JMMB GROUP LIMITED

FINANCIAL STATEMENTS

31 MARCH 2019

JMMB GROUP LIMITED

Index

31 March 2019

KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of JMMB Group 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 2019, the Group's and Company's profit and loss accounts, statements of profit or loss and other comprehensive income, changes in stockholders' 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 2019, 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 Code of Ethics for Professional Accountants (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
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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 17 and 30(a)]*	*How the matter was addressed in our audit*
The Group's investments measured at fair value represent 61% (2018: 61%) of the Group's total assets. 99% (2018: 99%) of these investments were categorised as Level 2 in the fair value hierarchy, as no quoted prices are available for these instruments. Valuation of these investments, although based on observable inputs, involves the exercise of judgement and the use of assumptions. Management used valuation techniques which require inputs such as market yields obtained from established yield curves. These assumptions are subject to significant judgement, and could therefore result in a material misstatement.	Our procedures in this area included the following: • Assessing and testing the design and operating effectiveness of the group's controls over the determination and computation of fair values. • Challenging the reasonableness of yields/prices by comparison to independent third party pricing sources. • Assessing the reasonableness of significant assumptions used by such third-party pricing sources. • Involving our own valuation specialists to determine/obtain yields/prices of specific securities and comparing these yield/prices to those used by management. • Assessing the adequacy of the disclosures, including the degree of estimation involved in determining fair values and the sensitivities to key assumption.

To the Members of
JMMB GROUP LIMITED

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 notes 4 and 29(b)]*	*How the matter was addressed in our audit*
IFRS 9 was implemented by the Group on 1 April 2018. The standard is new and complex and requires the Group to recognise expected credit losses ('ECL') on financial assets. The determination of ECL is highly subjective and requires management to make significant judgement and assumptions. The key areas requiring greater management judgement include 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 the Group for the calculation of expected credit losses, including governance over the determination of key judgements and assumptions. • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key data inputs into the IFRS 9 impairment models. • Testing the completeness and accuracy of the 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 impairment methodologies, including the SICR criteria used and independently assessing the assumptions for probability of default, loss given default and exposure at default and the incorporation of forward-looking information.

To the Members of
JMMB GROUP 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 notes 4 and 29(b)]	*How the matter was addressed in our audit*
The identification of significant increase in credit risk is a key area of judgement as the criteria determine whether a 12 -month or lifetime loss allowance is recorded. IFRS 9 requires the Group to incorporate forward-looking information, reflecting a range of possible future economic conditions, in measuring expected credit losses. Significant management judgement is used in determining the economic scenarios. 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. In addition, disclosures regarding the Group's application of IFRS 9 are key to understanding the change from IAS 39 as well as explaining the key judgements and material inputs to the IFRS 9 expected credit loss results.	Our procedures in this area included the following (continued): • Assessing the adequacy of the disclosures of the key assumptions and judgements as well the details of the transition adjustment for compliance with the standard.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP 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.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP 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 5, 2019

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP 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.

To the Members of
JMMB GROUP 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.

JMMB GROUP LIMITED

Consolidated Profit and Loss Account

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Net Interest Income and Other Revenue			
Interest income from securities, calculated using the effective interest method	6	17,583,697	15,879,081
Interest expense	6	(8,745,236)	(8,138,561)
Net Interest Income		**8,838,461**	**7,740,520**
Fee and commission income	34(i)(ii)	1,424,885	1,185,993
Gains on securities trading, net		4,097,335	4,816,692
Net income from financial assets at fair value through profit or loss (FVTPL)		130,179	56,690
Fees earned from managing funds on behalf of clients		1,143,140	690,421
Foreign exchange margins from cambio trading		2,402,406	1,350,641
Operating Revenue Net of Interest Expense		**18,036,406**	**15,840,957**
Other income			
Dividends		54,851	23,677
Other		44,939	70,598
		18,136,196	**15,935,232**
Operating Expenses			
Staff costs	7	(7,126,972)	(6,021,797)
Other expenses	8	(5,862,270)	(5,218,487)
		(12,989,242)	(11,240,284)
		5,146,954	**4,694,948**
Impairment loss on financial assets	9	(278,615)	(342,645)
Gain on disposal of property, plant and equipment		2,210	686
Profit before Taxation		**4,870,549**	**4,352,989**
Taxation	10	(1,002,143)	(748,585)
Profit for the Year		**3,868,406**	**3,604,404**
Attributable to:			
Equity holders of the parent		3,820,119	3,555,260
Non-controlling interest	28	48,287	49,144
		3,868,406	**3,604,404**
Earnings per stock unit	11	**$2.34**	**$2.18**

The notes on pages 20 to 118 are an integral part of these financial statements

JMMB GROUP LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Profit for the Year		**3,868,406**	**3,604,404**
Other comprehensive income			
Item that may not be reclassified to profit or loss:			
Unrealised gains on equity securities at fair value through other comprehensive income (FVOCI)		505,276	-
Items that may be reclassified to profit or loss:			
Unrealised losses on debt securities at FVOCI		(617,447)	(242,119)
Related tax	22	(49,968)	4,487
Foreign exchange differences on translation of foreign subsidiaries		(390,836)	(456,586)
Total other comprehensive loss, net of tax		(552,975)	(694,218)
Total comprehensive income for the year		**3,315,431**	**2,910,186**
Total comprehensive income attributable to:			
Equity holders of the parent		3,377,770	2,706,562
Non-controlling interest	28	(62,339)	203,624
		3,315,431	**2,910,186**

JMMB GROUP LIMITED

Consolidated Statement of Financial Position

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
ASSETS			
Cash and cash equivalents	13	30,726,396	27,837,273
Interest receivable		3,733,190	3,429,115
Income tax recoverable		238,441	999,611
Loans and notes receivable	14	67,947,268	55,625,743
Other receivables	15	5,314,152	2,055,252
Securities purchased under agreements to resell	16	-	1,120,001
Investment securities	17	205,972,359	194,905,868
Investment properties	19	489,616	489,616
Intangible assets	20	1,757,568	1,602,513
Property, plant and equipment	21	3,283,332	3,217,877
Deferred income tax assets	22	360,893	115,130
Customers' liability under acceptances, guarantees and letters of credit as per contra		213,042	317,731
		320,036,257	**291,715,730**

JMMB GROUP LIMITED

Consolidated Statement of Financial Position (Continued)

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
STOCKHOLDERS' EQUITY			
Share capital	23	1,864,554	1,864,554
Retained earnings reserve	24(a)	9,605,055	9,605,055
Investment revaluation reserve	24(b)	2,114,147	1,752,810
Cumulative translation reserve	24(c)	(499,014)	(87,147)
Retained earnings		16,981,202	14,776,222
		30,065,944	27,911,494
Non-controlling interest	28	1,038,332	1,092,253
		31,104,276	**29,003,747**
LIABILITIES			
Customer deposits		63,947,279	52,165,066
Due to other financial institutions		190,888	347,948
Securities sold under agreements to repurchase	25	163,907,891	158,167,289
Notes payable	26	37,036,156	27,561,706
Redeemable preference shares	23	16,348,615	17,843,757
Deferred income tax liabilities	22	175,180	451,084
Interest payable		1,602,491	1,385,823
Income tax payable		1,464,064	1,292,843
Other payables		4,046,375	3,178,736
Liabilities under acceptances, guarantees and letters of credit as per contra		213,042	317,731
		288,931,981	**262,711,983**
		320,036,257	**291,715,730**

The financial statements on pages 9 to 118 were approved for issue by the Board of Directors on 5 June 2019 and signed on its behalf by:

Archibald Campbell Chairman

Keith P. Duncan Group Chief Executive Officer

JMMB GROUP LIMITED

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 March 2019

(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	Non-Controlling Interest $'000	Total $'000
Balances at 31 March 2017		**1,864,554**	**9,605,055**	**2,202,115**	**312,246**	**11,922,100**	**25,906,070**	**888,629**	**26,794,699**
Total comprehensive income for 2018									
Profit for the year		-	-	-	-	3,555,260	3,555,260	49,144	3,604,404
Other comprehensive loss:									
Unrealised losses on available-for-sale securities, net of tax		-	-	(449,305)	-	-	(449,305)	211,673	(237,632)
Foreign exchange differences on translation of foreign subsidiaries' balances		-	-	-	(399,393)	-	(399,393)	(57,193)	(456,586)
Total other comprehensive loss		-	-	(449,305)	(399,393)	-	(848,698)	154,480	(694,218)
Total comprehensive income		-	-	(449,305)	(399,393)	3,555,260	2,706,562	203,624	2,910,186
Transactions with owners of the company:									
Dividends paid to ordinary stockholders	12	-	-	-	-	(701,138)	(701,138)	-	(701,138)
Balances at 31 March 2018		**1,864,554**	**9,605,055**	**1,752,810**	**(87,147)**	**14,776,222**	**27,911,494**	**1,092,253**	**29,003,747**
Adjustment on initial application of IFRS 9	4(a)	**-**	**-**	**391,819**	**-**	**(832,474)**	**(440,655)**	**8,418**	**(432,237)**
Adjusted balances as at 1 April 2018		**1,864,554**	**9,605,055**	**2,144,629**	**(87,147)**	**13,943,748**	**27,470,839**	**1,100,671**	**28,571,510**
Total comprehensive income for 2019									
Profit for the year		-	-	-	-	3,820,119	3,820,119	48,287	3,868,406
Other comprehensive income:									
Unrealised losses on investment securities at FVOCI, net of tax		-	-	(30,482)	-	-	(30,482)	(131,657)	(162,139)
Foreign exchange differences on translation of foreign subsidiaries' balances		-	-	-	(411,867)	-	(411,867)	21,031	(390,836)
Total other comprehensive loss		-	-	(30,482)	(411,867)	-	(442,349)	(110,626)	(552,975)
Total comprehensive income		-	-	(30,482)	(411,867)	3,820,119	3,377,770	(62,339)	3,315,431
Transactions with owners of the company:									
Dividends paid to ordinary stockholders	12	-	-	-	-	(782,665)	(782,665)	-	(782,665)
Balances at 31 March 2019		**1,864,554**	**9,605,055**	**2,114,147**	**(499,014)**	**16,981,202**	**30,065,944**	**1,038,332**	**31,104,276**

JMMB GROUP LIMITED

Consolidated Statement of Cash Flows

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Profit for the year		3,868,406	3,604,404
Adjustments for:			
Interest income	6	(17,583,697)	(15,879,081)
Interest expense	6	8,745,236	8,138,561
Income tax charge	10	1,002,143	748,585
Impairment loss on financial assets	9	278,615	342,645
Amortisation of intangible assets	20	242,857	193,038
Depreciation of property, plant and equipment	21	417,195	393,675
Gain on sale of property, plant and equipment		(2,210)	(686)
Dividend income		(54,851)	(23,677)
Unrealised gains on trading securities		(130,179)	(56,690)
Foreign currency translation (gain)/loss		(104,661)	109,246
		(3,321,146)	(2,429,980)
Changes in operating assets and liabilities:			
Income tax recoverable, net		761,170	252,451
Loans and notes receivable		(12,914,319)	(8,691,273)
Other receivables		(3,263,781)	(510,090)
Securities purchased under agreements to resell		1,120,001	(204,995)
Customer deposits		11,782,213	3,077,549
Due to other financial institutions		(157,060)	(70,365)
Other payables		867,639	731,946
Securities sold under agreements to repurchase		5,740,602	1,519,694
		615,319	(6,325,063)
Interest received		17,279,622	15,391,522
Interest paid		(8,528,568)	(7,911,518)
Taxation paid		(1,402,557)	(512,578)
Net cash provided by operating activities (Page 15)		**7,963,816**	**642,363**

JMMB GROUP LIMITED

Consolidated Statement of Cash Flows (Continued)

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Cash Flows from Operating Activities (Page 14)		**7,963,816**	**642,363**
Cash Flows from Investing Activities			
Investment securities, net		(11,192,454)	(24,087,626)
Dividend received		54,851	23,677
Investment properties, net		-	(16,484)
Purchase of intangible assets	20	(395,905)	(305,909)
Purchase of property, plant and equipment	21	(483,363)	(583,446)
Proceeds from disposal of property, plant and equipment		2,210	4,788
Net cash used in investing activities		**(12,014,661)**	**(24,965,000)**
Cash Flows from Financing Activities			
(Redemption)/issue of redeemable preference shares, net	23	(1,495,142)	9,209,334
Notes payable		9,474,450	23,036,400
Dividends paid to ordinary shockholders	12	(782,665)	(701,138)
Net cash provided by financing activities		**7,196,643**	**31,544,596**
Effect of exchange rate changes on cash and cash equivalents		(256,675)	(279,839)
Net increase in cash and cash equivalents		2,889,123	6,942,120
Cash and cash equivalents at beginning of year		27,837,273	20,895,153
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	**30,726,396**	**27,837,273**

JMMB GROUP LIMITED

Company Statement of Profit or Loss Account and Other Comprehensive Income
Year ended 31 March 2019
(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Net Interest Income and Other Revenue			
Dividends	27(ii)	906,033	1,252,100
Foreign exchange (losses)/gains		(306,697)	66,371
		599,336	1,318,471
Operating Expenses	8	(129,862)	(116,069)
		469,474	1,202,402
Interest income	6	1,281,822	455,554
Interest expense	6	(1,289,331)	(500,548)
Impairment loss on financial asset	9	(139,546)	-
Profit before Taxation		322,419	1,157,408
Taxation	10	(192)	(60)
Profit for the year, being total other comprehensive income		**322,227**	**1,157,348**

