

JAMAICA MONEY MARKET BROKERS LIMITED

FINANCIAL STATEMENTS

MARCH 31 2023

# Jamaica Money Market Brokers Limited

Index

31 March 2023

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## Page

### Independent Auditors' Report to the Members

1 – 8

### Financial Statements

Consolidated profit and loss account	9
Consolidated statement of profit or loss and other comprehensive income	10
Consolidated statement of financial position	11
Consolidated statement of changes in stockholders' equity	12
Consolidated statement of cash flows	13 – 14
Company profit and loss account	15
Company statement of profit or loss and other comprehensive income	16
Company statement of financial position	17
Company statement of changes in stockholders' equity	18
Company statement of cash flows	19 – 20
Notes to the financial statements	21– 121



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## INDEPENDENT AUDITORS' REPORT

To the Members of  
JAMAICA MONEY MARKET BROKERS LIMITED

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the separate financial statements of Jamaica Money Market Brokers Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 9 to 121, which comprise the Group's and Company's statements of financial position as at 31 March 2023, the Group's and Company's profit or 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 2023, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and the Jamaican Companies Act.

#### *Basis for Opinion*

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
JAMAICA MONEY MARKET BROKERS LIMITED

**Report on the Audit of the Financial Statements (Continued)**

*Key Audit Matters*

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

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

<i>Key Audit Matter [see note 26(b)]</i>	<i>How the matter was addressed in our audit</i>
<p>The Group and Company recognise expected credit losses ('ECL') on financial assets, the determination of which is highly subjective and requires the Group to make significant judgement and assumptions.</p> <p>The key areas that required greater management judgement included the determination of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information.</p>	<p>Our procedures, in the main, in this area included the following:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of the models used by the Group for the calculation of expected credit losses on financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI).</li><li>• Testing the design and implementation of controls over the determination of expected credit losses.</li><li>• Testing the design of key controls over the completeness and accuracy of data inputs into the IFRS 9 impairment models.</li><li>• Testing the completeness and accuracy of data used in the models to the underlying accounting records, on a sample basis. Involving our financial risk modelling specialists to assist us in evaluating the appropriateness of the Group's and Company's impairment methodologies, including the SICR criteria used and independently assessing the assumptions for probabilities of default, loss given default and exposure at default and the incorporation of forward-looking information.</li></ul>



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
JAMAICA MONEY MARKET BROKERS LIMITED

**Report on the Audit of the Financial Statements (Continued)**

*Key Audit Matters (Continued)*

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

<i>Key Audit Matter [see note 26(b)]</i>	<i>How the matter was addressed in our audit</i>
<p>The Group and Company recognise expected credit losses ('ECL') on financial assets, the determination of which is highly subjective and requires the Group to make significant judgement and assumptions.</p> <p>The key areas that required greater management judgement included the determination of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information.</p>	<p>Our procedures, in the main, in this area included the following:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of the models used by the Group for the calculation of expected credit losses on financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI).</li><li>• Testing the design and implementation of controls over the determination of expected credit losses.</li><li>• Testing the design of key controls over the completeness and accuracy of data inputs into the IFRS 9 impairment models.</li><li>• Testing the completeness and accuracy of data used in the models to the underlying accounting records, on a sample basis.</li><li>• Involving our financial risk modelling specialists to assist us in evaluating the appropriateness of the Group's and Company's impairment methodologies, including the SICR criteria used and independently assessing the assumptions for probabilities of default, loss given default and exposure at default and the incorporation of forward-looking information.</li></ul>



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
JAMAICA MONEY MARKET BROKERS LIMITED

**Report on the Audit of the Financial Statements (Continued)**

*Key Audit Matters (Continued)*

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

<i>Key Audit Matter [see note 26(b)]</i>	<i>How the matter was addressed in our audit</i>
Significant management judgement and assumptions are also used in determining the appropriate variables and assumptions in an appropriate model used in the measurement of the expected credit losses.  The use of these judgements and assumptions increases the risk of material misstatement and is therefore an area of increased audit focus.	Our procedures, in the main, in this area included the following (continued): <ul style="list-style-type: none"><li>Evaluating the adequacy of the financial statement disclosures, including disclosures of the key assumptions and judgements, for compliance with IFRS 9 [note 26(b)].</li></ul>

*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.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
JAMAICA MONEY MARKET BROKERS LIMITED

**Report on the Audit of the Financial Statements (Continued)**

*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 Standards 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.

*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.



Page 6

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
JAMAICA MONEY MARKET BROKERS LIMITED

**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 Wilbert Spence.

A handwritten signature in blue ink, appearing to read 'W Spence', is written over a faint, light blue rectangular stamp.

