or broker/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities, and no such collateral was held at the reporting date (2020: no collateral held).

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(v) Collateral and other credit enhancements held against financial assets (continued)

An estimate, made at the time of borrowing, of the fair value of collateral and other security enhancements held against loans to borrowers and others is shown below:

	The Group			
	Loans and notes receivable		Resale agreements	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:				
Cash secured	1,905,589	4,101,470	-	-
Debt securities	13,258,173	16,294,756	64,368,691	20,205,464
Motor vehicle	759,625	-	-	-
Unsecured	75,573	-	-	-
Subtotal	**15,998,960**	**20,396,226**	**64,368,691**	**20,205,464**
Against past due but not impaired financial assets:				
Cash secured	2,749,994	696,734	-	-
Debt securities	2,769,268	528,833	-	-
Unsecured	1,906	-	-	-
Subtotal	**5,521,168**	**1,225,567**	-	-
Against past due and impaired financial assets:				
Cash secured	6,701	25,213	-	-
Property	-	2,357,609	-	-
Debt securities	84,732	106,929	-	-
Subtotal	**91,433**	**2,489,751**	-	-
Total	**21,611,561**	**24,111,544**	**64,368,691**	**20,205,464**

	The Company			
	Loans and notes receivable		Resale agreements	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:				
Cash secured	1,905,589	4,101,470	-	-
Debt securities	13,258,173	16,294,756	64,796,445	51,113,631
Motor vehicle	759,625	-	-	-
Unsecured	75,5735	-	-	-
Subtotal	**15,998,960**	**20,396,226**	**64,796,445**	**51,113,631**
Against past due but not impaired financial assets:				
Cash secured	2,749,994	696,734	-	-
Debt securities	2,769,268	528,833	-	-
Unsecured	1,906	-	-	-
Subtotal	**5,521,168**	**1,225,567**	-	-
Against past due and impaired financial assets:				
Cash secured	6,701	25,213	-	-
Property	-	250	-	-
Debt securities	84,732	106,929	-	-
Subtotal	**91,433**	**132,392**	-	-
Total	**21,611,561**	**21,754,185**	**64,796,445**	**51,113,631**

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) 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 described 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.
- 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 incorporates this in its ECL models, is included in section (iii) 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:

(i) Significant increase in credit risk

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

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime probability of default (PD) as at the reporting date with the remaining lifetime PD that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in probability of default (PD);
- qualitative indicators; and
- backstop of 30 days past due.

Credit risk grades:

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement.

26. Financial Risk Management (Continued)

(b) **Credit risk (continued)**

(vi) Expected credit loss measurement (continued)

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

(i) Significant increase in credit risk (continued)

Credit risk grades (continued)

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

The Group uses internal credit risk gradings that reflect 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 corporate 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.

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

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

Individual:

For retail business, the rating is determined at the borrower level. After the date of initial recognition the payment behaviour of the borrower is monitored on a periodic basis and adjusted as necessary. 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 credit risk 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. The PD's term structure associated with each grade are determined based on realised default rates as derived from the average 12-month through-the-cycle (TTC) transition matrices, as published by the rating agency.

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Credit risk grades (continued):

Treasury

The Group's rating method comprises 21 rating levels for instruments not in default (1 to 21) and two default classes (22 to 23). The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating methods are subject to periodic (at least once every three years) validation and recalibration so that they reflect the latest projections in the light of all actually observed defaults.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

Generating the term structure of PD:

Credit risk grades are the primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction and by type of product and borrower as well as by credit risk grading.

The Group uses statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining when credit risk has increased significantly

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

The Group considers that there is a significant increase in credit risk for its loans portfolio no later than when a loan is more than 30 days past due or any two-notch downgrade in its internal ratings. The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked 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 instruments 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.

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Credit risk grades (continued)

Determining when credit risk has increased significantly (continued)

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.

(ii) Definition of default

The Group considers the following quantitative and qualitative factors in determining whether a financial asset is in default:

- The borrower is more than 90 days past due on its obligation to the Group.
- A decrease in internal rating of RR6 or higher
- 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.

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(iii) Incorporation of forward-looking information

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

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

These economic variables and their associated impact on the PD, exposure at default (EAD) and loss given default (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 likely scenarios; being best, assigned a rating of 10% and worst, assigned a rating of 15%. The base case is aligned with information used by the Group for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecast published by government bodies, monetary bodies and supranational organisations such as the International Monetary Fund.

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

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

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

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(iii) Incorporation of forward-looking information (continued)

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

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

(iv) Calculation of the expected credit loss (ECL)

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) over 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.

EAD represents the expected exposure in the event of a default. 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.

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(iv) Calculation of the expected credit loss (ECL) (continued)

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.

(v) Loss allowance

The loss allowance recognised in the period is impacted by the following factors:

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

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Loans and notes receivable at amortised cost:

	The Group			
	2021			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at 1 April	73,413	1,815	948,780	1,024,008
Transfer from stage 1 to stage 2	(61)	61	-	-
Transfer from stage 1 to stage 3	(28)	-	28	-
Transfer from stage 2 to stage 1	144	(144)	-	-
Transfer from stage 2 to stage 3	-	(93)	93	-
Transfer from stage 3 to stage 1	572	-	(572)	-
Transfer from stage 3 to stage 2	-	216	(216)	-
Financial assets derecognised during period	(10,830)	(1,578)	(8,123)	(20,531)
New financial assets originated or purchased	9,328	190	56	9,574
Paydowns	(65)	-	(13)	(78)
Net remeasurement of loss allowance	(16,505)	-	1	(16,504)
Foreign exchange and other movements	(10,821)	(181)	184,390	173,388
Balance at 31 March	**45,147**	**286**	**1,124,424**	**1,169,857**

	The Group			
	2020			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at 1 April	17,358	-	799,355	816,713
Transfer from stage 1 to stage 2	(2)	2	-	-
Transfer from stage 1 to stage 3	(3)	-	3	-
Transfer from stage 3 to stage 2	-	64	(64)	-
Transfer from stage 3 to stage 1	3,722	-	(3,722)	-
Financial assets derecognised during period	(563)	-	(114)	(677)
New financial assets originated or purchased	51,161	199	254	51,614
Paydowns	(1,315)	-	-	(1,315)
Net remeasurement of loss allowance	6,751	-	739	7,490
Foreign exchange and other movements	(3,696)	1,550	152,329	150,183
Balance at 31 March	**73,413**	**1,815**	**948,780**	**1,024,008**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Loans and notes receivable at amortised cost (continued):