JMMB GROUP LIMITED

Company Statement of Financial Position

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
ASSETS			
Cash and cash equivalents	13	17,046	1,090
Interest receivable		218,538	106,507
Income tax recoverable		112,767	34,060
Loans and notes receivable	14,27(i)	22,148,784	5,821,425
Other receivables	15	224,275	36,333
Securities purchased under agreements to resell	16	941,084	9,484,200
Investment securities	17	19,556	19,556
Due from subsidiary	27(i)	-	758,212
Interest in subsidiaries	18	11,776,407	10,297,644
Property, plant and equipment	21	313	313
		35,458,770	26,559,340
STOCKHOLDERS' EQUITY			
Share capital	23	1,864,554	1,864,554
Retained earnings		6,548	596,610
		1,871,102	**2,461,164**
LIABILITIES			
Notes payable		8,277,541	-
Redeemable preference shares	23	16,348,615	16,374,398
Interest payable		182,802	115,054
Due to subsidiary	27(i)	8,768,350	7,586,011
Other payables		10,360	22,713
		33,587,668	**24,098,176**
		35,458,770	**26,559,340**

The financial statements on pages 9 to 118 were approved for issue by the Board of Directors on 5 June 2019 and signed on its behalf by:

Archibald Campbell	Chairman	Keith P. Duncan	Group Chief Executive Officer

The notes on pages 20 to 118 are an integral part of these financial statements

JMMB GROUP LIMITED

Company Statement of Changes in Stockholders' Equity

Year ended 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	Share Capital $'000	Retained Earnings $'000	Total $'000
Balances at 31 March 2017		**1,864,554**	**140,400**	**2,004,954**
Profit, being total comprehensive income for the year		-	1,157,348	1,157,348
Transaction with owners of the company:				
Dividends paid to ordinary stockholders	12	-	(701,138)	(701,138)
Balances at 31 March 2018		**1,864,554**	**596,610**	**2,461,164**
Adjustment on initial application of IFRS 9	4(a)	-	(129,624)	(129,624)
Adjusted balances at 1 April 2018		**1,864,554**	**466,986**	**2,331,540**
Profit, being total comprehensive income for the year		-	322,227	322,227
Transaction with owners of the company:				
Dividends paid to ordinary stockholders	12	-	(782,665)	(782,665)
Balances at 31 March 2019		**1,864,554**	**6,548**	**1,871,102**

JMMB GROUP LIMITED

Company Statement of Cash Flows

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Profit for the year		322,227	1,157,348
Adjustments for:			
Interest income	6	(1,281,822)	(455,554)
Interest expense	6	1,289,331	500,548
Impairment loss on financial assets	9	139,546	-
Dividend income	27(ii)	(906,033)	(1,252,100)
		(436,751)	(49,758)
Changes in operating assets and liabilities:			
Income tax recoverable, net		(78,707)	(2,767)
Loans and notes receivable		(16,862,649)	112,920
Other receivables		(187,942)	(22,373)
Other payables		(12,353)	19,559
Securities purchased under agreements to resell		8,809,236	(9,140,788)
Due from subsidiary		(94,826)	(530,835)
Due to subsidiaries		556,614	715,727
		(8,307,378)	(8,898,315)
Interest received		1,169,791	423,004
Interest paid		(1,221,583)	(463,203)
Net cash used in operating activities		**(8,359,170)**	**(8,938,514)**
Cash Flows from Investing Activities			
Dividends received		906,033	1,252,100
Investment securities, net		-	900,000
Investment in subsidiaries		-	(1,517,936)
Net cash provided by investing activities		**906,033**	**634,164**
Cash Flows from Financing Activities			
Note payables		8,277,541	-
Redeemable preference shares, net	23	(25,783)	9,005,936
Dividends paid	12	(782,665)	(701,138)
Net cash provided by financing activities		**7,469,093**	**8,304,798**
Net increase in cash and cash equivalents		15,956	448
Cash and cash equivalents at beginning of year		1,090	642
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	**17,046**	**1,090**

The notes on pages 20 to 118 are an integral part of these financial statements

JMMB GROUP LIMITED

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

1. Identification

(a) JMMB Group 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 principal activity of the Company is that of holding equity investments in business enterprises.

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

Name of Subsidiary	% Shareholding Held by Parent/Subsidiary		Country of Incorporation	Principal Activities
	Parent	Subsidiary		
Jamaica Money Market Brokers Limited and its subsidiaries	100		Jamaica	Securities brokering
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		99.8	Jamaica	Fund management
JMMB International Limited		100	St. Lucia	Investment holding and management
JMMB Bank (Jamaica) Limited	100		Jamaica	Commercial banking
JMMB Money Transfer Limited	100		Jamaica	Funds transfer
Jamaica Money Market Brokers (Trinidad and Tobago) Limited and its subsidiaries	100		Trinidad and Tobago	Financial holding company
JMMB Investments (Trinidad and Tobago) Limited and its subsidiary		100	Trinidad and Tobago	Securities brokering
JMMB Securities (T&T) Limited		100	Trinidad and Tobago	Stock brokering
JMMB Bank (T&T) Limited and its subsidiary		100	Trinidad and Tobago	Commercial banking
JMMB Express Finance (T&T) and its subsidiary Limited, formerly Intercommercial Trust and Merchant Bank Limited		100	Trinidad and Tobago	Merchant banking and consumer financing
JMMB Holding Company, SRL and its subsidiaries	100		Dominican Republic	Investment holding and management
JMMB Puesto de Bolsa,S.A.		80	Dominican Republic	Securities brokering
JMMB Sociedad Administradora de Fondos de Inversion, S.A.		70	Dominican Republic	Mutual fund administration
Banco Rio De Ahorro Y Credito JMMB Bank S.A		90	Dominican Republic	Savings and loans bank
AFP JMMB BDI S.A.		50	Dominican Republic	Pension funds administration services

During the year, Jamaica Money Market Brokers Limited transferred ownership of JMMB Holding Company, SRL to the Company. During the previous financial year, Jamaica Money Market Brokers Limited also transferred ownership of Jamaica Money Market Brokers (Trinidad and Tobago) Limited and its subsidiaries to the Company. Both transfers were made at book value.

2. Statement of Compliance and Basis of Preparation

(a) Statement of compliance:

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

This is the first set of the Group's financial statements in which IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers* have been applied. Changes to significant accounting policies are described in note 4.

Details of the Group's accounting policies are included in note 34.

(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.

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 in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(a) Key sources of estimation uncertainty

(i) Impairment of financial assets

Policy applicable under IFRS 9 from 1 April 2018

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income (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 29(b) and 34(b), which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in notes 29(b) and 34(b).

Policy applicable under IAS 39 prior to 1 April 2018

In determining amounts recorded for allowance for losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from investments, loans, notes receivable and other financial assets, for example, repayment default and adverse economic conditions. The specific component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes assumptions about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit and Market Risk functions.

(ii) Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets and liabilities. 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. The fair values determined in this way are classified as Level 2 fair values.

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

(a) Key sources of estimation uncertainty (continued)

(ii) Fair value of financial instruments (continued)

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 in an actual arm's length transaction (see notes 17 and 30).

(iii) Impairment of intangible assets

Impairment of intangible assets with indefinite useful lives is dependent upon management's internal assessment of future cash flows from the intangibles. That internal assessment determines the amount recoverable from future use of these assets. The estimate of the amount recoverable from future use of these assets is sensitive to the discount rates and other assumptions used (note 20).

(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:

Policy applicable under IFRS 9 from 1 April 2018

(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 losses (ECL) and selection and approval of models used to measure ECL requires significant judgement.

Policy applicable before 1 April 2018

Classification of financial assets:

- In classifying financial assets or liabilities as "trading'', the Group has determined that they meet the description of trading assets and liabilities set out in accounting policy 34(b).

- In designating financial assets and liabilities at fair value through profit or loss, the Group has determined that they have met the criteria for this designation set out in accounting policy 34(b).

4. Changes in Significant Accounting Policies

The Group applied IFRS 9 and IFRS 15 from 1 April 2018. A number of other new standards are also effective from 1 April 2018, but they do not have a material effect on the Group's financial statements.

The adoption of IFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognised by the Group.

The effect of initially applying these standards is mainly attributed to the following:

- an increase in impairment losses recognised on financial assets;
- reclassification of fair value measurement of certain investment securities;
- additional disclosures related to IFRS 15 [see note 34(i)(ii)]; and
- additional disclosures related to IFRS 9 [see notes 17 and 29(b)].

IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 *Presentation of Financial Statements*, which require separate presentation in the statement of profit or loss and other comprehensive income (OCI) of interest revenue calculated using the effective interest method.

Additionally, the Group has adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures,* that are applied to disclosures about 2018, but have not been applied to the comparative information.

Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail in note 34(b).

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

4. Changes in Significant Accounting Policies (Continued)

IFRS 9 *Financial Instruments (continued)*

(a) The impact, net of tax, of transition to IFRS 9 on the opening retained earnings and investment revaluation reserve is as follows:

Retained earnings:

	The Group	The Company
	$'000	**$'000**
Balance as at 31 March 2018	**14,776,222**	**596,610**
Reclassification of investment at FVOCI to FVTPL	64,897	-
Recognition of expected credit losses under IFRS 9:		
Loans and notes receivables	(362,338)	(102,112)
Securities purchased under agreements to resell	-	(27,512)
Investments	(631,374)	-
Other financial assets	(2,683)	-
Related deferred tax	91,762	-
	(839,736)	(129,624)
Opening balance under IFRS 9 as at 1 April 2018	**13,936,486**	**466,986**

Investment revaluation reserves:

	The Group
	$'000
Balance as at 31 March 2018 under IAS 39	1,752,810
Reclassification of investments at FVOCI to FVTP	(64,897)
Recognition of expected credit losses:	
Investments at FVOCI	592,640
Related deferred tax	(120,244)
	407,499
Opening balance under IFRS 9 at 1 April 2018	**2,160,309**

4. Changes in Significant Accounting Policies (Continued)

IFRS 9 *Financial Instruments (continued)*

(b) Classification and measurement of financial instruments

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities as IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

For an explanation on how the Group classifies and measures financial instruments under IFRS 9, see note 34(b).

The following table and the accompanying notes explain the original measurement categories under IAS 39 and the new measurement categories and amounts under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 April 2018.

JMMB GROUP LIMITED

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(expressed in Jamaican dollars unless otherwise indicated)

4. Changes in Significant Accounting Policies (Continued)

IFRS 9 *Financial Instruments (continued)*

(b) Classification and measurement of financial instruments (continued)

		The Group				
	Note	Original classification under IAS 39	New classification under IFRS 9	IAS 39 Carrying amount at 31 March 2018 $'000	Impairment losses $'000	IFRS 9 carrying amount at 1 April 2018 $'000
Financial assets						
Cash and cash equivalents		Loans and receivables	Amortised cost	27,837,273	-	27,837,273
Interest receivable		Loans and receivables	Amortised cost	3,429,115	-	3,429,115
Loans and notes receivable		Loans and receivables	Amortised cost	55,625,743	(362,338)	55,263,405
Other receivables		Loans and receivables	Amortised cost	2,055,252	(2,683)	2,052,569
Securities purchased under resale agreements		Loans and receivables	Amortised cost	1,120,001	-	1,120,001
Investments – debt securities		Loans and receivables	Amortised cost	13,954,698	(47,480)	13,907,218
Investments – debt securities		Available-for-sale	FVOCI	176,708,971	-	176,708,971
Investments –equity securities		Available-for-sale	FVOCI	1,036,332	-	1,036,332
Investments –equity securities		Available-for-sale	FVOCI	38,435	-	38,435
Units in unit trust funds	(i)	Available-for-sale	FVTPL	286,429	-	286,429
Money market funds		Available-for-sale	FVTPL	944,003	-	944,003
Investments – debt securities	(ii)	Held-to-maturity	FVOCI	368,732	-	368,732
Investments – debt securities		FVTPL	FVTPL	1,337,123	-	1,337,123
Investments –equity securities		FVTPL	FVTPL	231,145	-	231,145
Total financial assets				**284,973,252**	**(412,501)**	**284,560,751**
Financial liabilities						
Customer deposits		Amortised cost	Amortised cost	52,165,066	-	52,165,066
Security sold under agreement to purchase		Amortised cost	Amortised cost	158,167,289	-	158,167,289
Due to other financial institutions		Amortised cost	Amortised cost	347,948	-	347,948
Redeemable preference shares		Amortised cost	Amortised cost	17,843,757	-	17,843,757
Interest payable		Amortised cost	Amortised cost	1,385,823	-	1,385,823
Notes payable		Amortised cost	Amortised cost	27,561,706	-	27,561,706
Other payables		Amortised cost	Amortised cost	3,178,736	-	3,178,736
Liabilities under acceptances, guarantees and letters of credits		Amortised cost	Amortised cost	317,731	-	317,731
Total financial liabilities				**260,968,056**	**-**	**260,968,056**

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

4. Changes in Accounting Policies (Continued)

IFRS 9 Financial Instruments (continued)

(b) Classification and measurement of financial instruments (continued)

	The Company				
	Original classification under IAS 39	**New classification under IFRS 9**	**IAS 39 Carrying amount at 31 March 2018 $'000**	**Impairment losses $'000**	**IFRS 9 Carrying amount at 1 April 2018 $'000**
Financial assets	Loans and receivables				
Cash and cash equivalents	Loans and receivables	Amortised cost	1,090	-	1,090
Interest receivable	Loans and receivables	Amortised cost	106,507	-	106,507
Loans and notes receivables	Loans and receivables	Amortised cost	5,821,425	(102,112)	5,719,313
Other receivables	Loans and receivables	Amortised cost	36,333	-	36,333
Securities purchased under agreements to resell	Loans and receivables	Amortised cost	9,484,200	(27,512)	9,456,688
Investment – certificate of deposits	Loans and receivables	Amortised cost	648	-	648
Investments - other	Available-for-sale	FVOCI	18,908	-	18,908
Due from subsidiaries	Loans and receivables	Amortised cost	758,212	-	758,212
Total financial assets			**16,227,323**	**(129,624)**	**16,097,699**
Financial liabilities					
Redeemable preference shares	Amortised cost	Amortised cost	16,374,398	-	16,374,398
Interest payable	Amortised cost	Amortised cost	115,054	-	115,054
Due to subsidiary			7,586,011	-	7,586,011
Other payables	Amortised cost	Amortised cost	22,713	-	22,713
Total financial liabilities			**24,098,176**	-	**24,098,176**

(i) Under IAS 39, the Group's investment in unit trusts were designated as FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

(ii) Certain Government of Jamaica securities were classified as held-to-maturity under IAS 39. Based on the Group's assessment of its business model, it has determined that these securities are held within an overall portfolio to collect the contractual cash flows as well as to sell. These securities have therefore been reclassified to fair value through other comprehensive income (FVOCI) under IFRS 9.