Chartered Accountants  
Kingston, Jamaica

July 10, 2023





## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
JAMAICA MONEY MARKET BROKERS LIMITED

### **Appendix to the Independent Auditors' report**

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

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

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
JAMAICA MONEY MARKET BROKERS LIMITED

**Appendix to the Independent Auditors' report (Continued)**

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

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

# Jamaica Money Market Brokers Limited

## Consolidated Profit or Loss Account

Year ended 31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2023 \$'000	2022 \$'000
<b>Net Interest Income and Other Revenue</b>			
Interest income from securities, calculated using the effective interest method	4	13,861,279	10,411,646
Interest expense	4	(12,725,378)	( 8,393,950)
<b>Net Interest Income</b>		<b>1,135,901</b>	<b>2,017,696</b>
Fee and commission income		1,457,635	1,208,801
Gains on securities trading, net		1,332,498	1,772,336
Net gain from financial assets at fair value through profit or loss (FVTPL)		( 455,952)	137,398
Fees earned on managing funds on behalf of clients		1,434,526	1,380,391
Fair value gains on investment property		545,277	-
Foreign exchange margins from cambio trading		468,839	542,326
Foreign exchange (losses)/gains		( 241,120)	781,776
<b>Operating Revenue Net of Interest Expense</b>		<b>5,677,604</b>	<b>7,840,724</b>
<b>Other Income</b>			
Dividends		164,358	127,556
Management fees		743,348	760,679
Other		20,720	12,725
Gain on disposal of property, plant and equipment		1,557	5,241
		<b>6,607,587</b>	<b>8,746,925</b>
<b>Operating Expenses</b>			
Staff costs	5	( 4,300,921)	( 4,923,509)
Other expenses	6	( 3,696,708)	( 3,256,667)
		<b>( 7,997,629)</b>	<b>( 8,180,176)</b>
		<b>( 1,390,042)</b>	<b>566,749</b>
Impairment loss on financial assets	7	( 161,647)	( 185,646)
<b>(Loss)/Profit before Taxation</b>		<b>( 1,551,689)</b>	<b>381,103</b>
Taxation credit	8	2,787,313	1,222,783
<b>Profit for the Year</b>		<b>1,235,624</b>	<b>1,603,886</b>
<b>Basic and diluted earnings per stock unit</b>	20	<b>\$ 0.71</b>	<b>\$ 0.98</b>

The notes on pages 21 to 121 are an integral part of these financial statements

# Jamaica Money Market Brokers Limited

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

**Year ended 31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Profit for the Year	<b>1,235,624</b>	1,603,886
Other Comprehensive Loss		
Item that will not be reclassified to profit or loss:		
Unrealised (losses)/gains on equity securities at fair value through other comprehensive income (FVOCI)	( 112,122)	33,870
Items that are or may be reclassified to profit or loss:		
Realised gains on investment securities at FVOCI reclassified to profit or loss	( 675,592)	( 833,605)
Unrealised losses on investment securities at FVOCI, net of tax	(2,115,338)	( 4,183,165)
	<u>(2,903,052)</u>	<u>( 4,982,900)</u>
Total Comprehensive Loss for the Year, net of tax	<b><u>(1,667,428)</u></b>	<b><u>( 3,379,014)</u></b>

# Jamaica Money Market Brokers Limited

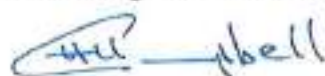
## Consolidated Statement of Financial Position

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

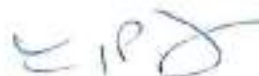
	Notes	2023 \$'000	2022 \$'000
<b>ASSETS</b>			
Cash and cash equivalents	9	14,961,819	15,154,402
Interest receivable		3,221,257	2,138,112
Income tax recoverable		155,340	280,106
Loans and notes receivable	10	18,031,963	27,699,102
Other receivables	11	9,291,907	5,939,225
Due from parent company	25	895,206	4,064,393
Resale agreements	12	88,244,460	87,934,524
Investment securities	13	155,698,537	139,180,712
Investment property	15	-	1,227,476
Intangible assets	16	2,921,586	2,173,728
Property, plant and equipment	17	1,992,611	2,690,740
Deferred tax assets	18	12,874,788	7,881,151
Right-of-use assets	24	93,461	125,436
		<u>308,382,935</u>	<u>296,489,107</u>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	19	8,564,054	4,564,054
Investment revaluation reserve	21(a)	( 5,747,218)	( 2,844,166)
Retained earnings reserve	21(b)	9,605,055	9,605,055
Retained earnings		11,983,765	13,458,013
		<u>24,405,656</u>	<u>24,782,956</u>
<b>LIABILITIES</b>			
Repurchase agreements	22	240,646,859	233,172,167
Notes payable	23	22,862,568	12,110,590
Lease liabilities	24	112,051	148,644
Redeemable preference shares	19	14,622,431	20,863,423
Deferred tax liabilities	18	17,398	15,813
Interest payable		2,900,969	1,771,126
Income tax payable		610,431	552,427
Other payables		2,204,572	3,051,961
		<u>283,977,279</u>	<u>271,706,151</u>
		<u>308,382,935</u>	<u>296,489,107</u>

The financial statements on pages 9 to 121 were approved for issue by the Board of Directors on 10 July 2023 and signed on its behalf by:



Archibald Campbell

Chairman



Keith P. Duncan

Group Chief Executive Officer

# Jamaica Money Market Brokers Limited

## Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	Share Capital \$'000	Retained Earnings Reserve \$'000	Investment Revaluation Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>Balances at 31 March 2021</b>		<b>1,864,054</b>	<b>9,605,055</b>	<b>2,138,734</b>	<b>11,854,127</b>	<b>25,461,970</b>
Profit for the year		-	-	-	1,603,886	1,603,886
Other comprehensive loss for 2022:						
Net losses on investment securities at FVOCI, net of tax, being total other comprehensive loss		-	-	(4,982,900)	-	( 4,982,900)
Total comprehensive (loss)/income		-	-	(4,982,900)	1,603,886	( 3,379,014)
Transactions with owners of the Company:						
Issue of ordinary share capital	19	2,700,000	-	-	-	2,700,000
<b>Balances at 31 March 2022</b>		<b>4,564,054</b>	<b>9,605,055</b>	<b>(2,844,166)</b>	<b>13,458,013</b>	<b>24,782,956</b>
Profit for the year		-	-	-	1,235,624	1,235,624
Other comprehensive income for 2022						
Net losses on investment securities at FVOCI, net of tax, being total other comprehensive income		-	-	(2,903,052)	-	( 2,903,052)
Total comprehensive (loss)/income		-	-	(2,903,052)	1,235,624	( 1,667,428)
Effect of group re-organisation	1(c)	-	-	-	( 1,209,872)	( 1,209,872)
Transactions with owners of the Company:						
Issue of ordinary share capital	19	4,000,000	-	-	-	4,000,000
Dividend	19	-	-	-	( 1,500,000)	( 1,500,000)
<b>Balances at 31 March 2023</b>		<b>8,564,054</b>	<b>9,605,055</b>	<b>(5,747,218)</b>	<b>11,983,765</b>	<b>24,405,656</b>

The notes on pages 21 to 121 are an integral part of these financial statements

# Jamaica Money Market Brokers Limited

## Consolidated Statement of Cash Flows

Year ended 31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2023 \$'000	2022 \$'000
<b>Cash Flows from Operating Activities</b>			
Profit for the year		1,235,624	1,603,886
Adjustments for:			
Dividend income		( 164,358)	( 127,556)
Interest income	4	(13,861,279)	(10,411,646)
Interest expense	4	12,725,378	8,393,950
Impairment loss on financial assets	7	161,647	185,646
Income tax credit	8	( 2,787,313)	( 1,222,783)
Gain on sale of property, plant and equipment		( 1,557)	( 5,241)
Amortisation of intangible assets	16	133,897	124,808
Depreciation of property, plant and equipment	17	259,260	223,672
Depreciation of right-of-use-assets	24	31,975	34,406
Fair value gains on investment property	15	( 545,277)	( 74,803)
Net gain from financial assets at FVTPL		( 455,952)	( 137,398)
Foreign currency translation (gains)/losses		( 233,971)	153,298
		<u>( 3,501,926)</u>	<u>( 1,259,761)</u>
Changes in operating assets and liabilities:			
Income tax recoverable		123,851	72,961
Loans and notes receivable		8,974,797	(13,801,131)
Other receivables		( 3,382,151)	( 3,805,580)
Due from parent company		3,808,034	9,719,531
Other payables		( 790,597)	1,012,745
Resale agreements		( 310,316)	(42,843,262)
Repurchase agreements		7,474,692	54,310,133
		<u>12,396,384</u>	<u>3,405,636</u>
Interest received		12,777,439	10,136,430
Interest paid		(11,595,535)	( 7,684,063)
Taxation paid		( 695,373)	( 2,343,024)
<b>Net cash provided by operating activities (Page 14)</b>		<u><b>12,882,915</b></u>	<u><b>3,514,979</b></u>

The notes on pages 21 to 121 are an integral part of these financial statements

# Jamaica Money Market Brokers Limited

## Consolidated Statement of Cash Flows (Continued)

Year ended 31 March 2023

expressed in Jamaican dollars unless otherwise indicated)

	Notes	2023 \$'000	2022 \$'000
<b>Net cash provided by operating activities (Page 13)</b>		<b>12,882,915</b>	<b>3,514,979</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of investment securities		(131,150,476)	(139,513,598)*
Proceeds from sale of investment securities		110,635,420	137,171,894*
Dividends received		164,358	127,556
Additions to investment properties	15	( 440,478)	( 453,741)
Purchase of computer software	16	( 881,755)	( 617,221)
Purchase of property, plant and equipment	17	( 552,551)	( 276,683)
Proceeds from disposal of property, plant and equipment		1,601	8,158
<b>Net cash used in investing activities</b>		<b>( 22,223,893)</b>	<b>( 3,553,635)</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of notes payable	23	( 9,148,857)	( 7,938,373)*
Proceeds from notes payable	23	19,955,466	-
Proceeds from redeemable preference shares		-	6,766,607
Lease liabilities	24	( 36,593)	( 43,880)
Proceeds from Issue of ordinary stock units	19	-	700,000*
Dividends paid	19	( 1,500,000)	-
<b>Net cash provided by/(used in) financing activities</b>		<b>9,271,016</b>	<b>( 515,646)</b>
Effect of exchange rate changes on cash and cash equivalents		( 82,652)	79,222
Effect of re-organisation on cash and cash equivalents		( 39,989)	-
Net decrease in cash and cash equivalents		( 192,583)	( 475,080)
Cash and cash equivalents at beginning of year		15,154,402	15,629,482
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	9	<b>14,961,819</b>	<b>15,154,402</b>