	The Company			
	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	76,561	1,815	9,048	87,424
Transfer from stage 1 to stage 2	(61)	61	-	-
Transfer from stage 1 to stage 3	(28)	-	28	-
Transfer from stage 2 to stage 1	144	(144)	-	-
Transfer from stage 2 to stage 3	-	(93)	93	-
Transfer from stage 3 to stage 1	572	-	(572)	-
Transfer from stage 3 to stage 2	-	216	(216)	-
Financial assets derecognised during the year	(10,830)	(1,578)	(8,123)	(20,531)
New financial assets originated or purchased	9,328	190	56	9,574
Paydowns	(65)	-	(13)	(78)
Net remeasurement of loss allowance	(16,505)	-	1	(16,504)
Foreign exchange and other movements	(10,641)	(181)	3,972	(6,850)
Balance at 31 March	**48,475**	**286**	**4,274**	**53,035**

	The Company			
	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	17,358	-	8,756	26,114
Transfer from stage 1 to stage 2	(2)	2	-	-
Transfer from stage 1 to stage 3	(3)	-	3	-
Transfer from stage 3 to stage 2	-	64	(64)	-
Transfer from stage 3 to stage 1	3,722	-	(3,722)	-
Financial assets derecognised during the year	(563)	-	(114)	(677)
New financial assets originated or purchased	54,309	199	254	54,762
Paydowns	(1,315)	-	-	(1,315)
Net remeasurement of loss allowance	6,751	-	739	7,490
Foreign exchange and other movements	(3,696)	1,550	3,196	1,050
Balance at 31 March	**76,561**	**1,815**	**9,048**	**87,424**

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Securities purchased under agreements to resell:

	The Group	
	2021	2020
	Stage 1	Stage 1
	$'000	$'000
Balance at 1 April	110	62,014
Net remeasurement of loss allowance during the year	266	(61,904)
Balance at 31 March	**376**	**110**

	The Company	
	2021	2020
	Stage 1	Stage 1
	$'000	$'000
Balance at 1 April	154	79,593
Net remeasurement of loss allowance during the year	225	(79,439)
Balance at 31 March	**379**	**154**

Debt securities at amortised cost:

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	31,010	-	239,092	270,102
Financial assets derecognised during the year	-	-	(239,092)	(239,092)
Financial assets transferred during the year	(7,100)	-	-	(7,100)
Foreign exchange and other movements	21,606	-	-	21,606
Balance at 31 March	**45,516**	-	-	**45,516**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Debt securities at amortised cost (continued):

	The Group			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	35,886	-	239,092	274,978
Financial assets derecognised during the year	(1,883)	-	-	(1,883)
Foreign exchange and other movements	(2,993)	-	-	(2,993)
Balance at 31 March	**31,010**	-	**239,092**	**270,102**

	The Company			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	23,910	-	239,092	263,002
Financial assets derecognised during the year	-	-	(239,092)	(239,092)
Foreign exchange and other movements	21,606	-	-	21,606
Balance at 31 March	**45,516**	-	-	**45,516**

	The Company			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	27,510	-	239,092	266,602
Financial assets derecognised during the year	(1,883)	-	-	(1,883)
Foreign exchange and other movements	(1,717)	-	-	(1,717)
Balance at 31 March	**23,910**	-	**239,092**	**263,002**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements
31 March 2021
(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Debt securities at FVOCI:

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	714,654	92,182	2,274	809,110
Transfer from stage 1 to stage 2	(1,210)	1,210	-	-
Transfer from stage 1 to stage 3	(1,250)	-	1,250	-
Financial asset derecognised	(187,477)	(90,161)	(2,274)	(279,912)
Financial asset transferred during period	(111,746)	-	-	(111,746)
New financial assets originated or purchased	433,894	136	418	434,448
Foreign exchange and other movements	(65,248)	27,817	130,921	93,490
Balance at 31 March	**781,617**	**31,184**	**132,589**	**945,390**

	The Group			
	2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	507,846	1,493	20,576	529,915
Transfer from stage 1 to stage 2	(19,733)	19,733	-	-
Financial asset derecognised	(157,617)	(1,493)	(20,311)	(179,421)
New financial assets originated or purchased	447,002	91,622	1,998	540,622
Foreign exchange and other movements	(62,844)	(19,173)	11	(82,006)
Balance at 31 March	**714,654**	**92,182**	**2,274**	**809,110**

	The Company			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Balance at 1 April	602,908	92,182	2,274	697,364
Transfer from Stage 1 to Stage 2	(1,210)	1,210	-	-
Transfer from Stage 1 to Stage 3	(1,250)	-	1,250	-
Financial asset derecognised	(187,477)	(90,161)	(2,274)	(279,912)
New financial assets originated or purchased	433,894	136	418	434,448
Foreign exchange and other movements	(65,248)	27,817	130,921	93,490
Balance at 31 March	**781,617**	**31,184**	**132,589**	**945,390**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Debt securities at FVOCI (continued):

	The Company			
	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	402,888	1,493	20,576	424,957
Transfer from Stage 1 to Stage 2	(19,733)	19,733	-	-
Financial asset derecognised	(152,651)	(1,493)	(20,311)	(174,455)
New financial assets originated or purchased	406,756	91,622	1,998	500,376
Foreign exchange and other movements	(34,352)	(19,173)	11	(53,514)
Balance at 31 March	**602,908**	**92,182**	**2,274**	**697,364**

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

A Liability Risk Management Committee sits as needed, on occasions where management considers that heightened monitoring and coordination of liquidity exposures across the Group is warranted.

The Group is exposed to daily calls on its available cash resources from overnight placement of funds, maturing placement of funds and loan draw-downs. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of investment of maturing funds can be predicted with a high level of certainty.

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

The Group has implemented a liquidity risk response strategy, including stress testing for entities within the Group.

Liquidity risk management process

The Group's liquidity management process includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Optimising cash returns on investments; and

(iv) Managing the concentration and profile of debt maturities.

26. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Liquidity risk management process (continued)

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

The tables below present the residual contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the Group's and the Company's financial liabilities.