4. Changes in Accounting Policies (Continued)

IFRS 9 *Financial Instruments* (continued)

(c) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Transition

The Group has determined that application of IFRS 9's impairment requirements at 1 April 2018 results in an additional allowance for impairment as follows:

	The Group	**The Company**
	$'000	**$'000**
Loss allowance at 31 March 2018 under IAS 39	1,683,604	-
Impairment recognised at 1 April 2018 on:		
Investment securities	49,109	-
Loans and notes receivables	362,338	102,112
Securities purchased under agreement to resell	-	27,512
Other receivables	2,683	-
Loss allowance at 1 April 2018 under IFRS 9	2,097,734	129,624

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations.

The Group applied IFRS 15 on 1 April 2018 retrospectively in accordance with IAS 8 without any practical expedients. The timing or amount of the Group's fee and commission income from contracts with customers was not impacted by the adoption of IFRS 15. The impact was limited to the new disclosure requirements [see note 34(i)(ii)].

JMMB GROUP LIMITED

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group's activities are organised into three main business segments:

(i) Financial and related services which include securities brokering, stock brokering, portfolio planning, funds management and investment advisory services.

(ii) Banking and related services which include taking deposits, granting loans and other credit facilities, foreign currency trading and remittance and related services.

(iii) Other represents insurance brokering, investment and real estate holding.

	The Group				
	2019				
	Financial & Related Services $'000	Banking & Related Services $'000	Other $'000	Eliminations $'000	Group $'000
External revenues	17,829,152	8,864,792	187,488	-	26,881,432
Inter-segment revenue	1,860,662	67,205	-	(1,927,867)	-
Total segment revenue	19,689,814	8,931,997	187,488	(1,927,867)	26,881,432
Segment results	3,146,495	1,964,770	35,689	-	5,146,954
Impairment loss on financial assets	(278,615)	-	-	-	(278,615)
Gain on disposal of property plant and equipment	2,210	-	-	-	2,210
Profit before tax	2,870,090	1,964,770	35,689	-	4,870,549
Taxation					(1,002,143)
Profit for the year					3,868,406
Total segment assets	290,101,882	107,566,733	1,633,943	(79,266,301)	320,036,257
Total segment liabilities	260,553,825	94,105,957	1,571,582	(67,299,383)	288,931,981
Interest income	11,592,016	5,985,539	6,142	-	17,583,697
Interest expense	6,847,633	1,897,603	-	-	8,745,236
Operating expenses	7,934,697	4,896,049	158,496	-	12,989,242
Depreciation and amortisation	413,365	235,368	11,319	-	660,052
Capital expenditure	466,904	345,259	67,105	-	879,268

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

	The Group				
	2018				
	Financial & Related Services $'000	Banking & Related Services $'000	Other $'000	Eliminations $'000	Group $'000
External revenues	17,139,431	6,784,443	149,919	-	24,073,793
Inter-segment revenue	1,116,401	50,496	-	(1,166,897)	-
Total segment revenue	18,255,832	6,834,939	149,919	(1,166,897)	24,073,793
Segment results	3,459,991	1,038,586	(2,293)	-	4,496,284
Impairment loss on financial asset					(143,981)
Gain on disposal of property plant and equipment					686
Profit before tax					4,352,989
Taxation					(748,585)
Profit for the year					3,604,404
Total segment assets	259,306,390	88,644,730	1,553,156	(57,788,546)	291,715,730
Total segment liabilities	231,315,422	75,735,726	1,507,620	(45,846,785)	262,711,983
Interest income	10,717,493	5,155,311	6,277	-	15,879,081
Interest expense	6,419,995	1,718,566	-	-	8,138,561
Operating expenses	7,199,321	3,888,692	152,271	-	11,240,284
Depreciation and amortisation	387,579	187,259	11,875	-	586,713
Capital expenditure	563,204	294,329	48,306	-	905,839

6. Net Interest Income/(Expense)

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Interest income, calculated using the effective interest method				
Cash and cash equivalents	52,222	60,828	-	10
Loans and notes receivable	5,507,218	4,649,552	952,446	368,078
Resale agreements	40,887	81,833	329,376	73,571
Investment securities	11,983,370	11,086,868	-	13,895
Total interest income	**17,583,697**	**15,879,081**	**1,281,822**	**455,554**
Interest expense				
Repurchase agreements	5,177,315	5,854,204	-	-
Notes payable	1,229,144	544,540	272,742	-
Customer deposits	1,171,182	1,170,479	-	-
Redeemable preference shares	1,167,595	569,338	1,016,589	500,548
Total interest expense	**8,745,236**	**8,138,561**	**1,289,331**	**500,548**
Net interest income/(expense)	**8,838,461**	**7,740,520**	**(7,509)**	**(44,994)**

7. Staff Costs

	The Group	
	2019	2018
	$'000	$'000
Salaries and benefits, including profit-related pay	5,580,652	4,737,246
Statutory payroll contributions	445,104	406,630
Pension costs (note 31)	228,492	198,856
Training and development	150,343	121,560
Other staff benefits	722,381	557,505
	7,126,972	**6,021,797**

8. Other Expenses

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Marketing, corporate affairs and donations	547,849	541,797	44,573	55,293
Depreciation and amortisation	660,052	586,713	-	-
Directors' fees	100,323	95,166	38,966	35,385
Irrecoverable – GCT	339,762	279,109	-	-
Insurance	152,452	172,146	-	-
Auditors' remuneration	126,519	94,757	6,937	5,680
Asset tax	476,121	430,079	-	-
Information technology	606,606	577,460	-	-
Legal and professional fees	911,904	774,186	28,050	12,233
Repairs and maintenance	192,079	187,359	-	-
Travel and entertainment	89,847	117,792	5,492	1,670
Office rental	370,920	348,581	-	-
Security	190,064	178,956	5,489	2,727
Stationery, printing and postage	122,418	122,008	-	-
Utilities	258,932	238,772	-	-
Bank charges	334,864	173,217	322	186
Other	381,558	300,389	33	2,895
	5,862,270	**5,218,487**	**129,862**	**116,069**

JMMB GROUP LIMITED

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9. Impairment Losses on Financial Assets

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Charged/(credited) for the year on:				
Investment securities at amortised cost (note 17)	(7,516)	143,981	-	-
Investment securities at FVOCI	53,478	-	-	-
Loan and notes receivable (note 14)	230,456	198,664	165,533	-
Securities purchased under agreement to resell (note 16)	-	-	(25,987)	-
Other receivables (note 15)	2,197	-	-	-
	278,615	**342,645**	**139,546**	**-**

10. Taxation

(a) Income tax for the Company is computed at 25% on the profit for the year adjusted for tax purposes. Income taxes for all other subsidiaries are based on statutory income tax rates prevailing in each jurisdiction.

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Green fund and business levy	12,999	13,743	-	-
Current income tax	1,548,809	1,581,098	60	60
Prior year under provision	11,970	2,103	132	-
	1,573,778	1,596,944	192	60
Deferred income tax (note 22)				
Origination and reversal of temporary differences	(709,790)	(944,794)	-	-
Tax benefit of losses carried forward	138,155	96,435	-	-
	(571,635)	(848,359)	-	-
	1,002,143	**748,585**	**192**	**60**

10. Taxation (Continued)

(b) The tax on profit differs from the theoretical amount that would arise using the statutory rate of 25% as follows:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Profit before taxation	4,870,549	4,352,989	322,419	1,157,408
Tax calculated at 25% (2018: 25%)	1,217,637	1,088,247	80,605	289,352
Adjusted for the effects of:				
Income not subject to tax	(864,162)	(667,487)	(80,413)	(289,292)
Disallowed expenses	690,930	460,079	-	-
Tax losses not recognised	4,866	4,827	-	-
Tax losses recovered	(78,210)	(167,203)	-	-
Effect of taxation under different tax regime	14,362	12,965	-	-
Deferred tax not recognised	(931)	-	-	-
Green fund and business levy	14,343	13,743	-	-
Other	(8,662)	1,311	-	-
Prior year under provision	11,970	2,103	-	-
	1,002,143	**748,585**	**192**	**60**

(c) At the reporting date, taxation losses, subject to agreement with the relevant Tax Authorities, available for set off against future taxable profits, amounted to approximately $2,880,734,000 (2018: $3,643,199,000) for the Group and $56,472,000 (2018: $92,811,000) for the Company.

11. Earnings per Stock Unit

Earning per stock unit ("EPS'') is computed by dividing the profit attributable to stockholders of the parent of $3,820,119,000 (2018: $3,555,260,000) by the weighted average number of ordinary stock units in issue during the year, numbering 1,630,552,532 (2018: 1,630,552,532).

12. Dividends paid to ordinary stockholders

	The Group and the Company	
	2019 $'000	2018 $'000
Final dividend in respect of 2017 @ 23.0 cents per stock unit	-	375,027
Interim dividend in respect of 2018 @ 20.0 cents per stock unit	-	326,111
Final dividend in respect of 2018 @ 27.0 cents per stock unit	440,249	-
Interim dividend in respect of 2019 @ 21.0 cents per stock unit	342,416	-
	782,665	**701,138**

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13. Cash and Cash Equivalents

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Cash	24,312,765	15,136,789	-	-
Balances with Central Bank	4,602,038	10,318,918	-	-
Cash equivalents	1,811,593	2,381,566	17,046	1,090
	30,726,396	**27,837,273**	**17,046**	**1,090**

Cash equivalents of the Group include $1,663,917,000 (2018: $1,868,024,000) held by an investment broker as security for funding provided on certain investment securities, which is not available for immediate use. In addition, the Group also has a restricted amount of $7,859,000 (2018: $7,745,000) deposited at an interest rate of 0.5% (2018: 1%) under an agreement with a building society which co-ordinates and administers a home ownership assistance programme on behalf of the Group's Jamaican employees.

14. Loans and Notes Receivable

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Corporate	35,881,450	29,826,428	-	-
Financial institutions	444,248	1,182,298	22,416,429	5,821,425
Individuals	33,475,218	25,937,753	-	-
	69,800,916	56,946,479	22,416,429	5,821,425
Less: allowance for impairment	(1,853,648)	(1,320,736)	(267,645)	-
	67,947,268	**55,625,743**	**22,148,784**	**5,821,425**

Allowance for impairment:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 31 March 2018	1,320,736	1,320,960	-	-
Adjustment on initial application of IFRS 9 (note 4)	362,338	-	102,112	-
Charge for year	283,934	286,673	165,533	-
Recoveries	(53,478)	(88,009)	-	-
Write-offs	(64,672)	(196,278)	-	-
Translation gains(losses)	4,790	(2,610)	-	-
Balance at 31 March 2019	**1,853,648**	**1,320,736**	**267,645**	**-**

14. Loans and Notes Receivable (Continued)

Notes receivable for the Company represents loan advances to subsidiaries repayable on 14 January 2024. Interest is payable monthly at a fixed rate of 6.0% and 7.5% per annum.

Notes receivable include the balance on an interest-free revolving advance of $807,037,000 (2018: $324,037,000) to the trustees of the Group's Employee Share Ownership Plan (ESOP), the repayment date for which has not been fixed. The number of stock units held by the ESOP at 31 March 2019 was 159,076,085 (2018: 149,776,832).

15. Other Receivables

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Receivable from related parties	2,421,937	-	-	-
Other receivables	2,338,613	1,452,462	224,275	36,333
Staff loans	560,201	604,509	-	-
	5,320,751	2,056,971	224,275	36,333
Less: allowance for impairment	(6,599)	(1,719)	-	-
	5,314,152	**2,055,252**	**224,275**	**36,333**

Allowance for impairment:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 31 March 2018	1,719	899	-	-
Adjustment on initial application of IFRS 9 (note 4)	2,683	-	-	
Charge for year	2,197	820	-	-
Balance at 31 March 2019	6,599	1,719	-	-

16. Securities Purchased Under Agreements to Resell

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Denominated in Jamaica dollars	-	1,120,001	556,944	4,166,004
Denominated in United States dollars	-	-	385,665	5,318,196
	-	1,120,001	942,609	9,484,200
Less: allowance for impairment	-	-	(1,525)	-
	-	**1,120,001**	**941,084**	**9,484,200**

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16. Securities Purchased Under Agreements to Resell (Continued)

Allowance for impairment:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 31 March 2018	-	-	-	-
Adjustment on initial application of IFRS 9 (note 4)	-	-	27,512	-
Credit for year	-	-	(25,987)	-
Balance at 31 March 2019	-	-	1,525	-

Resale agreements include balances with related parties as set out in note 27. All resale agreements mature within twelve months after the reporting date.

The securities that the Group 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 25).

At the reporting date, the fair value of the securities obtained and held under resale agreements was $Nil (2018: $1,120,000,000) and $942,609,000 (2018: $9,484,000,000) for the Group and Company respectively.