\*Restated, see note 31

The notes on pages 21 to 121 are an integral part of these financial statements



# Jamaica Money Market Brokers Limited

## Company Profit or Loss Account

Year ended 31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2023 \$'000	2022 \$'000
<b>Net Interest Income and Other Revenue</b>			
Interest income from securities, calculated using the effective interest method	4	13,824,207	10,392,988
Interest expense	4	(12,745,122)	( 8,407,544)
<b>Net Interest Income</b>		<b>1,079,085</b>	<b>1,985,444</b>
Fee and commission income		181,180	229,854
Gains on securities trading		1,239,191	1,542,405
Net (loss)/gain from financial assets at fair value through profit and loss (FVTPL)		( 233,727)	65,083
Fees earned on managing funds on behalf of clients		55,442	60,870
Foreign exchange (losses)/gains		( 202,551)	663,269
<b>Operating Revenue Net of Interest Expense</b>		<b>2,118,620</b>	<b>4,546,925</b>
<b>Other Income</b>			
Dividends		1,613,666	1,442,966
Management fees		1,038,348	1,024,435
Other		20,720	12,724
Gain on disposal of property, plant and equipment		1,557	5,241
		<b>4,792,911</b>	<b>7,032,291</b>
<b>Operating Expenses</b>			
Staff costs	5	( 3,765,378)	( 4,344,329)
Other expenses	6	( 3,362,019)	( 2,812,713)
		<b>( 7,127,397)</b>	<b>( 7,157,042)</b>
		<b>( 2,334,486)</b>	<b>( 124,751)</b>
Impairment loss on financial assets	7	( 166,598)	( 115,694)
<b>Loss before Taxation</b>		<b>( 2,501,084)</b>	<b>( 240,445)</b>
Taxation credit	8	3,456,600	1,890,282
<b>Profit for the Year</b>		<b>955,516</b>	<b>1,649,837</b>

# Jamaica Money Market Brokers Limited

Company Statement of Profit or Loss and Other Comprehensive Income

**Year ended 31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<b>Profit for the Year</b>	<b>955,516</b>	<b>1,649,837</b>
<b>Other Comprehensive Loss</b>		
Item that may not be reclassified to profit or loss:		
Unrealised (losses)/gains on equity securities at FVOCI, net of tax	( 87,559)	62,856
Item that may be reclassified to profit or loss:		
Realised gains on investment securities at FVOCI reclassified to profit or loss	( 675,592)	( 833,605)
Unrealised losses on investment securities at FVOCI, net of tax	(2,115,337)	(4,183,166)
	<u>(2,878,488)</u>	<u>(4,953,915)</u>
<b>Total Comprehensive Loss for the Year, net of tax</b>	<b><u>(1,922,972)</u></b>	<b><u>(3,304,078)</u></b>

The notes on pages 21 to 121 are an integral part of these financial statements

# Jamaica Money Market Brokers Limited

## Company Statement of Financial Position

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

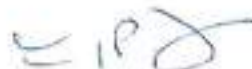
	Notes	2023 \$'000	2022 \$'000
<b>ASSETS</b>			
Cash and cash equivalents	9	13,549,107	13,657,179
Interest receivable		3,221,503	2,136,901
Income tax recoverable		132,953	263,377
Loans and notes receivable	10	18,288,211	27,187,565
Other receivables	11	9,122,736	8,103,382
Due from parent company	25	895,206	4,064,393
Resale agreements	12	88,398,280	87,934,522
Investment securities	13	153,812,483	136,457,021
Interest in subsidiaries	14	482,105	608,421
Intangible asset	16	2,796,693	2,050,861
Property, plant and equipment	17	1,991,056	1,718,815
Right-of-use assets	24	87,832	116,252
Deferred income tax assets	18	12,768,169	7,827,427
		<b>305,546,334</b>	<b>292,126,116</b>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	19	8,564,054	4,564,054
Investment revaluation reserve	21(a)	( 5,902,421)	( 3,023,933)
Retained earnings reserve	21(b)	9,605,055	9,605,055
Retained earnings		10,327,271	10,871,755
		<b>22,593,959</b>	<b>22,016,931</b>
<b>LIABILITIES</b>			
Repurchase agreements	22	241,046,216	233,192,329
Notes payable	23	22,862,568	12,110,590
Lease liabilities	24	105,978	139,044
Redeemable preference shares	19	14,622,431	20,883,423
Interest payable		2,901,634	1,771,514
Income tax payable		40,755	40,755
Other payables		1,372,793	1,971,530
		<b>282,952,375</b>	<b>270,109,185</b>
		<b>305,546,334</b>	<b>292,126,116</b>

The financial statements on pages 9 to 121 were approved for issue by the Board of Directors on 10 July 2023 and signed on its behalf by:



Archibald Campbell

Chairman



Keith P. Duncan

Group Chief Executive Officer

The notes on pages 21 to 121 are an integral part of these financial statements

# Jamaica Money Market Brokers Limited

## Company Statement of Changes in Stockholders' Equity

Year ended 31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital \$'000	Investment Revaluation Reserve \$'000	Retained Earnings Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>Balances at 31 March 2021</b>		<b>1,864,054</b>	<b>1,929,982</b>	<b>9,605,055</b>	<b>9,221,918</b>	<b>22,621,009</b>
Profit for the year		-	-	-	1,649,837	1,649,837
Other comprehensive loss for 2022:						
Net losses on investment securities at FVOCI, net of tax		-	(4,953,915)	-	-	( 4,953,915)
Total comprehensive loss for 2022		-	(4,953,915)	-	1,649,837	( 3,304,078)
Transactions with owners of the Company						
Issue of ordinary share capital	19	2,700,000	-	-	-	2,700,000
<b>Balances at 31 March 2022</b>		<b>4,564,054</b>	<b>(3,023,933)</b>	<b>9,605,055</b>	<b>10,871,755</b>	<b>22,016,931</b>
Profit for the year		-	-	-	955,516	955,516
Other comprehensive income for 2023:						
Net losses on investment securities at FVOCI, net of tax		-	(2,878,488)	-	-	( 2,878,488)
Total comprehensive loss for 2023		-	(2,878,488)	-	955,516	( 1,922,972)
Transactions with owners of the Company						
Issue of ordinary share capital	19	4,000,000	-	-	-	4,000,000
<b>Dividend</b>	19	-	-	-	( 1,500,000)	( 1,500,000)
<b>Balances at 31 March 2023</b>		<b>8,564,054</b>	<b>(5,902,421)</b>	<b>9,605,055</b>	<b>10,327,271</b>	<b>22,593,959</b>

The notes on pages 21 to 121 are an integral part of these financial statements

# Jamaica Money Market Brokers Limited

## Company Statement of Cash Flows

Year ended 31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2023 \$'000	2022 \$'000
<b>Cash Flows from Operating Activities</b>			
Profit for the year		955,516	1,649,837
Adjustments for:			
Dividend income		( 1,613,666)	( 1,442,966)
Interest income	4	(13,824,207)	(10,392,988)
Interest expense	4	12,745,122	8,407,544
Income tax credit	8	( 3,456,600)	( 1,890,282)
Impairment loss on financial assets	7	166,598	115,694
Gain on sale of property, plant and equipment		( 1,557)	( 5,241)
Amortisation of intangible assets	16	130,723	110,631
Depreciation of property, plant and equipment	17	248,329	210,623
Depreciation of right-of-use assets	24	28,420	30,850
Unrealised losses/(gains) on trading securities		233,727	( 65,083)
Foreign exchange losses on lease liabilities		-	5,867
Foreign currency translation losses		202,551	( 663,269)
		( 4,185,044)	( 3,928,783)
Changes in operating assets and liabilities:			
Income tax recoverable		130,424	68,790
Loans and notes receivable		8,834,440	(14,255,939)
Other receivables		( 1,021,900)	( 3,499,227)
Other payables		( 598,737)	589,124
Due from parent company		1,295,503	9,719,531
Resale agreements		( 464,135)	(42,697,436)
Repurchase agreements		7,853,887	54,048,365
		11,844,438	44,425
Interest received		12,739,606	10,118,608
Interest paid		(11,608,057)	( 7,697,846)
Taxation paid		( 45,062)	( 1,858,680)
<b>Net cash provided by operating activities</b>		<b>12,930,925</b>	<b>606,507</b>
<b>(Page 20)</b>			

# Jamaica Money Market Brokers Limited

## Company Statement of Cash Flows (Continued)

Year ended 31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2023 \$'000	2022 \$'000
<b>Net cash provided by operating activities (Page 19)</b>		<b>12,930,925</b>	<b>606,507</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of investment securities		(129,953,592)	(137,301,014)*
Proceeds from sale of investment securities		107,480,443	137,171,894*
Dividends received		1,613,666	1,442,966
Purchase of computer software	16	( 876,555)	( 616,437)
Purchase of property, plant and equipment	17	( 520,614)	( 188,448)
Proceeds from sale to property, plant and equipment		1,601	8,158
<b>Net cash (used in)/provided by investing activities</b>		<b>(22,255,051)</b>	<b>517,119</b>
<b>Cash Flows from Financing Activities</b>			
Lease liabilities	24	( 39,833)	( 39,833)
Proceeds from issue of ordinary stock units	19	-	700,000*
Proceeds from redeemable preference shares	19	-	6,083,434
Proceeds from notes payable		19,955,466	-
Repayment of notes payable		( 9,147,857)	( 7,938,373)*
Dividends paid	19	( 1,500,000)	-
<b>Net cash provided by/(used in) financing activities</b>		<b>9,267,776</b>	<b>( 1,194,772)</b>
Effect of exchange rate changes on cash and cash equivalents		( 51,722)	69,725
Net decrease in cash and cash equivalents		( 108,072)	( 1,421)
Cash and cash equivalents at beginning of year		13,657,179	13,658,600
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	9	<b>13,549,107</b>	<b>13,657,179</b>

\*Restated, see note 31

The notes on pages 21 to 121 are an integral part of these financial statements

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

### 1. Identification and Principal Activities

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

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

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

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

Name of Subsidiary	% Shareholding Held by the Company	Country of Incorporation	Principal Activities
JMMB Securities Limited	100	Jamaica	Stock brokering
JMMB Insurance Brokers Limited	100	Jamaica	Insurance brokering
JMMB Fund Managers Limited	100	Jamaica	Fund management

- (c) At 31 March 2023, the Company transferred ownership of JMMB Real Estate Holdings Limited and Capital & Credit Securities Limited to its ultimate parent company, JMMB Group Limited.