	The Group				
	2021				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Securities sold under agreements to repurchase	150,374,718	30,232,834	-	180,607,552	178,862,034
Notes payable	10,067,786	714,896	12,615,008	23,397,690	21,823,542
Redeemable preference shares	226,857	680,570	18,621,573	19,529,000	14,116,815
Lease liabilities	10,400	31,200	157,518	199,118	171,658
Other payables	2,039,216	-	-	2,039,216	2,039,216
	162,718,977	**31,659,500**	**31,394,099**	**225,772,576**	**217,013,265**

	The Group				
	2020				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Securities sold under agreements to repurchase	124,131,504	21,309,155	-	145,440,659	144,167,536
Notes payable	1,149,312	7,072,274	23,038,299	31,259,885	30,006,046
Redeemable preference shares	206,968	620,903	16,038,842	16,866,713	13,123,770
Lease liabilities	10,364	29,190	186,338	225,892	190,493
Other payables	3,158,892	-	-	3,158,892	3,158,892
	128,657,040	**29,031,522**	**39,263,479**	**196,952,041**	**190,646,737**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

	The Company				
	2021				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Securities sold under agreements to repurchase	150,656,648	30,232,834	-	180,889,482	179,143,964
Notes payable	10,067,743	714,896	12,615,008	23,397,647	21,823,542
Redeemable preference shares	226,857	680,569	18,621,573	19,528,999	14,116,815
Lease liabilities	9,388	28,165	147,064	184,617	158,753
Other payables	1,382,406	-	-	1,382,406	1,382,406
	162,343,042	**31,656,464**	**31,383,645**	**225,383,151**	**216,625,480**

	The Company				
	2020				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Securities sold under agreements to repurchase	124,703,107	21,309,155	-	146,012,262	144,757,090
Notes payable	1,025,533	6,611,184	2,903,039	10,539,756	9,912,046
Redeemable preference shares	206,968	620,903	16,038,842	16,866,713	13,123,770
Lease liabilities	9,442	26,425	173,129	208,996	175,589
Other payables	2,032,683	-	-	2,032,683	2,032,683
	127,977,733	**28,567,667**	**19,115,010**	**175,660,410**	**170,001,178**

(d) Market risk

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

The overall responsibility for market risk management is vested in the Group Board Risk Committee. The Risk Department is responsible for the development of detailed risk management policies (subject to review and approval by the Group Board Risk Committee) and for the day-to-day review of their implementation.

26. Financial Risk Management (Continued)

(d) Market risk (continued)

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

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

	31 March	Average for Year	Maximum during Year	Minimum during Year
	$'000	**$'000**	**$'000**	**$'000**
2021 Overall VaR	9,193,285	12,085,707	28,597,903	5,948,407
2020 Overall VaR	5,917,543	2,640,201	7,614,240	647,125

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

The Covid-19 pandemic has caused increased volatility in asset prices which has increased the Group's market risk. While market conditions have generally improved since the onset of the pandemic, continued volatility is anticipated as the impact on many countries will likely continue in the short to medium term.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk

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

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

At the reporting date, the Jamaica dollar equivalents of net foreign currency assets/(liabilities) were as follows:

	The Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
United States dollars	924,250	(25,235,124)	519,043	(25,585,935)
Great Britain Pounds	411,464	139,161	385,083	116,985
Euros	9,229	128,968	3,723	124,286
Trinidad and Tobago dollars	637,976	585,402	592,215	513,237
Canadian dollars	231,346	184,426	212,034	180,735
Pesos	44,891	-	44,891	-

Foreign currency sensitivity

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

	The Group			
	2021		2020	
	Change in Currency Rate	Effect on Profit	Change in Currency Rate	Effect on Profit
	%	$'000	%	$'000
Currency:				
USD	6	55,455	6	(1,514,107)
GBP	6	24,688	6	8,350
EUR	6	554	6	7,738
TT	6	38,279	6	35,124
CAD	6	13,881	6	11,066
RD$	6	2,693	6	-
		135,550		**(1,451,829)**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk (continued)

	The Group			
	2021		2020	
	Change in Currency Rate %	Effect on Profit $'000	Change in Currency Rate %	Effect on Profit $'000
Currency:				
USD	-2	(18,485)	-2	504,702
GBP	-2	(8,229)	-2	(2,783)
EUR	-2	(185)	-2	(2,579)
TT	-2	(12,760)	-2	(11,708)
CAD	-2	(4,627)	-2	(3,689)
RD$	-2	(898)	-2	-
		(45,184)		**483,943**

	The Company			
	2021		2020	
	Change in Currency Rate %	Effect on Profit $'000	Change in Currency Rate %	Effect on Profit $'000
Currency:				
USD	6	31,143	6	(1,535,156)
GBP	6	23,105	6	7,019
EUR	6	223	6	7,457
TT	6	35,533	6	30,794
CAD	6	12,722	6	10,844
RD$	6	2,693	6	-
		105,419		**(1,479,042)**
USD	-2	(10,381)	-2	511,719
GBP	-2	(7,702)	-2	(2,340)
EUR	-2	(74)	-2	(2,486)
TT	-2	(11,844)	-2	(10,265)
CAD	-2	(4,241)	-2	(3,615)
RD$	-2	(898)	-2	-
		(35,140)		**493,013**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. 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 Group to cash flow interest risk, whereas fixed rate instruments expose the Group to fair value risk.

The following tables summarise the Group's and Company's exposure to interest rate risk. It includes the Group's and Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group					
	2021					
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	15,605,453	-	-	-	24,029	15,629,482
Interest receivable	-	-	-	-	1,862,896	1,862,896
Loans and notes receivable	10,450,219	200,000	2,032,393	250,000	1,284,846	14,217,458
Other receivables	-	-	-	-	2,134,265	2,134,265
Due from parent company	-	-	-	-	13,783,924	13,783,924
Securities purchased under agreements	33,360,709	6,905,829	4,824,769	-	-	45,091,307
Investment securities	10,999,962	841,859	16,147,886	111,451,870	4,599,499	144,041,076
Total financial assets	**70,416,343**	**7,947,688**	**23,005,048**	**111,701,870**	**23,689,459**	**236,760,408**
Financial Liabilities						
Securities sold under agreements to repurchase	149,437,933	16,758,848	12,665,253	-	-	178,862,034
Notes payable	9,965,977	-	-	11,857,565	-	21,823,542
Redeemable preference shares	-	-	-	14,116,815	-	14,116,815
Lease liabilities	8,009	8,124	16,597	138,928	-	171,658
Interest payable	-	-	-	-	1,070,696	1,070,696
Other payables	-	-	-	-	2,039,216	2,039,216
Total financial liabilities	**159,411,919**	**16,766,972**	**12,681,850**	**26,113,308**	**3,109,912**	**218,083,961**
Total interest rate sensitivity gap	**(88,995,576)**	**(8,819,284)**	**10,323,198**	**85,588,562**	**20,579,547**	**18,676,447**
Cumulative interest rate sensitivity gap	**(88,995,576)**	**(97,814,860)**	**(87,491,662)**	**(1,903,100)**	**18,676,447**	