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17. Investment Securities

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Debt securities at amortised cost (2018: loans and receivables):				
Certificates of deposit	258,927	648	648	648
Government of Jamaica securities	7,939,660	11,062,317	-	-
Other sovereign bonds	250,207	239,312	-	-
Corporate:				
Government of Jamaica guaranteed	2,471,738	2,746,513	-	-
Other	-	145,497	-	-
	10,920,532	14,194,287	648	648
Debt securities at fair value through other comprehensive income (2018: available-for-sale securities):				
Government of Jamaica securities	98,693,970	101,977,287	-	-
Certificates of deposit	10,830,000	9,030,982	-	-
Government of Jamaica guaranteed	299,493	3,174,475	-	-
Corporate bonds	37,808,278	26,436,188	-	-
Other sovereign bonds	43,302,644	36,213,318	-	-
	190,934,385	176,832,250	-	-
Equity securities at fair value through other comprehensive income (2018: available-for-sale):				
Quoted securities	1,229,794	1,036,332	-	-
Other securities at fair value through other comprehensive income (2018: available-for-sale):				
Units in unit trusts	-	286,429	-	-
Money market funds	-	944,003	-	-
Other	22,465	38,435	18,908	18,908
	22,465	1,268,867	18,908	18,908
Debt securities designated at fair value through profit or loss:				
Corporate bonds	1,235,863	721,494	-	-
Other sovereign bonds	494	615,629	-	-
	1,236,357	1,337,123	-	-
Equity securities at fair value through profit and loss:				
Quoted securities	1,107,947	231,145	-	-
Other securities at fair value through profit and loss:				
Units in unit trusts	622,969	-	-	-
Money market funds	178,944	-	-	-
	801,913	-	-	-
Debt securities at hold to collect and sell (2018: held-to-maturity):				
Sovereign bonds	-	368,732	-	-
	206,253,393	195,268,736	19,556	19,556
Less: allowance for impairment losses for investments at amortised cost	(281,034)	(362,868)	-	-
	205,972,359	**194,905,868**	**19,556**	**19,556**

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17. Investment Securities (Continued)

Allowance for impairment for investments at amortised cost:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 31 March 2018	362,868	293,109	-	-
Adjustment on initial application of IFRS 9 (note 4)	49,109	-	-	-
Reclassification of allowance on securities reclassified on initial application of IFRS 9	(123,279)	-	-	-
(Credit)/charge for the year	(7,516)	143,981	-	-
Recoveries	(148)	(74,222)	-	-
Balance at 31 March 2019	**281,034**	**362,868**	**-**	**-**

Investments mature, from the reporting date, as follows:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica securities:				
Within 3 months	3,110,467	51,307	-	-
From 3 months to 1 year	3,679,396	2,269,491	-	-
From 1 year to 5 years	15,059,818	17,758,509	-	-
Over 5 years	84,756,439	92,960,297	-	-
	106,606,120	113,039,604	-	-
Certificates of deposit:				
Within 3 months	11,088,927	8,834,776	648	648
From 3 months to 1 year	-	176,275	-	-
From 1 year to 5 years	-	20,580	-	-
	11,088,927	9,031,631	648	648
Sovereign and corporate bonds:				
Within 3 months	2,572,610	2,402,539	-	-
From 3 months to 1 year	8,244,555	1,571,851	-	-
From 1 year to 5 years	21,302,954	20,920,514	-	-
Over 5 years	52,995,074	44,290,147	-	-
	85,115,193	69,185,051	-	-
Other [see (c) below]	3,162,119	3,649,582	18,908	18,908
	205,972,359	**194,905,868**	**19,556**	**19,556**

(a) Government of Jamaica securities and certain other bonds are pledged as security for repurchase agreements (note 25) and notes payable (note 26).

(b) Government of Jamaica securities having an aggregate face value of $620,000,000 (2018: $281,084,100) have been pledged as collateral against possible overdrafts at the Central Bank and against uncleared effects at one of the Company's bankers.

17. Investment Securities (Continued)

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

18. Interest in Subsidiaries

	The Company	
	2019	**2018**
	$'000	**$'000**
Shares at cost:		
Jamaica Money Market Brokers Limited	1,864,054	1,864,054
JMMB Bank (Jamaica) Limited (formerly JMMB Merchant Bank Limited)	4,885,176	4,885,176
JMMB Money Transfer Limited	50,789	50,789
Jamaica Money Market Brokers (Trinidad and Tobago) Limited	3,497,625	3,497,625
JMMB Holding Company, SRL and its subsidiaries	1,478,763	-
	11,776,407	**10,297,644**

19. Investment Properties

The properties are measured at fair value, as appraised by professional, independent valuers every three years and in the intervening years by the directors. 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 generated revenue of $916,000 (2018: $526,000) and incurred expenses of $18,698,000 (2018: $16,089,000) for the year.

The fair value of the Group's investment properties is categorised as Level 3 in the fair value hierarchy as described in note 30.

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 judged. • The potential rental income from the property is greater/ (less) than judged.

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20. Intangible Assets

	The Group					
	Computer Software	**Customer List and Core Deposits**	**Licence**	**Goodwill**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost						
31 March 2017	1,383,717	610,639	289,389	28,301	361,113	2,673,159
Additions	305,909	-	-	-	-	305,909
Reclassification	12,638	-	-	-	-	12,638
Exchange rate adjustment	(31,507)	(6,691)	(5,760)	-	(3,956)	(47,914)
31 March 2018	1,670,757	603,948	283,629	28,301	357,157	2,943,792
Additions	395,905	-	-	-	-	395,905
Exchange rate adjustment	(1,370)	1,732	(197)	969	1,266	2,400
31 March 2019	2,065,292	605,680	283,432	29,270	358,423	3,342,097
Accumulated Amortisation						
31 March 2017	642,938	240,484	-	-	273,237	1,156,659
Charge for the year	129,312	55,519	-	-	8,207	193,038
Exchange rate adjustment	(2,228)	(2,234)	-	-	(3,956)	(8,418)
31 March 2018	770,022	293,769	-	-	277,488	1,341,279
Charge for the year	181,805	61,033	-	-	19	242,857
Exchange rate adjustment	(1,088)	215	-	-	1,266	393
31 March 2019	950,739	355,017	-	-	278,773	1,584,529
Net Book Value						
31 March 2019	**1,114,553**	**250,663**	**283,432**	**29,270**	**79,650**	**1,757,568**
31 March 2018	**900,735**	**310,179**	**283,629**	**28,301**	**79,669**	**1,602,513**

20. Intangible Assets (Continued)

Impairment testing for intangible assets with indefinite useful lives

Licences recognised in JMMB (Trinidad & Tobago) Limited and JMMB Holding Company Limited, SRL

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

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

	2019	**2018**
Discount rate	14.5%,17.0%	14.5%,15.8%
Long-term growth rate	3%	3%
Time to obtain licence	3-4 years	3-5 years

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

The cash flow projections include specific estimates for ten and eleven years and a terminal growth rate thereafter. The terminal growth rate was determined based on management’s estimate of the long-term compounded annual growth rates, consistent with assumptions that a market participant would make. The ten and eleven year cash flow projections are considered reflective of a stabilized level of earnings to estimate terminal value.

The estimated recoverable amounts of the CGUs were estimated to be higher than their recoverable amounts and no impairment was identified.

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21. 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 2017	**1,892,369**	**863,990**	**48,025**	**945,310**	**1,983,480**	**5,733,174**
Additions	154,193	17,436	17,867	159,108	234,842	583,446
Transfer	(3,500)	-	-	3,500	-	-
Reclassification	-	-	-	-	(12,638)	(12,638)
Disposals	-	(39,392)	(8,749)	(25,857)	(945)	(74,943)
Exchange rate adjustment	(1,715)	(27,758)	(706)	9,417	(44,931)	(65,693)
31 March 2018	**2,041,347**	**814,276**	**56,437**	**1,091,478**	**2,159,808**	**6,163,346**
Additions	177,698	32,490	16,404	94,231	162,540	483,363
Reclassification	(43,842)	3,232	-	-	40,610	-
Disposals	-	-	(4,397)	-	-	(4,397)
Exchange rate adjustment	546	(795)	(5,545)	519	5,743	468
31 March 2019	**2,175,749**	**849,203**	**62,899**	**1,186,228**	**2,368,701**	**6,642,780**
31 March 2017	**174,548**	**479,950**	**37,470**	**670,230**	**1,300,386**	**2,662,584**
Charge for the year	30,812	67,141	9,280	203,842	82,600	393,675
Disposals	-	(39,355)	(8,749)	(21,922)	(815)	(70,841)
Exchange rate adjustment	-	(11,475)	(500)	(55,679)	27,705	(39,949)
31 March 2018	**205,360**	**496,261**	**37,501**	**796,471**	**1,409,876**	**2,945,469**
Charge for the year	33,271	67,514	7,207	145,475	163,728	417,195
Disposals	-	-	(4,397)	-	-	(4,397)
Exchange rate adjustment	-	(2,611)	(233)	(1,236)	5,261	1,181
31 March 2019	**238,631**	**561,164**	**40,078**	**940,710**	**1,578,865**	**3,359,448**
Net Book Value						
31 March 2019	**1,937,118**	**288,039**	**22,821**	**245,518**	**789,836**	**3,283,332**
31 March 2018	**1,835,987**	**318,015**	**18,936**	**295,007**	**749,932**	**3,217,877**

21. Property, Plant and Equipment (Continued)

	The Company			
	Leasehold Improvements	Furniture, Fixtures and Equipment	Motor Vehicles	Total
	$'000	$'000	$'000	$'000
Cost				
Acquired on group reorganisation and balance at 31 March 2017, 31 March 2018 and 31 March 2019	10,271	3,493	45	13,809
Depreciation				
Acquired on group reorganisation and balance at 31 March 2017, 31 March 2018 and 31 March 2019	9,958	3,493	45	13,496
Net Book Value				
Acquired on group reorganisation and balance at 31 March 2017, 31 March 2018 and 31 March 2019	**313**	**-**	**-**	**313**

22. Deferred Income Tax

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

Deferred income tax is calculated in full on temporary differences under the liability method using the principal tax rate applicable to the jurisdictions in which the temporary differences arise.

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

	The Group	
	2019	2018
	$'000	$'000
Deferred income tax assets	360,893	115,130
Deferred income tax liabilities	(175,180)	(451,084)
Net deferred income tax assets/(liabilities)	**185,713**	**(335,954)**

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22. Deferred Income Tax (Continued)

Deferred income tax assets and deferred income tax liabilities are due to the following items:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets -				
Investments	910,738	1,028,219	-	-
Unrealised foreign exchange losses	-	1,916	-	-
Other payables	27,374	20,433	-	-
Property, plant and equipment	-	52,548	-	-
Interest payable	430,109	387,395	-	-
Tax losses carried forward	141,003	126,086	-	-
	1,509,224	1,616,597	-	-
Deferred income tax liabilities -				
Investments	-	1,344,843	-	-
Unrealised foreign exchange gains	810,606	12,694	-	-
Property, plant and equipment	24,824	485	-	-
Interest receivable	488,081	594,529	-	-
	1,323,511	1,952,551	-	-
Net deferred income tax assets/(liabilities)	**185,713**	**(335,954)**	**-**	**-**

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

	2019			
	The Group			
	Balance at Beginning of Year	**Recognised in Income**	**Recognised in Other Comprehensive Income**	**Balance at End of Year**
	$'000	**$'000**	**$'000**	**$'000**
		(note 8)		
Tax losses carried forward	126,086	14,917	-	141,003
Investments	(316,624)	1,277,330	(49,968)	910,738
Accounts payable	20,433	6,941	-	27,374
Property, plant and equipment	52,063	(76,887)	-	(24,824)
Interest payable	387,395	42,714	-	430,109
Unrealised foreign exchange loss	1,916	(1,916)	-	-
Unrealised foreign exchange gains	(12,694)	(797,912)	-	(810,606)
Interest receivable	(594,529)	106,448	-	(488,081)
	(335,954)	**571,635**	**(49,968)**	**185,713**

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22. Deferred Income Tax (Continued)

	2018			
	The Group			
	Balance at Beginning of Year	Recognised in Income	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
		(note 8)		
Tax losses carried forward	222,521	(96,435)	-	126,086
Investments	430,911	(752,022)	4,487	(316,624)
Accounts payable	22,028	(1,595)	-	20,433
Property, plant and equipment	13,357	38,706	-	52,063
Interest payable	343,554	43,841	-	387,395
Unrealised foreign exchange loss	-	1,916	-	1,916
Unrealised foreign exchange gains	(1,669,934)	1,657,240	-	(12,694)
Interest receivable	(551,237)	(43,292)	-	(594,529)
	(1,188,800)	**848,359**	**4,487**	**(335,954)**

23. Share Capital

	2019 Number of Shares ('000)	2018 Number of Shares ('000)
Authorised ordinary stock units at no par value: unlimited		
Fixed rate cumulative redeemable preference shares of no par value	6,000,000	6,000,000

	2019 Number of Shares ('000)	2018 Number of Shares ('000)
Issued ordinary share capital:		
Ordinary stock units in issue at no par value	1,630,552	1,630,552

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23. Share Capital (Continued)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Stated capital:				
1,630,552,532 (2018: 1,630,552,532) ordinary stock units	1,864,554	1,864,554	1,864,554	1,864,554
715,482,000 7.50% cumulative redeemable preference stock units	-	1,430,964	-	-
15,358,000 7.25% cumulative redeemable preference stock units	-	38,395	-	-
9,434,000 7.25% cumulative redeemable preference stock units	14,151	14,151	14,151	14,151
1,827,548,000 7.50% cumulative redeemable preference stock units	1,827,548	1,827,548	1,827,548	1,827,548
213,500 5.75% cumulative redeemable preference stock units	40,038	40,134	40,038	40,134
42,783,500 US$ 6.00% cumulative redeemable preference stock units	5,348,793	5,361,628	5,348,793	5,361,628
32,177,000 7.00% cumulative redeemable preference stock units	64,354	64,354	64,354	64,354
1,848,937,000 7.25% cumulative redeemable preference stock units	3,697,874	3,697,874	3,697,874	3,697,874
155,000 US$ 5.50% cumulative redeemable preference stock units	38,756	38,849	38,756	38,849
21,265,000 US$ 5.75% cumulative redeemable preference stock units	5,317,101	5,329,860	5,317,101	5,329,860
	18,213,169	19,708,311	18,213,169	18,238,952
Less: redeemable preference stock units classified as liability	(16,348,615)	(17,843,757)	(16,348,615)	(16,374,398)
	1,864,554	**1,864,554**	**1,864,554**	**1,864,554**

23. Share Capital (Continued)

On August 2013, the Company issued 715,482,000 7.50% fixed rate cumulative redeemable preference shares and 15,358,000 7.25% fixed rate cumulative redeemable preference shares at a price of $2.00 and $2.50 per share, respectively, by public offering. The redeemable preference shares matured August 2018.