As the reorganisation is a transaction among entities under common control, the Group applied book value accounting under which:

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 1. Identification and Principal Activities (Continued)

(c) (Continued)

The net assets transferred comprised the following:

	JMMB Real Estate Holdings Limited 2023 \$'000	Capital & Credit Securities Limited 2023 \$'000	Total 2023 \$'000
Cash and cash equivalents	36,181	3,808	39,989
Interest receivable	-	695	695
Loans and notes receivable	-	636,643	636,643
Other assets	16,595	6,066	22,661
Property, plant and equipment	698,349	-	698,349
Investment property	2,506,258	-	2,506,258
Taxation recoverable	915	-	915
Due to parent company	(2,638,847)	-	(2,638,847)
Other liabilities	( 15,063)	( 41,729)	( 56,792)
	<b>604,388</b>	<b>605,483</b>	<b>1,209,871</b>

### 2. Statement of Compliance and Basis of Preparation

(a) Statement of compliance:

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

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

(b) Basis of preparation:

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

(c) Functional and presentation currency:

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

(d) Use of estimates and judgements:

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



# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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

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

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

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

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

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

**(a) Key sources of estimation uncertainty (Group and Company)**

**(i) *Impairment of financial assets [notes 26(b) and 30(b)]***

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in notes 26(b) and 30(b).

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

- Choosing appropriate assumptions for the measurement of ECL; and
- Establishing the number and relative weightings of forward-looking scenarios, for each type of product/market and the associated ECL.

**(ii) *Fair value of financial instruments (note 27)***

There are no quoted market prices for a significant portion of the Group's and Company's financial assets. Accordingly, fair values of several financial assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which uses indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach. The fair values determined in this way are classified as Level 2 fair values.

Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument (see notes 13 and 27).

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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

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

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

(1) Impairment of financial assets [notes 26(b) and 30(b)]:

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

### 4. Net Interest Income

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Interest income, calculated using the effective interest method</b>				
Cash and cash equivalents	50,248	21,104	32,518	13,319
Loans and notes receivable	1,408,820	1,520,085	1,422,303	1,529,504
Resale agreements	3,792,733	1,500,686	3,788,033	1,497,130
Investment securities	8,609,478	7,369,771	8,581,353	7,353,035
<b>Total interest income</b>	<b>13,861,279</b>	<b>10,411,646</b>	<b>13,824,207</b>	<b>10,392,988</b>
<b>Interest expense</b>				
Repurchase agreements	9,805,347	5,244,187	9,825,611	5,258,523
Notes payable	1,706,829	1,830,798	1,706,829	1,830,798
Lease liabilities (note 24)	7,465	9,457	6,945	8,715
Redeemable preference shares	1,205,737	1,309,508	1,205,737	1,309,508
<b>Total interest expense</b>	<b>12,725,378</b>	<b>8,393,950</b>	<b>12,745,122</b>	<b>8,407,544</b>
<b>Net interest income</b>	<b>1,135,901</b>	<b>2,017,696</b>	<b>1,079,085</b>	<b>1,985,444</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

### 5. Staff Costs

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Salaries and benefits, including profit-related pay	3,362,154	4,105,054	2,966,736	3,673,471
Statutory payroll contributions	333,076	346,558	280,990	311,112
Pension costs (note 28)	121,278	106,749	108,570	95,781
Training and development	59,307	43,211	59,307	43,211
Other staff benefits	425,106	321,937	349,775	220,754
	<b>4,300,921</b>	<b>4,923,509</b>	<b>3,765,378</b>	<b>4,344,329</b>

### 6. Other Expenses

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Asset tax	692,768	568,572	681,225	558,556
Information technology	579,556	436,595	554,961	423,003
Legal and professional fees	606,621	669,085	478,813	484,765
Marketing, corporate affairs and donations	333,542	274,148	258,328	178,827
Depreciation and amortisation	425,132	382,885	407,472	352,104
Irrecoverable – GCT	235,615	214,538	228,252	210,392
Utilities	159,193	130,423	156,739	127,760
Repairs and maintenance	152,486	160,297	142,098	118,032
Security	89,570	88,844	86,010	85,216
Others	64,263	35,040	48,819	17,314
Stationery, printing and postage	63,028	49,983	61,676	47,892
Bank charges	47,810	42,087	32,534	26,526
Directors' fees	13,892	15,424	7,624	7,758
Insurance	124,446	98,185	123,437	96,227
Office rental	37,385	28,458	37,385	28,458
Auditors' remuneration	43,245	38,713	28,490	26,493
Motor vehicle expenses and rental	28,156	23,390	28,156	23,390
	<b>3,696,708</b>	<b>3,256,667</b>	<b>3,362,019</b>	<b>2,812,713</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

### 7. Impairment Loss on Financial Assets

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Investment securities at amortised cost (note 13)	12	( 28,207)	13	( 28,207)
Investment securities at FVOCI	98,748	143,701	98,748	143,701
Loans and notes receivable (note 10)	55,699	69,487	64,914	155
Other receivables (note 11)	6,808	620	2,546	-
Resale agreements (note 12)	380	45	377	45
	<b>161,647</b>	<b>185,646</b>	<b>166,598</b>	<b>115,694</b>

### 8. Taxation

- (a) Income tax is computed at 33 $\frac{1}{3}$ % on the profit for the year adjusted for tax purposes.