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group					
	2020					
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	11,445,572	-	-	-	1,144	11,446,716
Interest receivable	-	-	-	-	2,158,437	2,158,437
Loans and notes receivable	8,407,715	237,779	2,112,202	2,028,573	1,306,295	14,092,564
Other receivables	-	-	-	-	5,640,043	5,640,043
Due from parent company	-	-	-	-	10,131,550	10,131,550
Securities purchased under agreements to resell	19,852,839	157,774	-	-	-	20,010,613
Investment securities	11,993,085	1,007	1,051,886	121,692,209	4,316,057	139,054,244
Total financial assets	**51,699,211**	**396,560**	**3,164,088**	**123,720,782**	**23,553,526**	**202,534,167**
Financial Liabilities						
Securities sold under agreement to repurchase	123,494,439	11,258,955	9,414,142	-	-	144,167,536
Notes payable	868,692	5,879,500	575,211	22,682,643	-	30,006,046
Redeemable preference shares	-	-	-	13,123,770	-	13,123,770
Lease liabilities	7,736	7,206	14,717	160,834	-	190,493
Interest payable	-	-	-	-	878,821	878,821
Other payables	-	-	-	-	3,158,892	3,158,892
Total financial liabilities	**124,370,867**	**17,145,661**	**10,004,070**	**35,967,247**	**4,037,713**	**191,525,558**
Total interest rate sensitivity gap	**(72,671,656)**	**(16,749,101)**	**(6,839,982)**	**87,753,535**	**19,515,813**	**11,008,609**
Cumulative interest rate sensitivity gap	**(72,671,656)**	**(89,420,757)**	**(96,260,739)**	**(8,507,204)**	**11,008,609**	

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company					
	2021					
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	13,658,600	-	-	-	-	13,658,600
Interest receivable	-	-	-	-	1,862,521	1,862,521
Loans and notes receivable	10,699,387	200,000	2,032,394	-	-	12,931,781
Other receivables	-	-	-	-	4,604,155	4,604,155
Due from parent company	-	-	-	-	13,783,924	13,783,924
Securities purchased under agreements to resell	33,506,533	6,905,829	4,824,769	-	-	45,237,131
Investment securities	10,744,295	841,859	16,147,886	111,451,870	3,120,757	142,306,667
Total financial assets	**68,608,815**	**7,947,688**	**23,005,049**	**111,451,870**	**23,371,357**	**234,384,779**
Financial Liabilities						
Securities sold under agreements to repurchase	149,719,863	16,758,848	12,665,253	-	-	179,143,964
Notes payable	9,965,934	-	-	11,857,608	-	21,823,542
Lease liabilities	7,203	7,304	14,918	129,328	-	158,753
Redeemable preference shares	-	-	-	14,116,815	-	14,116,815
Interest payable	-	-	-	-	1,071,762	1,071,762
Other payables	-	-	-	-	1,382,406	1,382,406
Total financial liabilities	**159,693,000**	**16,766,152**	**12,680,171**	**26,103,751**	**2,454,168**	**217,697,242**
Total interest rate sensitivity gap	**(91,084,185)**	**(8,818,464)**	**10,324,878**	**85,348,119**	**20,917,189**	**16,687,537**
Cumulative interest rate sensitivity gap	**(91,084,185)**	**(99,902,649)**	**(89,577,771)**	**(4,229,652)**	**16,687,537**	

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company					
	2020					
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets						
Cash and cash equivalents	9,635,807	-	-	-	-	9,635,807
Interest receivable	-	-	-	-	1,384,031	1,384,031
Loans and notes receivable	8,648,317	237,779	2,112,202	1,785,425	-	12,783,723
Other receivables	-	-	-	-	6,911,240	6,911,240
Due from parent company	-	-	-	-	10,131,550	10,131,550
Securities purchased under agreements to resell	33,410,366	157,773	-	-	-	33,568,139
Investment securities	11,993,085	1,007	1,051,886	88,205,423	3,118,449	104,369,850
Total financial assets	**63,687,575**	**396,559**	**3,164,088**	**89,990,848**	**21,545,270**	**178,784,340**
Financial Liabilities						
Securities sold under agreements to repurchase	124,083,993	11,258,955	9,414,142	-	-	144,757,090
Notes payable	868,692	5,879,500	575,211	2,588,643	-	9,912,046
Lease liabilities	7,016	6,476	13,227	148,870	-	175,589
Redeemable preference shares	-	-	-	13,123,770	-	13,123,770
Interest payable	-	-	-	-	796,307	796,307
Other payables	-	-	-	-	2,032,683	2,032,683
Total financial liabilities	**124,959,701**	**17,144,931**	**10,002,580**	**15,861,283**	**2,828,990**	**170,797,485**
Total interest rate sensitivity gap	**(61,272,126)**	**(16,748,372)**	**(6,838,492)**	**74,129,565**	**18,716,280**	**7,986,855**
Cumulative interest rate sensitivity gap	**(61,272,126)**	**(78,020,498)**	**(84,858,990)**	**(10,729,425)**	**7,986,855**	

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates on the Group's interest income in the profit and loss account and gains recognised in other comprehensive income, with all other variable held constant.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates based on the floating rate financial assets and financial liabilities. The sensitivity of stockholders' equity is calculated by revaluing fixed rate FVOCI financial assets for the gross effects of the assumed changes in interest rates. The correlation of a number of variables will have an impact on market risk. It should be noted that movements in these variables are non-linear and are assessed individually.

	Effect on Profit 2021 $'000	Effect on Equity 2021 $'000	Effect on Profit 2020 $'000	Effect on Equity 2020 $'000
Change in basis points				
JMD/USD				
+100/+100 (2020: -100/-100)	6,711,979	51,406	(116,914)	5,320,740
-100/-100 (2020 +100/+100)	(6,216,353)	(51,406)	116,914	(5,320,740)

(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 investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximize investment returns while managing risk so as to minimise potential adverse effects on the Group's financial performance.

The Group's equity securities are listed on the Jamaica and Trinidad and Tobago Stock Exchanges.

The following tables indicate the possible impact on the Group and Company's profit and equity as a result of possible increases/decreases in equity prices:

	The Group			
	2021		2020	
	Effect on Profit $'000	Effect on Equity $'000	Effect on Profit $'000	Effect on Equity $'000
Change in equity prices				
+5% (2020: +5%)	103,555	108,015	76,762	198,312
-5% (2020:-10%)	(103,555)	(108,015)	(153,525)	(396,625)

26. Financial Risk Management (Continued)

(d) Market risk (continued)

(iii) Equity price risk (continued)

The following tables indicate the possible impact on the Group and Company's profit and equity as a result of possible increases/decreases in equity prices (continued):

	The Company			
	2021		2020	
	Effect on Profit $'000	Effect on Equity $'000	Effect on Profit $'000	Effect on Equity $'000
Change in equity prices				
+5% (2020: +5%)	39,808	98,103	24,887	127,928
-5% (2020:-10%)	(39,808)	(98,103)	(49,773)	(255,856)

(e) Operational risk

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

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

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

- requirement for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls 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; and
- risk mitigation, including insurance where this is effective.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(e) Operational risk (continued)

Compliance with the Group's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to senior management and the Audit Committee.

(f) Capital management

The Group and its subsidiaries have regulatory oversight from several regulators that impose capital requirements for various entities.

The objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

(i) To comply with the capital requirements set by the regulators of the financial markets where the Group operates;

(ii) To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of its business.

The Board provides oversight of capital sufficiency and deployment within the Group. It determines internal capital limits in line with its stated risk appetite based on an annual internal capital adequacy assessment process and its allocation to the respective business units.

Capital adequacy and the use of regulatory capital are monitored monthly by the Group's management based on the guidelines developed by the Group's regulators and the Risk Management Unit. The required information is filed with the respective Regulatory Authorities at stipulated intervals.

The regulated authorities require each regulated entity to:

(i) Hold the minimum level of the regulatory capital; and

(ii) Maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

Certain subsidiaries' regulatory capital is divided into two tiers:

(i) Tier 1 capital: share capital, share premium, retained earnings, investment revaluation reserve and cumulative translation reserve.

(ii) Tier 2 capital: redeemable preference shares and investment revaluation reserve.

The risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The regulated companies within the Group with prescribed capital requirements are Jamaica Money Market Brokers Limited (JMMB), JMMB Securities Limited (JMMBSL), JMMB Fund Managers Limited (JMMBFM) and JMMB Insurance Brokers Limited (JMMBIB).

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(f) Capital management (continued)

The table and notes below summarise the composition of regulatory capital and the ratios of the regulated companies within the Group for the years ended 31 March 2021 and 31 March 2020.

There have been no material changes in the Group's management of capital during the year.

	JMMB		JMMBSL		JMMBIB	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Regulatory capital –						
Tier 1 capital	19,966,642	13,632,986	647,028	733,729	231,587	178,987
Tier 2 capital	7,298,358	9,401,406	-	-	-	-
Total regulatory capital	27,265,000	23,034,392	647,028	733,729	231,587	178,987
Risk-weighted assets –						
On-balance sheet	182,875,356	140,567,586	2,005,502	1,798,906	-	-
Foreign exchange exposure	1,756,989	25,585,935	243,044	169,216	-	-
Total risk-weighted assets	184,632,345	166,153,521	2,248,546	1,968,122	-	-
Actual regulatory capital to risk weighted assets	15%	14%	29%	37%	-	-
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	-	-

	JMMBFM	
	2021 $'000	2020 $'000
Tier 1 capital	813,361	689,394
Actual regulatory capital	813,361	689,394
Required level of regulatory capital	95,784	171,332
Total risk-weighted assets	684,170	934,945
Tier one capital ratio to risk-weighted assets capital	119%	74%

The capital requirement for JMMBIB is to maintain a minimum capital base of $10 million.

The regulated entities within the Group have complied with all regulatory capital requirements throughout the year.

27. Financial Instruments – Fair Value

(a) Definition and measurement of fair values

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.

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.

There were no transfers between levels during the year.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

27. Financial Instruments – Fair Value (Continued)

(b) Techniques for measuring fair value of financial instruments

Type of Financial Instrument	Method of estimating fair value
Cash and cash equivalents, other receivables, resale agreements, other payables, repurchase agreements, Bank of Jamaica certificates of deposit	Considered to approximate their carrying values, due to their short-term nature
Units in unit trusts	Prices quoted by unit trust managers
Non-Jamaican sovereign bonds and corporate bonds	Estimated using bid prices published by major overseas brokers.
Government of Jamaica securities	
Traded overseas	Estimated using bid prices published by major overseas brokers.
Other	Estimated using mid-market prices from the Jamaica Securities Dealers Association and Bloomberg yield curves.
Interest in money market fund	Considered to be the carrying value because of the short-term nature and variable interest rate.
Loans and notes receivable	Considered to be carrying value as the coupon rates approximate the market rates.
Notes payable	Considered to be carrying value as the coupon rates approximate the market rate.

(c) Accounting classifications and fair values

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

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

27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2021						
	Carrying amount				Fair value		
	Amortised Cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Government of Jamaica Securities	-	54,588,108	-	54,588,108	-	54,588,108	54,588,108
Certificates of Deposit	-	20,873,966	-	20,873,966	-	20,873,966	20,873,966
Corporate bonds	-	44,789,695	-	44,789,695	-	44,789,695	44,789,695
Foreign Government Securities	-	11,014,725	-	11,014,725	-	11,014,725	11,014,725
Ordinary shares quoted	-	2,143,954	1,781,423	3,925,376	3,925,376	-	3,925,376
Ordinary shares unquoted	-	16,344	88,458	104,803	-	104,803	104,803
Units in Unit Trusts	-	-	515,894	515,894	-	515,894	515,894
Money Market Funds	-	-	67,289	67,289	-	67,289	67,289
	-	**133,426,792**	**2,453,064**	**135,879,856**	**3,925,376**	**131,954,480**	**135,879,856**

27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2021						
	Carrying amount				Fair value		
	Amortised Cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets not measured at fair value							
Cash and cash equivalents	15,629,482	-	-	15,629,482	-	15,629,482	15,629,482
Interest receivable	1,862,896	-	-	1,862,896	-	1,862,896	1,862,896
Loans and notes receivable	14,217,458	-	-	14,217,458	-	14,217,458	14,217,458
Other receivables	2,134,265	-	-	2,134,265	-	2,134,265	2,134,265
Due from parent company	13,783,924	-	-	13,783,924	-	13,783,924	13,783,924
Securities purchased under agreements to resell	45,091,307	-	-	45,091,307	-	45,091,307	45,091,307
Certificates of Deposit	255,668	-	-	255,668	-	255,668	255,668
Foreign Government Securities	7,951,068	-	-	7,951,068	-	8,825,113	8,825,113
	100,926,068	-	-	**100,926,068**	-	**101,800,113**	**101,800,113**
Financial liabilities not measured at fair Value							
Securities sold under agreements to repurchase	178,862,034	-	-	178,862,034	-	178,862,034	178,862,034
Notes payable	21,823,542	-	-	21,823,542	-	21,823,542	21,823,542
Redeemable preference shares	14,116,815	-	-	14,116,815	-	14,116,815	14,116,815
Lease liabilities	171,658	-	-	171,658	-	171,658	171,658
Interest payable	1,070,696	-	-	1,070,696	-	1,070,696	1,070,696
Other payables	2,039,216	-	-	2,039,216	-	2,039,216	2,039,216
	218,083,961	-	-	**218,083,961**	-	**218,083,961**	**218,083,961**