On 14 January 2016, the Company issued 9,434,000 and 1,827,548,000 7.25% and 7.50% variable rate cumulative redeemable preference shares and 213,500 and 42,783,500 5.75% and 6.00% fixed rate cumulative redeemable preference shares at a price of J$1.50, J$1.00, US$1.50 and US$1.00 per share, respectively, by public offering. The redeemable preference shares mature on 14 January 2024.

On 7 March 2018, the Company issued 32,177,000 and 1,848,937,000 7.00% and 7.25% JMD variable rate cumulative redeemable preference shares and 155,000 and 21,265,000 5.50% and 5.75% USD fixed rate cumulative redeemable preference shares at a price of J$2.00 and US$2.00 per share, respectively, by public offering. The redeemable preference shares mature 6 March 2025.

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

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

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

(iii) No right to vote, 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 12).

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

24. Reserves

(a) Retained Earnings Reserve
In previous years, in accordance with a board resolution, a subsidiary transferred a portion of its profit after tax to a non-distributable retained earnings reserve. This reserve constitutes a part of the subsidiary's regulatory capital.

(b) Investment Revaluation Reserve
The investment revaluation reserve comprises the cumulative net change in the fair value of debt securities at fair value through other comprehensive income (2018: available-for-sale financial assets), impairment losses on such securities, net of deferred tax, until the assets are derecognised or impaired.

(c) Cumulative Translation Reserve
The cumulative translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

25. Securities Sold Under Agreements to Repurchase

	The Group	
	2019	2018
	$'000	$'000
Denominated in Jamaica dollars	52,123,498	48,859,585
Denominated in United States dollars	82,475,858	81,575,204
Denominated in Pound Sterling	2,498,943	3,101,671
Denominated in Euro	200,108	79,523
Denominated in Dominican Republic Peso	22,117,192	19,776,783
Denominated in Canadian dollars	415,461	417,674
Denominated in Trinidad and Tobago dollars	4,076,831	4,356,849
	163,907,891	**158,167,289**

Repurchase agreements are collateralised by certain securities and other instruments held by the Group with a carrying value of $182,706,790,000 (2018: $169,115,284,000) (notes 16 and 17).

26. Notes Payable

		The Group	
		2019	2018
		$'000	$'000
(i)	Senior Unsecured US$ Fixed Note	2,415,886	2,388,975
(ii)	Subordinated debt	1,868,000	1,852,000
(iii)	Subordinated debt	542,834	540,015
(iv)	Senior secured TT$ Fixed Note	2,096,083	1,109,348
(v)	Senior secured US$ Fixed Note	2,082,651	1,870,808
(vi)	Promissory Note US$ Note	1,000,160	1,002,560
(vii)	Promissory Note US$ Fixed Note	18,753,000	18,798,000
(viii)	Unsecured US$ Fixed Note	1,505,616	-
(ix)	Unsecured J$ Fixed Note	892,426	-
(x)	Unsecured J$ Fixed Note	5,879,500	-
		37,036,156	**27,561,706**

(i) The note is unsecured and bore interest at 7.75% per annum, with interest payable on a quarterly basis and a maturity date of 18 July 2019. The note was called during the year and reissued at an interest rate of 5.5% per annum, with interest payable on a quarterly basis. The new note matures on 15 June 2023.

(ii) This represents subordinated debts of TT$80M issued by a subsidiary for a term of eight (8) years, maturing on 28 March 2022, at a fixed rate of 4.5% per annum. This debt was increased to TT$100 million in February 2018 under the same terms.

(iii) This represents subordinated debt of US$4,151,000 issued by a subsidiary for a term of (5) years, maturing on 29 June 2020, at a fixed rate of 7.0% per annum.

26. Notes Payable (Continued)

(iv) This represents fixed rate debt issued in three tranches bearing interest at 3.00% to 3.35% per annum, payable on a semi-annual basis. The notes mature in November 2019, November 2020 and November 2021 and are secured by investment securities (note 17).

(v) This represents fixed rate US$ debt issued in two tranches bearing interest at 3.20% and 3.55% per annum, payable on a semi-annual basis. The notes mature in November 2019 and November 2020 and are secured by investment securities (note 17).

(vi) The amount above represents a short-term unsecured funding facility from Citibank N. A of US$8,000,000 at an interest rate of 3.97% for the period October 10, 2017 to April 6, 2018.

(vii) This note is unsecured and bears interest at 2.5% per annum, payable quarterly. The note matures on 30 April 2019.

(viii) This represents unsecured fixed rate J$ debt issued in three tranches bearing interest at 5.5%, 5.65% and 5.80% per annum, payable on a quarterly basis. The notes mature on 20 December 2019, 20 June 2020 and 21 December 2020 respectively.

(ix) 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. The notes mature on 20 December 2019, 20 June 2020 and 21 December 2020, respectively.

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

27. 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 or if both are subject to control or significant influence by the same party.

Related companies include subsidiaries and major shareholders. Related parties include directors, key management and companies for which the Group provides management services.

27. 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:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Directors-				
Loans and notes receivable	140,154	152,504	-	-
Interest payable	(279)	(279)	-	-
Customer deposits	(192,998)	(86,496)	-	-
Securities sold under agreements to repurchase	(72,431)	(37,582)	-	-
Major shareholders -				
Notes receivable	807,037	324,037	-	-
Subsidiaries -				
Securities purchased under agreements to resell	-	-	941,084	9,484,200
Loans and notes receivable	-	-	22,148,784	5,821,425
Other receivables	-	-	218,538	106,507
Due from subsidiary	-	-	-	758,212
Other payables	-	-	(8,768,350)	(7,586,011)
Managed funds -				
Accounts receivable	2,421,937	35,464	-	-
Customer deposits	(3,137,720)	(3,069,526)	-	-

27. 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:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Directors:				
Interest income	14,590	9,671	-	-
Interest expense	(1,614)	(1,342)	-	-
Major shareholders:				
Interest income	-	127	-	-
Interest expense	-	(7,842)	-	-
Subsidiaries:				
Dividend income	-	-	906,033	1,252,100
Interest income	-	-	1,281,822	455,554
Managed funds:				
Gain on sale of securities	440,989	801,646	-	-
Fee income	759,351	-	-	-
Interest income	1,656	-	-	-
Interest expense	(478,903)	(410,979)	-	-

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

	The Group	
	2019	**2018**
	$'000	**$'000**
Directors emoluments:		
Fees (note 8)	100,323	95,166
Management remuneration	65,137	59,814
Other key management compensation:		
Short-term employee benefits	524,287	423,224
Post-employment benefits	17,769	16,876
	707,516	595,080

28. Non-Controlling Interest

The following table summarises information relating to the Group's material non-controlling interest (NCI) in JMMB Puesto de Bolsa, S.A. before any intra-group eliminations.

(a) Statement of financial position:

	2019	2018
NCI percentage	**20%**	**20%**
	$'000	**$'000**
Total assets	32,323,353	29,564,742
Total liabilities	(28,873,049)	(25,674,654)
Net assets	3,450,304	3,890,088
Carrying amount of NCI	1,038,332	1,092,253

(b) Profit or loss account and other comprehensive income:

	2019	2018
Revenue	3,032,682	2,965,950
Profit	332,412	443,538
Other comprehensive income	51,996	737,053
Profit allocated to NCI, net	48,287	49,144
Other comprehensive income allocated to NCI	(62,339)	203,624

(c) Statement of cash flows:

	2019	2018
Cash flows from operating activities	2,948,745	5,477,154
Cash flows from investing activities	(3,750,294)	(5,515,621)
Cash flows from financing activities	996,000	(39,236)
Net increase/(decrease) in cash and cash equivalents	194,451	(77,703)

29. 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 Management 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.

(ii) Board Credit Committees

The respective Bank Board Credit Committees are 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 the Credit Risk Policy. The committees are ultimately responsible for determining the composition and management of the credit portfolios and have available a number of measures they can employ in this respect, including making specific and general allowances against actual or potential impairment. The committees are supported in their work by the Management Credit Committee.

29. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Risk management framework (continued)

(iii) Audit Committees

The Audit Committees monitor 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.

(iv) Investment Committees

The Investment Committees are management committees responsible for the management of market risks. The committees monitor the composition of assets and liabilities, evaluate potential market risk involved in launching new products, review and articulate funding policy and decide optimal ways of managing the Group's liquidity.

(v) 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.

(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, commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as credit derivatives (credit default swaps), financial guarantees, letters of credit, endorsements and acceptances. The Group is also exposed to other credit risks arising 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.

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).

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Management of credit risk (continued)

Key financial assets are managed as follows:

(i) Loans and notes receivable (including commitments and guarantees)

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.

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

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 Management Committee.

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(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 debt instruments measured a fair value through other comprehensive income (FVOCI) (2018: available-for-sale debt assets). Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments, the amounts in the table represent the amounts committed.

Loans and notes receivable at amortised cost (note 14):

	The Group				
	2019				2018
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000	$'000
Credit grade					
Standard monitoring	60,317,484	776,092	-	61,093,576	48,686,994
Special monitoring	-	4,944,353	-	4,944,353	3,543,213
Default	-	-	3,762,987	3,762,987	4,716,272
	60,317,484	5,720,445	3,762,987	69,800,916	56,946,479
Loss allowance	(363,825)	(214,889)	(1,274,934)	(1,853,648)	(1,320,736)
	59,953,659	5,505,556	2,488,053	67,947,268	55,625,743

	The Group				
	2019				2018
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000	$'000
Ageing of loans and notes receivable					
Neither past due nor impaired	55,202,926	2,478,045	-	57,680,971	44,359,338
Past due 1-30 days	5,114,558	500,582	-	5,615,140	5,365,358
Past due 31-60	-	2,191,150	-	2,191,150	1,787,044
Past due 61-90	-	550,668	-	550,668	718,467
More than 90 days	-	-	3,762,987	3,762,987	4,716,272
Total	60,317,484	5,720,445	3,762,987	69,800,916	56,946,479

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29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

For financial assets not recognised at the reporting date:

	The Group	
	2019	**2018**
	Stage 1	
	$'000	**$'000**
Loan commitments	7,493,848	4,086,135
Guarantees and letters of credit	1,707,349	1,786,034
	9,201,197	5,872,169

Loans and notes receivable at amortised cost:

	The Company	
	2019	**2018**
	Stage 1	
	$'000	**$'000**
Credit grade		
Standard monitoring	22,416,429	5,821,425
Loss allowance	(267,645)	-
	22,148,784	**5,821,425**

	The Company	
	2019	**2018**
	Stage 1	
	$'000	**$'000**
Ageing of loans and notes receivable		
Neither past due nor impaired	**22,416,429**	**5,821,425**

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29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Debt securities at amortised cost (note 17):

	The Group	
	2019	**2018**
	Stage 1	
	$'000	**$'000**
Credit grade		
Watch	10,920,532	14,194,287
Loss allowance	(281,034)	(362,868)
	10,639,498	**13,831,419**

	The Company	
	2019	**2018**
	Stage 1	
	$'000	**$'000**
Credit grade		
Watch	**648**	**648**

Debt securities at FVOCI (note 17):

	The Group				
	2019				**2018**
	Stage 1	**Stage 2**	**Stage 3**	**Total**	
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Credit grade					
Investment grade	23,021,026	-	-	23,021,026	18,212,352
Watch	166,505,024	463,040	-	166,968,064	158,499,569
Speculative	885,857	-	-	885,857	2,768
Default	-	-	59,438	59,438	117,561
	190,411,907	**463,040**	**59,438**	**190,934,385**	**176,832,250**
Loss allowance	**604,544**	**3,025**	**20,576**	**628,145**	**-**

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Securities purchased under agreement to resell at amortised cost (note 16):

	The Group	
	2019	**2018**
	Stage 1	
	$'000	**$'000**
Watch	**-**	**1,120,001**

	The Company	
	2019	**2018**
	Stage 1	
	$'000	**$'000**
Watch	942,609	9,484,200
Loss allowance	(1,525)	-
	941,084	**9,484,200**

(iii) 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.

Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. The Group does not occupy repossessed properties for business or other use. The carrying value of the loans on which the collateral was repossessed during the year was $75,805,000 (2018: $72,220,000).

Renegotiated loans and leases

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continual review.