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current income tax	709,668	661,457	-	-
Tax credit	( 375)	( 375)	-	-
Prior year (over)/under provision	44,084	( 485)	45,062	-
	<b>753,377</b>	<b>660,597</b>	<b>45,062</b>	<b>-</b>
Deferred tax				
Origination and reversal of temporary differences (note 18)	(3,540,690)	(1,883,380)	(3,501,662)	(1,890,282)
	<b>(2,787,313)</b>	<b>(1,222,783)</b>	<b>(3,456,600)</b>	<b>(1,890,282)</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 8. Taxation (Continued)

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

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
(Loss)/profit before taxation	(1,551,689)	381,103	(2,501,084)	( 240,445)
Tax calculated at 33⅓%	( 517,230)	127,034	( 833,695)	( 80,148)
Adjusted for the effects of:				
Income not subject to tax	(2,578,959)	(1,635,815)	(2,865,564)	(2,051,015)
Tax credit	( 375)	( 375)	-	-
Disallowed expenses	247,602	290,652	197,597	240,881
Prior year (over)/under provision	44,085	( 485)	45,062	-
Other	17,564	( 3,794)	-	-
	<u>(2,787,313)</u>	<u>(1,222,783)</u>	<u>(3,456,600)</u>	<u>(1,890,282)</u>

- (c) At the reporting date, taxation losses, subject to agreement with the Commissioner General, Tax Administration Jamaica, available for set off against future taxable profits, amounted to approximately \$9,448,545,000 (2022: \$1,345,985,584) for the Group and \$9,448,545,000 (2022: \$989,852,000) for the Company.

### 9. Cash and Cash Equivalents

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash	13,915,115	14,484,943	12,502,403	12,987,720
Cash equivalents	1,046,704	669,459	1,046,704	669,459
	<u>14,961,819</u>	<u>15,154,402</u>	<u>13,549,107</u>	<u>13,657,179</u>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 10. Loans and Notes Receivable

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Corporate	9,884,034	6,712,286	10,140,282	5,824,050
Financial institutions	1,676,518	14,567,500	1,676,518	14,567,500
Individuals	6,588,414	6,848,104	6,588,414	6,848,104
	18,148,966	28,127,890	18,405,214	27,239,654
Less: allowance for impairment [note 26(b)(vi)(v)]	( 117,003)	( 428,788)	( 117,003)	( 52,089)
	<b>18,031,963</b>	<b>27,699,102</b>	<b>18,288,211</b>	<b>27,187,565</b>

Credit quality of loans and notes receivable:

	The Group (2023)			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	26,510,116	631,500	986,274	28,127,890
Loans granted	7,404,479	-	-	7,404,479
Transfers	( 438,643)	384,486	54,157	-
Repayments	(16,393,442)	( 224)	-	(16,393,666)
Transferred to parent company (note 1)	-	-	(989,737)	( 989,737)
Balance at 31 March	<b>17,082,510</b>	<b>1,015,762</b>	<b>50,694</b>	<b>18,148,966</b>

	The Group (2022)			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	12,203,190	932,407	2,001,718	15,137,315
Loans granted	16,915,544	-	-	16,915,544
Transfers	( 219,175)	196,475	22,700	-
Write offs	-	-	( 809,455)	( 809,455)
Repayments	( 2,389,443)	(497,382)	( 228,689)	( 3,115,514)
Balance at 31 March	<b>26,510,116</b>	<b>631,500</b>	<b>986,274</b>	<b>28,127,890</b>

	The Company (2023)			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	26,510,116	631,500	98,038	27,239,654
Loans granted	7,622,177	-	-	7,622,177
Transfers	( 400,541)	384,486	16,055	-
Repayments	(16,392,994)	( 224)	(63,399)	(16,456,617)
Balance at 31 March	<b>17,338,758</b>	<b>1,015,762</b>	<b>50,694</b>	<b>18,405,214</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 10. Loans and Notes Receivable (continued)

Credit quality of loans and notes receivable (continued)

	The Company (2022)			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Balance at 1 April	11,956,517	932,407	95,892	12,984,816
Loan granted	16,915,544	-	-	16,915,544
Transfers	( 219,175)	196,475	22,700	-
Repayments	( 2,142,770)	(497,382)	(20,554)	( 2,660,706)
Balance at 31 March	<b>26,510,116</b>	<b>631,500</b>	<b>98,038</b>	<b>27,239,654</b>

Allowance for impairment:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at 1 April	428,788	1,169,857	52,089	53,035
Charge for year (note 7)	55,699	69,487	64,914	155
Derecognition and other adjustments	( 14,390)	( 1,101)	-	( 1,101)
Write-offs	-	( 809,455)	-	-
Transferred to parent (note 1)	(353,094)	-	-	-
Balance at 31 March	<b>117,003</b>	<b>428,788</b>	<b>117,003</b>	<b>52,089</b>

### 11. Other Receivables

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Receivables from fellow subsidiaries*	7,129,241	4,283,984	8,531,002	7,569,986
Other receivables+	2,160,983	1,642,895	582,874	516,552
Staff loans	8,860	16,844	8,860	16,844
	9,299,084	5,943,723	91,22,736	8,103,382
Less: Allowance for impairment	( 7,177)	( 4,498)	-	-
	<b>9,291,907</b>	<b>5,939,225</b>	<b>9,122,736</b>	<b>8,103,382</b>

Allowance for impairment:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at 1 April	4,498	4,678	-	-
Charge for the year (note 7)	6,808	620	-	-
Write off	(4,129)	( 800)	-	-
Balance at 31 March	<b>7,177</b>	<b>4,498</b>	<b>-</b>	<b>-</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

### 11. Other Receivables (continued)

\*In the prior year, these balances were with subsidiaries that were transferred to the parent company at the end of the current year (see note 1). The balances are unsecured, interest free and are payable on demand.