27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2020						
	Carrying amount				Fair value		
	Amortised cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Government of Jamaica Securities	-	72,030,028	-	72,030,028	-	72,030,028	72,030,028
Certificates of Deposit	-	7,515,213	-	7,515,213	-	7,515,213	7,515,213
Corporate bonds	-	43,793,552	1,200	43,794,752	-	43,794,752	43,794,752
Foreign Government Securities	-	1,262,918	373	1,263,291	-	1,263,291	1,263,291
Ordinary shares quoted	-	2,140,530	1,350,726	3,491,256	3,491,256	-	3,491,256
Ordinary shares unquoted	-	12,416	67,847	80,263	-	80,263	80,263
Units in Unit Trusts	-	-	433,324	433,324	-	433,324	433,324
Money Market Funds	-	-	325,079	325,079	-	325,079	325,079
	-	**126,754,657**	**2,178,549**	**128,933,206**	**3,491,256**	**125,441,950**	**128,933,206**

27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2020						
	Carrying amount				Fair value		
	Amortised cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets not measured at fair value							
Cash and cash equivalents	11,446,716	-	-	11,446,716	-	11,446,716	11,446,716
Interest receivable	2,158,437	-	-	2,158,437	-	2,158,437	2,158,437
Loans and notes receivable	14,092,564	-	-	14,092,564	-	14,092,564	14,092,564
Other receivables	5,640,043	-	-	5,640,043	-	5,640,043	5,640,043
Due from parent company	10,131,550	-	-	10,131,550	-	10,131,550	10,131,550
Securities purchased under agreements to resell	20,010,613	-	-	20,010,613	-	20,010,613	20,010,613
Certificates of Deposit	155,528	-	-	155,528	-	155,528	155,528
Government of Jamaica Securities	7,647,759	-	-	7,647,759	-	7,595,906	7,595,906
Foreign Government Securities	270,881	-	-	270,881	-	21,433	21,433
Corporate bonds	2,316,972	-	-	2,316,972	-	2,329,660	2,329,660
	73,871,063	-	-	**73,871,063**	-	**73,582,450**	**73,582,450**
Financial liabilities not measured at fair Value							
Securities sold under agreements to repurchase	144,167,536	-	-	144,167,536	-	144,167,536	144,167,536
Notes payable	30,006,046	-	-	30,006,046	-	30,006,046	30,006,046
Redeemable preference shares	13,123,770	-	-	13,123,770	-	13,123,770	13,123,770
Lease liabilities	190,493	-	-	190,493	-	190,493	190,493
Interest payable	878,821	-	-	878,821	-	878,821	878,821
Other payables	188,366,666	-	-	188,366,666	-	188,366,666	188,366,666

27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Company						
	2021						
	Carrying amount				Fair value		
	Amortised cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Government of Jamaica Securities	-	54,588,108	-	54,588,108	-	54,588,108	54,588,108
Certificates of Deposit	-	20,873,966	-	20,873,966	-	20,873,966	20,873,966
Corporate bonds	-	44,789,695	-	44,789,695	-	44,789,695	44,789,695
Foreign Government Securities	-	11,014,725	-	11,014,725	-	11,014,725	11,014,725
Ordinary shares quoted	-	1,945,723	707,710	2,653,432	2,653,432	-	2,653,432
Ordinary shares unquoted	-	16,344	88,458	104,803	-	104,803	104,803
Units in Unit Trusts	-	-	309,097	309,097	-	309,097	309,097
Money Market Funds	-	-	67,289	67,289	-	67,289	67,289
	-	**133,228,561**	**1,172,554**	**134,401,115**	**2,653,432**	**131,747,683**	**134,401,115**

27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

The Company

	2021						
	Carrying amount				Fair value		
	Amortised cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets not measured at fair value							
Cash and cash equivalents	13,658,600	-	-	13,658,600	-	13,658,600	13,658,600
Interest receivable	1,862,521	-	-	1,862,521	-	1,862,521	1,862,521
Loans and notes receivable	12,931,781	-	-	12,931,781	-	12,931,781	12,931,781
Other receivables	4,604,155	-	-	4,604,155	-	4,604,155	4,604,155
Due from parent company	13,783,924	-	-	13,783,924	-	13,783,924	13,783,924
Securities purchased under agreements to resell	45,237,131	-	-	45,237,131	-	45,237,131	45,237,131
Government of Jamaica Securities	7,951,068	-	-	7,951,068	-	8,825,113	8,825,113
	100,029,180	-	-	**100,029,180**	-	**100,903,225**	**100,903,225**
Financial liabilities not measured at fair value							
Securities sold under agreements to repurchase	179,143,964	-	-	179,143,964	-	179,143,964	179,143,964
Notes payable	21,823,542	-	-	21,823,542	-	21,823,542	21,823,542
Lease liabilities	158,753	-	-	158,753	-	158,753	158,753
Redeemable preference shares	14,116,815	-	-	14,116,815	-	14,116,815	14,116,815
Interest payable	1,071,762	-	-	1,071,762	-	1,071,762	1,071,762
Other payables	1,382,406	-	-	1,382,406	-	1,382,406	1,382,406
	217,697,242	-	-	**217,697,242**	-	**217,697,242**	**217,697,242**

27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Company						
	2020						
	Carrying amount				Fair value		
	Amortised cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Government of Jamaica Securities	-	47,646,361	-	47,646,361	-	47,646,361	47,646,361
Certificates of Deposit	-	7,515,213	-	7,515,213	-	7,515,213	7,515,213
Corporate bonds	-	37,155,834	1,200	37,157,034	-	37,157,034	37,157,034
Foreign Government Securities	-	1,262,918	373	1,263,291	-	1,263,291	1,263,291
Ordinary shares quoted	-	2,048,415	429,885	2,478,300	2,478,300	-	2,478,300
Ordinary shares unquoted	-	12,416	67,847	80,263	-	80,263	80,263
Units in Unit Trusts	-	-	248,671	248,671	-	248,671	248,671
Money Market Funds	-	-	325,079	325,079	-	325,079	325,079
	-	**95,641,157**	**1,073,055**	**96,714,212**	**2,478,300**	**94,235,912**	**96,714,212**
Financial assets not measured at fair value							
Government of Jamaica Securities	7,647,759	-	-	7,647,759	-	7,595,906	7,595,906
Foreign Government Securities	270,881	-	-	270,881	-	21,433	21,433
	7,918,640	-	-	**7,918,640**	-	**7,617,339**	**7,617,339**
Financial liabilities not measured at fair value							
Securities sold under agreements to repurchase	144,757,090	-	-	144,757,090	-	144,757,090	144,757,090
Notes payable	9,912,046	-	-	9,912,046	-	9,912,046	9,912,046
Lease liabilities	175,589	-	-	175,589	-	175,589	175,589
Redeemable preference shares	13,123,770	-	-	13,123,770	-	13,123,770	13,123,770
Interest payable	796,307	-	-	796,307	-	796,307	796,307
Other payables	2,032,683	-	-	2,032,683	-	2,032,683	2,032,683
	170,797,485	-	-	**170,797,485**	-	**170,797,485**	**170,797,485**

Jamaica Money Market Brokers Limited
Notes to the Financial Statements
31 March 2021
(expressed in Jamaican dollars unless otherwise indicated)

28. Post-employment Benefits

Pensions are the only post-employment benefits to which the Group is committed. To better secure the payment of promised benefits, the Group operates a defined-contribution pension fund for the Group's Jamaican employees who have satisfied certain minimum service requirements. The fund is financed by equal contributions of employer and employees of 5% of pensionable salaries with an option for employees to contribute up to an additional 10% of pensionable salaries.