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29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(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			
	2019			
	Cash and cash equivalents	Loans and notes receivable	Investment securities	Total
	$'000	$'000	$'000	$'000
Concentration by sector:				
Government of Jamaica	-	-	106,906,110	106,906,110
Other sovereign bonds	-	-	45,444,766	45,444,766
Bank of Jamaica	5,567,657	-	10,830,000	16,397,657
Corporate	-	34,470,969	41,071,029	75,541,998
Financial institutions	25,158,739	444,137	1,720,454	27,323,330
Retail	-	33,032,162	-	33,032,162
	30,726,396	**67,947,268**	**205,972,359**	**304,646,023**
Concentration by location:				
Jamaica	16,523,548	39,557,518	129,568,371	185,649,437
North America	3,011,100	267,409	3,800,280	7,078,789
Trinidad and Tobago	9,347,246	24,846,078	18,475,493	52,668,817
Dominican Republic	1,754,315	2,932,385	29,815,733	34,502,433
Other	90,187	343,878	24,312,482	24,746,547
	30,726,396	**67,947,268**	**205,972,359**	**304,646,023**

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29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk (continued)

	The Group				
	2018				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector:					
Government of Jamaica	-	-	-	116,164,079	116,164,079
Other sovereign bonds	-	-	-	38,856,654	38,856,654
Bank of Jamaica	4,110,055	-	-	8,833,374	12,943,429
Corporate	-	25,818,470	-	27,625,449	53,443,919
Financial institutions	23,727,218	1,182,298	1,120,001	2,230,631	28,260,148
Retail	-	28,624,975	-	1,195,681	29,820,656
	27,837,273	**55,625,743**	**1,120,001**	**194,905,868**	**279,488,885**
Concentration by location:					
Jamaica	13,947,223	31,368,041	1,120,001	137,155,716	183,590,981
North America	3,378,175	267,409	-	1,850,025	5,495,609
Trinidad and Tobago	8,776,175	21,708,818	-	22,139,380	52,624,373
Dominican Republic	1,645,513	1,937,597	-	28,133,937	31,717,047
Other	90,187	343,878	-	5,626,810	6,060,875
	27,837,273	**55,625,743**	**1,120,001**	**194,905,868**	**279,488,885**

	The Company				
	2019				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector:					
Financial institutions	17,046	22,148,784	941,084	19,556	23,126,470
Concentration by location:					
Jamaica	17,046	20,320,680	941,084	19,556	21,298,366
Trinidad and Tobago	-	1,375,220	-	-	1,375,220
Dominican Republic	-	452,884	-	-	452,884
	17,046	**22,148,784**	**941,084**	**19,556**	**23,126,470**

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk (continued)

	The Company				
	2018				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector:					
Financial institutions	1,090	5,821,425	9,484,200	19,556	15,326,271
Concentration by location:					
Jamaica	1,090	5,194,825	9,484,200	19,556	14,699,671
Trinidad and Tobago	-	626,600	-	-	626,600
	1,090	5,821,425	9,484,200	19,556	15,326,271

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

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

Loans and notes receivable – Cash and other near cash securities, mortgages over commercial and residential properties, charges over general business assets such as premises, equipment, inventory, accounts receivable, marketable securities and motor vehicles.

Resale agreements – Government of Jamaica and Bank of Jamaica securities. The collateral obtained (including accrued interest) is at least 100% of the sum of the principal value of the resale agreement plus interest to be earned.

Management monitors the market value of collateral held and where necessary, requests additional collateral in accordance with the underlying agreement.

The Group holds collateral against loans and advances to customers and others in the form of mortgage interests over property, other registered securities over 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.

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29. 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				The Company			
	Loans and notes receivable		Resale agreements		Loans and notes receivable		Resale agreements	
	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:								
Cash secured	4,618,575	3,660,423	-	-	22,416,429	5,821,425	941,109	9,484,200
Property	18,147,160	18,325,743	-	-	-	-	-	-
Debt securities	5,309,734	6,519,984	26,365,983	1,120,001	-	-	-	-
Liens on motor vehicles	10,728,044	6,670,219	-	-	-	-	-	-
Equities	-	-	-	-	-	-	-	-
Other	2,221,039	2,514,479	-	-	-	-	-	-
Subtotal	**41,024,552**	**37,690,848**	**26,365,983**	**1,120,001**	**22,416,429**	**5,821,425**	**941,109**	**9,484,200**
Against past due but not impaired financial assets:								
Cash secured	642,589	225,493	-	-	-	-	-	-
Property	4,359,235	5,242,283	-	-	-	-	-	-
Liens on motor vehicles	349	1,546,764	-	-	-	-	-	-
Debt securities	301,986	168,447	-	-	-	-	-	-
Equities	2,188,287	-	-	-	-	-	-	-
Other	244,671	2,082,085	-	-	-	-	-	-
Subtotal	**7,737,117**	**9,265,072**	**-**	**-**	**-**	**-**	**-**	**-**
Against past due and impaired financial assets:								
Cash secured	4,652	-	-	-	-	-	-	-
Debts securities	250	-	-	-	-	-	-	-
Property	22,755,364	16,500,602	-	-	-	-	-	-
Liens on motor vehicles	323,672	185,821	-	-	-	-	-	-
Equities	-	104,471	-	-	-	-	-	-
Other	9,816,817	4,196,576	-	-	-	-	-	-
Subtotal	**32,900,755**	**20,987,470**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**81,662,424**	**67,943,390**	**26,365,983**	**1,120,001**	**22,416,429**	**5,821,425**	**941,109**	**9,484,200**

29. 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. Details of how the Group determines when a significant increase in credit risk has occurred, are 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.

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

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. 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.

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:

Retail

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 may be 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.

29. 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

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 published by the rating agency.

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 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.

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.

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Determining when credit risk has increased significantly (continued)

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

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

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

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

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

(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 realising 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.

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29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(ii) Definition of default (continued):

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

(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, EAD and LGD vary by financial instrument.

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

The Group formulates three scenarios: a base case, which is the median scenario, and assigned a 75% probability of occurring and two less likely scenarios; being best, assigned a rating of 15% and worst, assigned a rating of 10%. For Trinidad, the best and worst scenarios are assigned ratings of 10% and 15% respectively. 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/GDP ratio, GDP growth and annual inflation with weightings of 10%, 30% and 60%, respectively.

29. 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) Computation of the expected credit losses (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) or over the remaining lifetime (lifetime PD) of the obligation.

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

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. The EAD of a financial asset is its gross carrying amount at the time of default.

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.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(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:

Loans and notes receivable at amortised cost (see note 14):

	The Group			
	2019			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at 31 March 2018 (IAS 39)	73,417	-	1,247,319	1,320,736
Remeasurement on 1 April 2018 (IFRS 9)	187,124	159,693	15,521	362,338
Financial assets derecognised during period	(13,827)	37,943	(60,153)	(36,037)
New financial assets originated or purchased	189,982	10,474	14,759	215,215
Paydowns	(89,730)	(166,462)	141,106	(115,086)
Foreign exchange and other movements	16,858	173,240	(83,616)	106,482
Balance at 31 March 2019	363,824	214,888	1,274,936	1,853,648

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29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument (continued):

Loans and notes receivable at amortised cost (continued):

	The Company
	2019
	Stage 1 $'000
Balance at 31 March 2018 (IAS 39)	-
Remeasurement on 1 April 2018 (IFRS 9)	102,112
Net re-measurement of loss allowance	165,533
Balance at 31 March 2019	267,645

Debt securities at amortised cost (see note 17):

	The Group			
	2019			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at 31 March 2018 (IAS 39)	49,144	-	313,724	362,868
Remeasurement on 1 April 2018 (IFRS 9)	49,109	-	-	49,109
Reclassification of allowance on initial application of IFRS 9	-	-	(123,279)	(123,279)
Recoveries	(148)	-	-	(148)
Financial assets derecognised during period	(11,383)	-	-	(11,383)
New financial assets originated or purchased	6,056	-	-	6,056
Net re-measurement of loss allowance	(2,189)	-	-	(2,189)
Balance at 31 March 2019	90,589	-	190,445	281,034

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29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Securities purchased under agreements to resell (see note 16):

	The Company
	2019
	Stage 1
	$'000
Balance at 31 March 2018 (IAS 39)	-
Remeasurement on 1 April 2018 (IFRS 9)	27,512
Net re-measurement of loss allowance	(25,987)
Balance at 31 March 2019	1,525

Debt securities at FVOCI:

	The Group			
	2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 31 March 2018 (IAS 39)	-	-	-	-
Remeasurement on 1 April 2018 (IFRS 9)	574,292	-	-	574,292
Transfer from Stage 1 to Stage 2	(415)	2,969	-	2,554
Financial asset derecognized	(172,672)	-	-	(172,672)
New financial assets originated or purchased	272,214	-	20,576	292,790
Foreign exchange and other movements	(68,875)	56	-	(68,819)
Balance at 31 March 2019	604,544	3,025	20,576	628,145

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet the 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 loan commitments.

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.

29. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

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.

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.

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:

	2019				
	The Group				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Customer deposits	25,543,862	36,321,671	2,928,492	64,794,025	63,947,279
Due to other banks	-	7,657	228,675	236,332	190,888
Securities sold under agreements to repurchase	118,522,104	41,900,303	5,214,515	165,636,922	163,907,891
Notes payable	24,500,096	2,031,981	10,624,617	37,156,694	37,036,156
Redeemable preference shares	181,979	1,637,810	21,279,233	23,099,022	16,348,615
Interest payable	1,602,491	-	-	1,602,491	1,602,491
Payables	4,046,375	-	-	4,046,375	4,046,375
	174,396,907	81,899,422	40,275,532	296,571,861	287,079,695

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29. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Liquidity risk management process (continued)

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 (continued):

	2018				
	The Group				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Customer deposits	24,589,936	14,799,725	13,634,622	53,024,283	52,165,066
Due to other banks	-	-	420,246	420,246	347,948
Securities sold under agreements to repurchase	106,142,637	39,306,844	14,797,609	160,247,090	158,167,289
Notes payable	4,074,686	138,859	24,281,509	28,495,054	27,561,706
Redeemable preference shares	356,848	2,475,677	23,499,570	26,332,095	17,843,757
Interest payable	1,385,823	-	-	1,385,823	1,385,823
Payables	3,178,736	-	-	3,178,736	3,178,736
	139,728,666	56,721,105	76,633,556	273,083,327	260,650,325

	2019				
	The Company				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Notes payable	123,174	1,389,764	7,408,581	8,921,519	8,277,541
Redeemable preference shares	181,979	1,637,810	20,648,129	22,467,918	16,348,615
Interest payable	182,802	-	-	182,802	182,802
Due to subsidiary	8,768,350	-	-	8,768,350	8,768,350
Payables	10,360	-	-	10,360	10,360
	9,266,665	3,027,574	28,056,710	40,350,949	33,587,668

	2018				
	The Company				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Redeemable preference shares	-	-	16,563,052	16,563,052	16,374,398
Interest payable	115,054	-	-	115,054	115,054
Due to subsidiary	7,586,011	-	-	7,586,011	7,586,011
Payables	22,713	-	-	22,713	22,713
	7,723,778	-	16,563,052	24,286,830	24,098,176

29. Financial Risk Management (Continued)

(d) Market risk

The Group assumes market risk, which is the risk of changes in market prices, such as interest rates, equity prices, foreign exchange rates and commodity prices that 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 optimizing return on risk.

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

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 will 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 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 Board Risk Committee. VaR is measured at least once daily. Daily reports of utilization of VaR limits are prepared by the Risk department and regular summaries submitted to the Board Risk Committee.

A summary of the VaR position of the Group's overall portfolio as at 31 March 2019 and during the year then ended is as follows:

	31 March	Average for Year	Maximum during Year	Minimum during Year
	$'000	$'000	$'000	$'000
2019 Overall VaR	6,373,322	4,493,718	11,654,683	1,589,781
2018 Overall VaR	3,938,439	2,522,346	8,192,010	755,688

29. Financial Risk Management (Continued)

(d) Market risk (continued)

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

(i) 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 were as follows:

	The Group	
	2019	**2018**
	$'000	**$'000**
United States dollars	6,669,933	9,104,949
Great Britain Pounds	67,066	33,369
Euros	(4,091)	83,677
Trinidad and Tobago dollars	10,656	329,202
Canadian dollars	586,858	319,777

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and Company 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			
	2019		**2018**	
	Change in Currency Rate	**Effect on Profit**	**Change in Currency Rate**	**Effect on Profit**
	%	**$'000**	**%**	**$'000**
Currency:		**$'000**		
USD	4	266,797	4	364,198
GBP	4	2,680	4	1,335
EUR	4	(164)	4	3,347
TT	4	426	4	13,168
CAD	4	23,474	4	12,791
		293,213		394,839

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29. 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 interest rate instruments expose the Group to fair value interest risk.

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

	2019					
	The Group					
	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	21,605,266	272,485	-	-	8,848,645	30,726,396
Interest receivable	-	-	-	-	3,733,190	3,733,190
Loans and notes receivable	14,585,952	16,614,061	2,560,888	32,874,895	1,311,472	67,947,268
Other receivables	-	-	-	-	5,314,152	5,314,152
Investment securities	30,361,689	8,208,913	6,548,609	157,849,810	3,003,338	205,972,359
Total financial assets	66,552,907	25,095,459	9,109,497	190,724,705	22,210,797	313,693,365
Financial Liabilities						
Customer deposits	45,004,036	3,624,937	13,730,326	1,587,980	-	63,947,279
Due to other financial institutions	-	-	7,478	183,410	-	190,888
Securities sold under agreements to repurchase	118,038,576	26,516,807	16,862,508	2,490,000	-	163,907,891
Notes payable	15,564,353	-	2,038,086	19,433,717	-	37,036,156
Redeemable preference shares	631,104	-	1,841,699	13,875,812	-	16,348,615
Interest payable	-	-	-	-	1,602,491	1,602,491
Other payables	-	-	-	-	4,046,375	4,046,375
Total financial liabilities	179,238,069	30,141,744	34,480,097	37,570,919	5,648,866	287,079,695
Total interest rate sensitivity gap	(112,685,162)	(5,046,285)	(25,370,600)	153,153,786	16,561,931	26,613,670
Cumulative interest rate sensitivity gap	(112,685,162)	(117,731,447)	(143,102,047)	10,051,739	26,613,670	

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29. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2018					
	The Group					
	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	27,837,273	-	-	-	-	27,837,273
Interest receivable	-	-	-	-	3,429,115	3,429,115
Loans and notes receivable	11,177,626	2,244,563	15,313,611	25,575,063	1,314,880	55,625,743
Other receivables	-	-	-	-	2,055,252	2,055,252
Securities purchased under agreements to resell	1,120,001	-	-	-	-	1,120,001
Investment securities	24,851,003	2,197,181	1,260,973	163,918,958	2,677,753	194,905,868
Total financial assets	64,985,903	4,441,744	16,574,584	189,494,021	9,477,000	284,973,252
Financial Liabilities						
Deposits	22,086,993	19,535,146	2,858,857	2,156,609	5,527,461	52,165,066
Due to other financial institutions	-	-	-	347,948	-	347,948
Securities sold under agreements to repurchase	105,588,901	19,621,040	23,355,461	9,601,887	-	158,167,289
Notes payable	3,982,716	-	-	23,578,990	-	27,561,706
Redeemable preference shares	623,624	1,469,359	-	15,750,774	-	17,843,757
Interest payable	-		-	-	1,385,823	1,385,823
Other payables	-	-	-	-	3,178,736	3,178,736
Total financial liabilities	132,282,234	40,625,545	26,214,318	51,436,208	10,092,020	260,650,325
Total interest rate sensitivity gap	(67,296,331)	(36,183,801)	(9,639,734)	138,057,813	(615,020)	24,322,927
Cumulative interest rate sensitivity gap	(67,296,331)	(103,480,132)	(113,119,866)	24,937,947	24,322,927	

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29. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2019 The Company					
	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	17,046	-	-	-	-	17,046
Interest receivable	-	-	-	-	218,538	218,538
Loans and notes receivable	-	-	1,471,855	20,676,929	-	22,148,784
Other receivables	-	-	-	-	224,275	224,275
Securities purchased under agreements to resell	941,084	-	-	-	-	941,084
Investment securities	648	-	-	-	18,908	19,556
Total financial assets	958,778	-	1,471,855	20,676,929	461,721	23,569,283
Financial Liabilities						
Notes payable	-	-	1,019,115	7,258,426	-	8,277,541
Redeemable preference shares	-	-	1,841,699	14,506,916	-	16,348,615
Interest payable	-	-	-	-	182,802	182,802
Other payables	-	-	-	-	10,360	10,360
Due to subsidiary	-	-	-	-	8,768,350	8,768,350
Total financial liabilities	-	-	2,860,814	21,765,342	8,961,512	33,587,668
Total interest rate sensitivity gap	958,778	-	(1,388,959)	(1,088,413)	(8,499,791)	(10,018,385)
Cumulative interest rate sensitivity gap	958,778	958,778	(430,181)	(1,518,594)	(10,018,385)	

	2018 The Company					
	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	1,090	-	-	-	-	1,090
Interest receivable	-	-	-	-	106,507	106,507
Loans and notes receivable	-	5,821,425	-	-	-	5,821,425
Other receivables	-	-	-	-	36,333	36,333
Securities purchased under agreements to resell	9,484,200	-	-	-	-	9,484,200
Investment securities	-	-	-	-	19,556	19,556
Total financial assets	9,485,290	5,821,425	-	-	162,396	15,469,111
Financial Liabilities						
Redeemable preference shares	-	1,469,359	-	14,905,039	-	16,374,398
Interest payable	-	-	-	-	115,054	115,054
Other payables	-	-	-	-	22,713	22,713
Due to subsidiary	-	-	-	-	7,586,011	7,586,011
Total financial liabilities	-	1,469,359	-	14,905,039	7,723,778	24,098,176
Total interest rate sensitivity gap	9,485,290	4,352,066	-	(14,905,039)	(7,561,382)	(8,629,065)
Cumulative interest rate sensitivity gap	9,485,290	13,837,356	13,837,356	(1,067,683)	(8,629,065)	

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29. 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 probably change in interest rates, with all other variables held constant, on the Group's interest income and gains recognised in other comprehensive income.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net profit, based on the floating rate financial assets and financial liabilities. The sensitivity of stockholders' equity is calculated by revaluing fixed and variable rate available-for-sale 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. Movements in these variables are non-linear and are assessed individually.

	The Group			
	2019		2018	
	Effect on Profit 2018 $'000	Effect on Equity 2018 $'000	Effect on Profit 2017 $'000	Effect on Equity 2017 $'000
Change in basis points				
JMD/USD				
-100 (2018: -100/-50)	289,413	6,820,940	(219,944)	6,422,395
+100 (2018:+100/+100)	257,814	(9,415,884)	223,326	(9,102,986)

(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 maximise 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. A 10% (2018: 15%) increase or decrease in quoted bid prices at the reporting date would result in an increase or decrease, respectively, in equity of $225,717,000 (2018: $140,345,000) for the Group.

(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.

29. Financial Risk Management (Continued)

(e) Operational risk (continued)

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; and
- requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of a contingency plan; and
- risk mitigation, including insurance where this is effective.

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 Company 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 entities within the Group operate;

(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.

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29. Financial Risk Management (Continued)

(f) Capital management (continued)

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), JMMB Insurance Brokers Limited (JMMBIB), JMMB Puesto de Bolsa, Banco Rio De Ahorro Y Credito JMMB Bank S.A (JMMBBR), JMMB Sociedad Administradora De Fondos De Inversion, S.A. (SAFI), JMMB Bank (Jamaica) Limited (JMMBBJL) JMMB Bank (T&T) Limited (JMMBBTT), JMMB Express Finance (T&T) Limited (JMMBETT), *formerly (Intercommercial Trust and Merchant Bank Limited* (ITMBL), JMMB Investment (Trinidad and Tobago) Limited (JMMBITT) and JMMB Securities (T&T) (JMMBSTT).

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 2019 and 31 March 2018.

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

	JMMB		JMMBSL		JMMBIB	
	2019 J$'000	2018 J$'000	2019 J$'000	2018 J$'000	2019 J$'000	2018 J$'000
Regulatory capital –						
Tier 1 capital	16,729,110	16,734,971	809,106	494,972	133,016	98,848
Tier 2 capital	11,273,855	5,194,825	-	29,337	-	-
Total regulatory capital	28,002,965	21,929,796	809,106	524,309	133,016	98,848
Risk-weighted assets –						
On-balance sheet	115,659,686	128,166,976	1,239,031	924,885	-	-
Foreign exchange exposure	2,982,335	6,401,175	247,219	492,425	-	-
Total risk-weighted assets	118,642,021	134,568,151	1,486,250	1,417,310	-	-
Actual regulatory capital to risk weighted assets	24%	16%	54%	37%	-	-
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	-	-

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29. Financial Risk Management (Continued)

(f) Capital management (continued)

	JMMBETT		JMMBBTT		JMMBBJL	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	TT$'000	**TT$'000**	**TT$'000**	**TT$'000**	**J$'000**	**J$'000**
Regulatory capital –						
Tier 1 capital	21,718	24,248	187,318	166,690	6,158,047	6,116,022
Tier 2 capital	4	170	92,743	95,261	332,398	263,671
Total regulatory capital	21,722	24,418	280,061	261,951	6,490,445	6,379,693
Total required capital	-	-	-	-	4,929,448	3,885,674
Risk-weighted assets –						
On balance sheet	34,962	13,177	1,405,724	1,150,663	42,658,102	33,570,522
Off balance sheet	-	-	-	-	5,671,853	4,121,195
Foreign exchange exposure	-	-	-	-	964,527	1,165,024
	34,962	13,177	1,405,724	1,150,663	49,294,482	38,856,741
Actual regulatory capital to risk weighted assets	62%	185%	20%	23%	13%	16%
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	10%	10%

	JMMBFM	
	2019	**2018**
	$'000	**$'000**
Tier 1 capital	780,577	527,597
Tier 2 capital	-	-
Actual regulatory capital	780,577	527,597
Required level of regulatory capital	104,742	104,742
Total risk-weighted assets	1,223,803	748,159
Tier one capital ratio to risk-weighted assets capital	64%	71%

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

(ii) The capital requirement for JMMB Puesto de Bolsa S.A. is RD$153 million.

(iii) The capital requirement of JMMB Investments (Trinidad and Tobago) Limited and JMMB Securities (T&T) Limited is to maintain a minimum capital base of TT15 million and TT6 million respectively.

29. Financial Risk Management (Continued)

(f) Capital management (continued)

(iv) The capital requirement for JMMB Sociedad Administradora De Fondos De Inversion, S.A. (SAFI) is to maintain a minimum capital base of RD$15 million or at least 1% of the ratio of total asset to funds under management (AUM/Capital).

(v) The capital requirement for AFP JMMB BDI S.A. is to maintain a minimum capital base of RD$10 million.

(vi) The capital requirement for Banco Rio De Ahorro Y Credito JMMB Bank S.A is to maintain a minimum capital to risk weighted asset (CAR) in excess of 10%. The company's CAR at 31 March was 23.2%.

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

30. 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.

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

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

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

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

There were no transfers between levels during the year.

30. 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, accounts payable, repurchase agreements, Bank of Jamaica certificates of deposit	Considered to approximate their carrying values, due to their short-term nature.
Quoted securities	Bid prices quoted by the relevant stock exchanges.
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 yield curve.
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 rates.

(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, and those carrying amounts are a reasonable approximation of fair value, fair value information (including amounts, and levels in the fair value hierarchy) are not disclosed.

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30. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2019						
	Carrying amount				Fair value		
	Amortised Cost $'000	At fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value							
Government of Jamaica securities	-	98,693,970	-	98,693,970	-	98,693,970	98,693,970
Certificates of deposit	-	10,830,000	-	10,830,000	-	10,830,000	10,830,000
Government of Jamaica guaranteed	-	299,493	-	299,493	-	299,493	299,493
Corporate bonds	-	37,808,278	1,235,863	39,044,141	-	39,044,141	39,044,141
Foreign Government Securities	-	43,302,644	494	43,303,138	-	43,303,138	43,303,138
Ordinary shares quoted	-	1,229,794	1,107,947	2,337,741	2,337,741	-	2,337,741
Units in unit trusts	-	-	622,969	622,969	-	622,969	622,969
Money market funds	-	-	178,944	178,944	-	178,944	178,944
Other	-	22,465	-	22,465	-	22,465	22,465
	-	**192,186,644**	**3,146,217**	**195,332,861**	**2,337,741**	**192,995,120**	**195,332,861**
Financial assets not measured at fair value							
Certificate of deposits	258,927	-	-	258,927	-	258,927	258,927
Government of Jamaica Securities	7,939,660	-	-	7,939,660	-	7,488,312	7,488,312
Sovereign bonds	250,207	-	-	250,207	-	96,683	96,683
Government of Jamaica guaranteed	2,471,738	-	-	2,471,738	-	2,612,571	2,612,571
	10,920,532	**-**	**-**	**10,920,532**	-	**10,456,493**	**10,456,493**

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

30. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

The Group

	2018							
	Carrying amount					Fair value		
	Loans and receivables $'000	Available-for-sale $'000	At fair value through profit or loss $'000	Held to maturity $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value								
Government of Jamaica securities	-	101,977,287	-	-	101,977,287	-	101,977,287	101,977,287
Certificates of deposit	-	9,030,982	-	-	9,030,982	-	9,030,982	9,030,982
Government of Jamaica guaranteed	-	3,174,475	-	-	3,174,475	-	3,174,475	3,174,475
Corporate bonds	-	26,436,188	721,494	-	27,157,682	-	27,157,682	27,157,682
Foreign Government Securities	-	36,213,318	615,629	-	36,828,947	-	36,828,947	36,828,947
Ordinary shares quoted	-	1,036,332	231,145	-	1,267,477	1,267,477	-	1,267,477
Units in unit trusts	-	286,429	-	-	286,429	-	286,429	286,429
Money market funds	-	944,003	-	-	944,003	-	944,003	944,003
Other	-	38,435	-	-	38,435	-	38,435	38,435
	-	**179,137,449**	**1,568,268**	**-**	**180,705,717**	**1,267,477**	**179,438,240**	**180,705,717**
Financial assets not measured at fair value								
Certificate of deposits	648	-	-	-	648	-	648	648
Government of Jamaica Securities	11,062,317	-	-	-	11,062,317	-	12,458,448	12,458,448
Sovereign bonds	239,312	-	-	368,732	608,044	-	441,618	441,618
Government of Jamaica guaranteed	2,746,513	-	-	-	2,746,513	-	2,953,792	2,953,792
Other	145,497	-	-	-	145,497	-	145,497	145,497
	14,194,287	**-**	**-**	**368,732**	**14,563,019**	**-**	**16,000,003**	**16,000,003**

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

30. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Company	
	2019	
	Carrying amount	Fair value
	At fair value through other comprehensive income $'000	Level 2 $'000
Financial assets measured at fair value		
Other	18,908	18,908

	The Company	
	2018	
	Carrying amount	Fair value
	Available -for-sale $'000	Level 2 $'000
Financial assets measured at fair value		
Other	18,908	18,908

31. Post-employment Benefits

Pensions are the only post-employment benefits to which the Group is committed. To better secure the payment of promised benefits, a subsidiary company 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 2014 by ACTMAN International Limited, independent actuaries. The valuation report 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 Trinidadian subsidiaries operate a two-tiered defined contribution plan, which is in compliance with the provisions of the Income Tax Act of Trinidad & Tobago section 134(6). Under the terms of employment, the entities are obligated to contribute on behalf of all eligible employees an amount of 10% of the employees' pensionable salary directly to the plan. In addition, all eligible employees contribute an amount of 5% of their pensionable salary to individual annuities.

31. Post-employment Benefits (Continued)

Eligible employees of the Dominican Republic subsidiaries contribute an amount of 2.87% of their pensionable salaries to various authorised pension plans. Employers contribute a corresponding 7.10%.

The contributions for the year amounted to $228,492,000 (2018: $198,856,000) for the Group.

32. Managed Funds

The Group acts as agent and earns fees for managing clients' and investment funds on a non-recourse basis under management agreements. This includes some of the assets of the Group's pension fund (note 31). 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 have been excluded from these financial statements.