The fund is administered by trustees and the assets are held separately from those of the Group. Under the rules of the Fund, an actuarial valuation should be carried out by the appointed actuaries every three years. An actuarial valuation of the fund was done as at 31 December 2017 by Eckler Jamaica Limited, independent actuaries, which revealed a funding surplus.

The pension benefit is the annuity that can be purchased by the amount standing to the credit of the member's account at the date of retirement.

The contributions for the year amounted to $96,755,000 (2020: $93,165,000) for the Group and $87,001,000 (2020: $83,543,000) for the Company.

29. Managed Funds

The Group acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. This includes some of the assets of the Group's pension scheme (Note 28). Although the Group is the custodian of the securities in which the clients participate, it has no legal or equitable right or interest in these securities. Accordingly, the securities in which the clients' funds are invested are not recognised on the statement of financial position.

At 31 March 2021, managed funds amounted to $134,508,586,000 (2020: $ 123,137,383,000) including assets of the pension fund, amounting to $4,870,416,000 (2020: $4,075,222,000). The financial statements include the following assets held in/(liabilities payable to) the managed funds:

	2021 $'000	2020 $'000
Investments	67,289	325,079
Interest payable	(920)	(820)
Securities sold under agreements to repurchase	(49,019,616)	(43,482,627)
Notes payable	-	(20,094,000)

30. Significant Accounting Policies

The significant accounting policies below conform in all material respects to IFRS.

(a) Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiaries presented as a single economic entity.

30. Significant Accounting Policies (Continued)

(a) Basis of consolidation (continued)

Subsidiaries are all entities over which the Company has the power, directly or indirectly to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights of an investee, where there is exposure to variability of returns and the Company can use its power to influence the returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are no longer consolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of the subsidiaries are consistent with those of the Group.

The Group uses the acquisition method of accounting for business combinations. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated profit and loss account.

The Group uses predecessor value (book value) method of accounting for business combinations with entities under common control. Any differences between the consideration paid and the net assets of the acquired entity is recognised in equity.

(i) Non-controlling interests

Non-controlling interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value.

(b) Financial Instruments

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.

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

30. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(i) 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, in the case of a financial asset or financial liability not at fair value through profit or loss, 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, the difference is recognised as a gain or loss.

In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument’s fair value can be determined using market observable inputs, or realised through settlement.

(ii) Classification and subsequent remeasurement

Financial assets

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

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

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

(a) 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:

- the Group’s business model for managing the asset; and
- the cash flow characteristics of the asset.

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

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

(a) Debt instruments (continued)

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

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

- *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. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Business model: 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 the 'other' business model and measured at FVTPL.

Factors considered by the Group in determining the business model for a group of assets include:

1. Past experience on how the cash flows for these assets were collected;
2. How the asset's performance is evaluated and reported to key management;
3. How risks are assessed and managed; and
4. How managers are compensated.

For example, 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.

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial assets (continued)

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

(a) Debt instruments (continued)

Solely payments of principal and interest (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.

(b) 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 (FVTPL), 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.

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

Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial liabilities (continued)

Financial liabilities are classified as subsequently measured at amortised cost, except for (continued):

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and

- Financial guarantee contracts and loan commitments.

(iii) Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income (OCI) is recognised in profit or loss.

Cumulative gains or losses recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

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.

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(iii) Derecognition of financial assets and financial liabilities (continued)

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iv) Modifications

Financial assets:

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised [see (b)(iii)] and a new financial asset is recognised at fair value plus any eligible transaction costs. Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see (vii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(iv) Modifications (continued)

Financial liabilities:

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(v) Measurement and gains and losses

The 'investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost which are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- equity investment securities mandatorily measured at FVTPL or designated as at FVTPL which are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in other comprehensive income OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL charges and reversals; and
- foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements
31 March 2021
(expressed in Jamaican dollars unless otherwise indicated)

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, even 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.

Specific financial instruments:

Cash and cash equivalents

Cash comprises cash in hand, demand and call deposits with banks and very short-term balances with other brokers/dealers. Cash equivalents are highly liquid financial assets that are readily convertible to known amounts of cash (that is, with original maturities of less than three months), which are subject to insignificant risk of changes in value, and are used for the purpose of meeting short-term commitments. Cash and cash equivalents are classified and measured at cost.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Resale and repurchase agreements

Transactions involving purchases of securities under resale agreements ('resale agreements' or reverse repos') or sales of securities under repurchase agreements ('repurchase agreements' or 'repos) are accounted for as short-term collateralised lending and borrowing, respectively. Accordingly, securities sold under repurchase agreements remain on the statement of financial position and are measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. Securities purchased under resale agreements are reported not as purchases of the securities, but as receivables and are carried in the statement of financial position at amortised cost less impairment. It is the policy of the Group to obtain possession of collateral with a market value in excess of the principal amount loaned under resale agreements.

Interest earned on resale agreements and interest incurred on repurchase agreements is recognised as interest income and interest expense, respectively, over the life of each agreement using the effective interest method.

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

Specific financial instruments (continued):

Loans and notes receivable and other receivables

Loans and notes receivable and other receivables are classified and measured at amortised cost, less allowance for impairment.

Account payable

Accounts payable are classified and measured at amortised cost.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption recognised in the profit or loss over the period of the borrowings on an effective yield basis.

Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss. Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss. Separated embedded derivatives are presented in the statement of financial position together with the host contract.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to 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 only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(vii) Impairment

The Group recognises loss allowances for expected credit losses (ECL) on debt financial instruments measured at fair value through other comprehensive income (FVOCI) and amortised cost.

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Restructured financial assets (continued)

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that it would not consider otherwise;
- increased probability that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Credit-impaired financial assets (continued)

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors (continued).

- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

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.
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in profit or loss as a reclassification from OCI.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

30. Significant Accounting Policies (Continued)

(c) Property, plant and equipment

Property, plant 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, plant and equipment are recognised in profit or loss.

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

Freehold buildings	2½% - 5%
Leasehold improvements	The shorter of the estimated useful life and the period of the lease
Motor vehicles	20%
Computer equipment	20% - 25%
Other equipment, furniture and fittings	10% - 20%
Right-of-use assets	The shorter of the asset's useful life and the lease term.