At 31 March 2019, funds managed in this way by the Group amounted to $132,635,677,000 (2018:$ 118,466,786,000) which includes assets of the Group's pension fund (note 31), amounting to $3,702,138,000 (2018: $3,012,250,000). The Group's financial statements include the following assets/(liabilities) relating to the funds:

	The Group	
	2019	**2018**
	$'000	**$'000**
Investments	116,358	906,300
Interest payable	(10,696)	(3,268)
Securities sold under agreements to repurchase	(42,022,844)	(23,699,815)
Customer deposits	(3,166,390)	(3,058,961)

33. Commitments

(i) Endowment Fund

The JMMB Group and the JMMB Joan Duncan Foundation established an endowment Fund ("the Fund") of US$1 million which will be administered by the University of the West Indies and Mona School of Business and Management. The main purpose of the Fund is to provide scholarships, bursaries, student training and development, academic staff development and case writing. Disbursements to the Fund are being made over a period of six years.

(ii) Operating Leases

The Group has entered into several lease agreements for rental of offices. The amount charged to profit or loss during the year is $370,920,000 (2018: $348,581,000).

As at 31 March 2019, the Group is committed to make future lease payments as follows:

	The Group	
	2019	**2018**
	$'000	**$'000**
Less than one year	209,921	367,073
Between one and five years	353,934	1,076,656
More than five years	1,886,383	264,132
	2,450,238	**1,707,861**

34. Significant Accounting Policies

Except for the changes explained in note 4, the Group has consistently applied the following accounting policies to all periods presented in these financial statements.

(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.

Subsidiaries are all entities over which the Company has the power 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.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

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

(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 fair value through other comprehensive income (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

Policy applicable from 1 April 2018

From 1 April 2018, 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.

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial assets (continued)

Policy applicable from 1 April 2018 (continued)

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.

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

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at note 34 (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: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial assets (continued)

Policy applicable from 1 April 2018 (continued)

(a) Debt instruments (continued)

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 personnel;
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.

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, 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. Such changes are expected to be very infrequent and none occurred during the period.

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial assets (continued)

Policy applicable from 1 April 2018 (continued)

(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, 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 FVPL are included in the 'Net trading income' line in the statement of profit or loss.

Policy applicable under IAS 39 before 1 April 2018

Management determines the appropriate classification of investments at the time of purchase, taking account of the purpose for which the investments were purchased. The Group classifies non-derivative financial assets into the following categories:

Loans and receivables: This comprises securities acquired, loans granted with fixed or determinable payments and which are not quoted in an active market.

Held-to-maturity: This comprises securities with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity.

Fair value through profit or loss: This comprises securities that the Group acquires for the purpose of selling or repurchasing in the near term, or that it holds as part of a portfolio that is managed together for short-term profit or position taking, or that it designates as such at the time of acquisition.

Available-for-sale: The Group's financial instruments included in this classification are securities with prices quoted in an active market or for which the fair values are otherwise determinable, and which are designated as such upon acquisition or not classified in any of the other categories.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial liabilities

In both the current and prior period, 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;
- 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 [see note 34(b)(v)].

(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.

From 1 April 2018, any cumulative gains or losses recognised in OCI in respect of equity investment securities designated as at FVOCI are 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.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

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

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. 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

Policy applicable from 1 April 2018

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.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(iv) Modifications (continued)

Policy applicable from 1 April 2018 (continued)

Financial assets (continued)

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.

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.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(iv) Modifications (continued)

Policy applicable before 1 April 2018

Financial assets:

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset 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 (iii)) and a new financial asset is recognised at fair value.

If the terms of a financial asset are modified because of financial difficulties of the borrower and the asset is not derecognised, then impairment of the asset is measured using the pre- modification interest rate.

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 recognised at fair value. The difference between the carrying amount of the financial liability extinguished and consideration paid 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 was not accounted for as derecognition, then any costs and fees incurred were 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

Policy applicable from 1 April 2018

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.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

For debt securities measured at FVOCI, gains and losses are recognised in 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 debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

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, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Policy applicable before 1 April 2018

Investment securities were initially measured at fair value plus, in the case of investment securities not at FVTPL, incremental direct transaction costs, and subsequently accounted for depending on their classification as either loans and receivable, held-to-maturity, FVTPL or available-for-sale.

Loans and receivables: On initial recognition these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Where securities classified as loans and receivables become quoted in an active market, such securities will not be reclassified as available-for-sale securities. An active market is one where quoted prices are readily and regularly available from an exchange, dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Held-to-maturity: On initial recognition these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Any sale or reclassification of a significant amount of held-to-maturity investments that are not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the financial year in which the sale or reclassification occurs and the following two financial years.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

Policy applicable before 1 April 2018 (continued)

Financial assets at fair value through profit or loss: On initial recognition these are measured at fair value, with directly attributable transaction costs recognised in profit or loss as incurred. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein, as well as any interest or dividend income, are recognised in profit or loss.

Available-for-sale: On initial recognition, these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, with unrealised gains and losses arising from changes in fair value treated as follows:

- Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

- When securities classified as available-for-sale are sold or impaired, and therefore derecognised, the fair value adjustments accumulated in other comprehensive income are reclassified to profit or loss.

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 amortised 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 measured 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. 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.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued);

Specific financial instruments (continued)

Resale and repurchase agreements (continued)

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.

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.

Details of the policy for loss allowance from 1 April 2018 is at note 34(b)(vii).

Policy for loan loss allowance before 1 April 2018

An allowance for credit losses is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due will not be collected according to the original contractual terms.

When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific allowances for credit losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

For non-performing and impaired loans, the accrual of interest income based on the original terms of the loan is discontinued. Jamaican banking regulations require that interest on non-performing loans be taken into account on the cash basis. IFRS require that interest income on non-performing loans be accrued, to the extent collectible, and that the increase in the present value of impaired loans due to the passage of time be reported as interest income. The difference between the Jamaican regulatory basis and IFRS was assessed to be immaterial.

Write-offs are made when all or part of a loan is deemed uncollectible or is forgiven. Write-offs are charged against previously established provisions for credit losses and reduce the principal amount of a loan.

Recoveries in part or in full of amounts previously written-off are credited to provision for credit losses in arriving at profit or loss for the year.

Policy applicable to 2018 and 2019

Statutory and other regulatory loan loss reserve requirements that exceed the amounts required under IFRS are dealt with in a non-distributable loan loss reserve as an appropriation of retained earnings.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

Specific financial instruments (continued)

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.

Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

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

- The amount of the loss allowance [calculated as described in note 34(b)(vii)]; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rates, or that can be settled net in cash or by delivering or issuing another financial instrument.

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

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(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

Policy applicable from 1 April 2018

Since 1 April 2018, the Group recognises loss allowances for expected credit losses (ECL) on debt instruments measured at fair value through other comprehensive income and at amortised cost.

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'.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Policy applicable from 1 April 2018 (continued)

Measurement of ECL

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;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn and the cash flows that the Group expects to receive; and
- 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.

- 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 cost 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.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Policy applicable from 1 April 2018 (continued)

Credit-impaired financial assets (continued)

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;
- it is becoming probable 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 even when the regulatory definition of default is different.

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.
- 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.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Policy applicable from 1 April 2018 (continued)

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 or a portion thereof. 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.

Policy applicable before 1 April 2018

The carrying amounts of the Group's financial 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 exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified to profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

The recoverable amount of the Group's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

An impairment loss in respect of a receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss, but through other comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

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.

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34. 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%

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 and the expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over 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.

(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.

34. Significant Accounting Policies (Continued)

(d) Intangible assets (continued)

(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 historical 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 retention period with the Group, which ranges from 8 to 15 years.

(iv) Licences

These assets represent the value of JMMB Securities Limited's seat on the Jamaica Stock Exchange and the banking licence and securities licence acquired for JMMB Bank (T&T) Limited and JMMB Securities (T&T) Limited, which have indefinite useful lives. These assets are 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) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the entities in the Group 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 and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for 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 for trading securities), or within other comprehensive income if non-monetary financial assets are classified as available-for-sale. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, 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.

34. Significant Accounting Policies (Continued)

(e) Foreign currency translation (continued)

(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.

(f) 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.

(g) 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 also 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 company. 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.

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34. Significant Accounting Policies (Continued)

(h) 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.

(i) Revenue recognition

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

(i) Interest income

Policy applicable from 1 April 2018

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 cash 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 (or impairment allowance before 1 April 2018).

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

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34. Significant Accounting Policies (Continued)

(i) Revenue recognition (continued)

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

(i) Interest income (continued)

Policy applicable from 1 April 2018 (continued)

The effective interest rate of a financial asset is calculated on initial recognition. 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) and is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

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

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.

Policy applicable under IAS 39 before 1 April 2018

Interest income is recorded on the accrual basis. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-earning instrument and its amount at maturity calculated on the effective interest basis. When financial assets become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount, which is the original effective interest rate of the instrument calculated at the acquisition or origination date.

(ii) Fees and commissions

Policy applicable from 1 April 2018

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. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

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34. Significant Accounting Policies (Continued)

(i) Revenue recognition (continued)

(ii) Fees and commissions (continued)

Policy applicable from 1 April 2018 (continued)

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 recognition policies are as follows:

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms.	Revenue recognition under IFRS 15 (applicable from 1 April 2018).
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 at the point in time when 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.

Policy applicable before 1 April 2018

Fee and commission income are recognised on the accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognised over the period in which the service is provided. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

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34. Significant Accounting Policies (Continued)

(i) Revenue recognition (continued)

Policy applicable before 1 April 2018

(iii) Dividends

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

(j) 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 31). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged as expense when due.

(k) Operating leases

Payments made under operating leases are recognised in profit or loss on the straight line basis over the terms of the leases.

(l) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. 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 Board of Directors.

(m) Interest expense

Policy applicable from 1 April 2018

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.

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34. Significant Accounting Policies (Continued)

(m) Interest expense (continued)

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.

Policy applicable from 1 April 2018 (continued)

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

Policy applicable before 1 April 2018

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability.

(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 are not yet effective

Certain new and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to the Group's operations and has determined that the following are likely to have an effect on the financial statements.

(i) IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessees will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

The Group is assessing the impact that the standard will have on its 2020 financial statements.

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34. Significant Accounting Policies (Continued)

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

(ii) IFRIC 23, *Uncertainty Over Income Tax Treatments*, is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

An entity has to consider whether it is probable that the relevant tax authority would accept the tax treatment, or group of tax treatments, that is adopted in its income tax filing.

If the entity concludes that it is probable that the tax authority will accept a particular tax treatment in the tax return, the entity will determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings and record the same amount in the financial statements. The entity will disclose uncertainty.

If facts and circumstances change, the entity is required to reassess the judgements and estimates applied.

IFRIC 23 reinforces the need to comply with existing disclosure requirements regarding

- judgements made in the process of applying accounting policy to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- assumptions and other estimates used; and
- potential impact of uncertainties that are not reflected in the financial statements.

The Group is assessing the impact that the interpretation will have on its 2020 financial statements.

(iii) Amendments to IFRS 9, *Financial Instruments*, effective retrospectively for annual periods beginning on or after January 1, 2019 clarifies the treatment of:

(i) Prepayment features with negative compensation:

Financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

(ii) Modifications to financial liabilities:

If the initial application of IFRS 9 results in a change in accounting policy arising from modified or exchanged fixed rate financial liabilities, retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified, but not substantially. These are recognised as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The Group is assessing the impact that these amendments will have on its 2020 financial statements.

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34. Significant Accounting Policies (Continued)

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

(iv) Annual Improvements to IFRS Standards 2015-2017 cycle contain amendments to IFRS 3, *Business Combinations,* IFRS 11*, Joint Arrangements*, IAS 12, *Income Taxes* and IAS 23*, Borrowing Costs*, are effective for annual periods beginning on or after January 1, 2019.

(i) The amendments to IFRS 3 and IFRS 11 clarifies how an increased interest in a joint operation should be accounted for. If a party maintains or obtains joint control, then the previously held interest is not remeasured. But, if a party obtains control, this is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.

(ii) IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently (either in profit or loss, OCI or equity) with the transactions that generated the distributable profits.

(iii) IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes borrowings that specifically finance qualifying assets that are still under development or construction. The change will apply to borrowing costs incurred on or after the date of initial adoption of the amendment.

The Group is assessing the impact that the amendments will have on its 2020 financial statements.

(v) Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New ‘bundle of rights’ approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognize an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The Group is assessing the impact that the amendments will have on its 2021 financial statements.

(vi) Amendments to IFRS 3, *Business Combinations,* applicable to businesses acquired in annual reporting periods beginning on or after January 1, 2020, provides more guidance on the definition of a business. The amendments include:

(i) An election to use a concentration test by way of an assessment that results in an asset acquisition, if substantially all of the fair value of the gross asset is concentrated in single identifiable asset or a group of similar identifiable assets.

(ii) Otherwise, the assessment focuses on the existence of a substantive process. A business consists of inputs and processes applied to those inputs to create outputs.

The Group is assessing the impact that the amendments will have on its 2021 financial statements.

34. Significant Accounting Policies (Continued)

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

(vii) Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

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

35. Subsequent Event

JMMB Group Limited (JMMBGL) has committed to investing a minimum of US$200 million in Alignvest Acquisition ll Corporation (AQY), which is a publicly-traded Special Purpose Acquisition Corporation, listed on the Toronto Stock Exchange. AQY is currently set to acquire 100% of the ordinary shares of Sagicor Financial Corporation (SFC). Upon the completion of AQY's acquisition of SFC, AQY and SFC will then collapse into a new single entity (New Sagicor). Following the completion of the investment transaction, JMMBGL will own no less than 20% of the shareholdings of New Sagicor. SFC is a leading financial services provider in the Eastern Caribbean, Trinidad and Tobago, and Jamaica; with growing presence as a provider of life insurance products in the United States.

The New Sagicor will become an associated company of JMMB Group Limited and, as part of the agreement; JMMBGL will have the right to nominate two eligible and qualified directors to serve on the board of directors of New Sagicor. The transaction is subject to regulatory approval.