The depreciation method, useful lives and residual values are reassessed at each reporting date.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are recognised at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Internally generated intangible assets, excluding capitalised development costs meeting the criteria of IAS 38, are not capitalised but charged against profits in the year of expenditure. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the 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. Intangible assets with infinite useful lives are measured at cost less impairment losses. They are assessed for impairment at least annually.

30. Significant Accounting Policies (Continued)

(d) Intangible assets (continued)

(i) Computer software

Computer software is measured at cost, less accumulated amortisation and impairment losses. Amortisation is charged on the straight-line basis over the useful lives of the assets ranging from 20% to 25% per annum, from the date it is available for use.

(ii) Goodwill

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

(iii) Customer lists and core deposits

Acquired customer lists are measured initially at cost. Customer lists have a finite useful life and are measured at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the expected useful life to the Group, which ranges from 8 to 15 years.

(iv) Licence

This represents the value of JMMB Securities Limited's seat on the Jamaica Stock Exchange, which has an indefinite useful life. It is tested for impairment annually, and whenever there is an indication that the asset is 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 any accumulated impairment losses.

(e) Leases

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.

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 lease payments, plus the amount of the lease liability at 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.

30. Significant Accounting Policies (Continued)

(e) Leases (continued)

As a lessee (continued)

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

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

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

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

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

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 already been reduced to zero.

Short-term leases

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

30. Significant Accounting Policies (Continued)

(f) Foreign currency translation

(i) Functional and presentation currency

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

The consolidated financial statements are presented in Jamaican dollars, which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are recognised at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates at the reporting date.

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 to trading securities), or within other comprehensive income if non-monetary financial assets are classified as fair value through other comprehensive income (FVOCI). In the case of changes in the fair value of monetary assets denominated in foreign currency classified as FVOCI, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rates at the reporting date;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

30. Significant Accounting Policies (Continued)

(g) 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. Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the issuer's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary. Dividends thereon are recognised as interest in profit or loss.

The Group's redeemable preference shares are redeemable on specific dates, and bear entitlements to distributions that are cumulative, and not at the discretion of the directors. Accordingly, they are presented as financial liabilities.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(h) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or equity, in which case it is recognised accordingly.

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

(ii) Deferred income tax

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

Deferred tax assets are 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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amounts of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plan for the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

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

30. Significant Accounting Policies (Continued)

(i) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, except for deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists for any asset, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment 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.

(j) Revenue recognition

The principal types of revenue and the manner in which they are recognised are as follows:

(i) Interest income

Interest income is recognised in profit or loss for using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on 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 expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

30. Significant Accounting Policies (Continued)

(j) Revenue recognition (continued)

The principal types of revenue and the manner in which they are recognised are as follows (continued):

(i) Interest income (continued)

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI, includes interest on financial assets measured at amortised cost, other interest income presented in the statement of profit or loss and OCI includes interest income on finance leases.

(ii) Fees and commissions

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

Fee and commission income which includes account service, portfolio management and management advisory fees are recognised as the related services are performed.

Performance obligations and revenue recognition policies:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue resignation policies are as follows:

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15.*
Investment banking services	The Group provides investment banking related services, including execution of customers' transactions and maintenance of customers' investments records. Fees are charged when the transaction takes place and are based on fixed rates or a fixed percentage of the assets value.	Revenue from investment banking related services is recognised at the point in time when the service is provided.
Portfolio and asset management services	The Group provides portfolio and asset management services to customers. Fees are calculated based on a fixed percentage of the value of the assets and are charged at various time intervals based on the investment agreement but at no time period exceeding twelve months.	Revenue from portfolio and asset management services is recognised over time as the service is provided.
Capital market services	The Group provides capital market services including from debt issuances, equity issuance and merger and acquisition advisory services. Fees are charged when services has been successfully executed.	Revenue is recognised at the point in time when the transaction has been successfully executed.

30. Significant Accounting Policies (Continued)

(j) Revenue recognition (continued)

(iii) Dividends

Dividend income is recognised when the right to receive payment is irrevocably established.

(k) Employee benefits

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, NIS contributions, vacation leave; non-monetary benefits such as medical care; post-employments 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. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below. Other long-term benefits are not considered material and are charged off when incurred.

Pensions are the Group's only post-employment benefit. Pension fund costs included in Group profit or loss represent contributions to the defined-contribution fund which the Group operates to provide retirement pensions for the Group's employees (Note 28). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged as expense when due.

(l) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to, and assesses the performance of the operating segments of an entity. The Group has determined the Board of Directors as its chief operating decision maker.

The Group's reportable segments are its strategic business units and are based on the Group's management and internal reporting structure. At this time there are no material reportable segments into which the Group's business may be broken down, other than as disclosed in these financial statements.

The Group's operations are located mainly in Jamaica, based on the geographical location of its clients.

(m) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the issue of financial liability.

The 'amortised cost' of a financial liability is the amount at which the financial liability is measured on 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.

The effective interest rate of a financial liability is calculated on initial recognition of a financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

Interest expense presented in the statement of profit or loss and OCI includes financial liabilities measured at amortised cost.

30. Significant Accounting Policies (Continued)

(n) Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(o) Investment properties

Investment properties are held for rental income and fair value gains. Investment properties are treated as a long-term investment and are measured at fair value. Fair value is determined every third year by an independent professional valuer, and in each of the two intervening years by the directors. Changes in fair values are recognised in profit or loss. Rental income from investment properties is recognised in profit or loss on the straight-line basis over the tenure of the leases.

(p) New and amended standards and interpretations issued but not yet effective

- Amendments to IFRS 16 *Leases* is effective for annual periods beginning on or after 1 June 2020, and provides guidance for COVID-19 related rent concessions.

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

  The practical expedient will only apply if:

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

  Lessees applying the practical expedient are required to disclose:

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

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

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

30. Significant Accounting Policies (Continued)

(p) New and amended standards and interpretations issued but not yet effective (continued)

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

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

  The Group does not expect the amendments to have a significant impact when adopted in preparing its 2022 financial statements.

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

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, the standard requires that a right to defer settlement must have substance and exist at the end of the reporting period. An entity 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 entity complies with conditions specified in the loan agreement at the reporting date, 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 an entity 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 entity's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a 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 amendments to have a significant impact on its 2024 financial statements.

30. Significant Accounting Policies (Continued)

(p) New and amended standards and interpretations issued but not yet effective (continued)

- Amendments to IAS 37 *Provision*, C*ontingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after 1 January 2022 and for the purpose of assessing whether a contract is onerous, clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the ‘costs of fulfilling a contract’ comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

  This clarification will require entities that apply the ‘incremental cost’ approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

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

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to certain standards and are effective for annual periods beginning on or after 1 January 2022. Those that affect the company’s operations are IFRS 9 *Financial Instruments* and IFRS 16 *Leases*.

  (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.

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