+ Other receivables consist mainly of prepayments, recoverable expenses, deposit on capital expenditure and . rental deposits.

### 12. Resale Agreements

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Denominated in Jamaica dollars	24,200,168	28,385,620	24,353,988	28,385,620
Denominated in Trinidad and Tobago dollars	603,668	596,096	603,668	596,096
Denominated in United States dollars	63,441,425	58,953,229	63,441,425	58,953,230
	88,245,261	87,934,945	88,399,081	87,934,946
Less: allowance for impairment [note 6(b)(vi)(v)]	( 801)	( 421)	( 801)	( 424)
	<b>88,244,460</b>	<b>87,934,524</b>	<b>88,398,280</b>	<b>87,934,522</b>

Allowance for impairment:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	421	376	424	379
Charge for the year (note 7)	380	45	377	45
Balance at 31 March	<b>801</b>	<b>421</b>	<b>801</b>	<b>424</b>

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

The securities that the Group obtains as collateral under resale agreements may be used as collateral under repurchase agreements. All of these securities and interest accrued thereon are pledged as security for repurchase agreements under terms that they may be repledged or resold by counterparties if the Group fails to meet its obligations (note 22).

At the reporting date, the fair value of the securities obtained and held under resale agreements was \$99,920,130,000 (2022: \$110,879,822,999) for the Group and \$99,920,130,000 (2022: \$110,899,981,000) for the Company.



# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 13. Investment Securities

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Debt securities at amortised cost:</b>				
Certificates of deposit	-	720,570	-	-
Government of Jamaica securities	785,791	801,441	785,791	801,441
	<u>785,791</u>	<u>1,522,011</u>	<u>785,791</u>	<u>801,441</u>
Less: allowance for impairment losses of debt securities at amortised cost [note 26(b)(vi)(v)]	( 3,458)	( 3,446)	( 3,458)	( 3,446)
	<u>782,333</u>	<u>1,518,565</u>	<u>782,333</u>	<u>797,995</u>
<b>Debt securities at fair value through     other comprehensive income:</b>				
Government of Jamaica securities	54,086,204	54,318,251	54,086,204	54,318,251
Certificates of deposit	8,495,236	16,635,495	8,495,236	16,635,495
Corporate bonds:				
Government of Jamaica guaranteed	23,652	178,490	23,652	178,490
Others	63,656,009	50,860,617	63,656,009	50,860,617
Sovereign bonds	22,178,352	10,096,757	22,178,352	10,096,757
	<u>148,439,453</u>	<u>132,089,610</u>	<u>148,439,453</u>	<u>132,089,610</u>
<b>Equity securities at FVOCI:</b>				
Quoted equities	2,541,407	2,131,843	2,423,500	1,977,090
Unquoted equities	-	33,970	-	33,970
	<u>2,541,407</u>	<u>2,165,813</u>	<u>2,423,500</u>	<u>2,011,060</u>
<b>Equity securities at fair value through     profit or loss:</b>				
Quoted equities	2,494,950	2,375,469	1,101,368	903,663
Unquoted equities	-	93,750	-	93,750
	<u>2,494,950</u>	<u>2,469,219</u>	<u>1,101,368</u>	<u>997,413</u>
<b>Other securities at fair value through     profit or loss:</b>				
Units in unit trusts	1,109,885	713,916	892,462	494,496
Money market funds	173,367	66,447	173,367	66,447
Redeemable preference shares	157,142	157,142	-	-
	<u>1,440,394</u>	<u>937,505</u>	<u>1,065,829</u>	<u>560,943</u>
	<u><b>155,698,537</b></u>	<u><b>139,180,712</b></u>	<u><b>153,812,483</b></u>	<u><b>136,457,021</b></u>

During the year, there were no disposals or transfer of any cumulative gain or loss within equity relating equity investment securities designated as at FVOCI. Dividend income recognized on these investments was \$86,151,000 (2022: \$79,154,000).

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

### 13. Investment Securities (Continued)

Allowance for impairment losses of investment securities at amortised cost:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	3,446	45,516	3,446	45,516
(Credit)/charge for the year	12	( 28,207)	12	( 28,207)
Write off	-	( 13,863)	-	( 13,863)
Balance at 31 March	<b>3,458</b>	<b>3,446</b>	<b>3,458</b>	<b>3,446</b>

Investments mature, from the reporting date, as follows:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Government of Jamaica securities:				
Within 3 months	-	66,310	-	66,310
Over 3 months to 1 year	-	1,927,767	-	1,927,767
Over 1 year to 5 years	11,939,398	11,799,204	11,939,398	11,799,204
Over 5 years	42,929,139	41,322,965	42,929,139	41,322,965
	<b>54,868,537</b>	<b>55,116,246</b>	<b>54,868,537</b>	<b>55,116,246</b>
Certificates of deposit:				
Within 3 months	8,495,236	17,356,065	8,495,236	16,635,495
Sovereign bonds and corporate bonds:				
Within 3 months	18,543,553	4,900,013	18,543,553	4,900,013
Over 3 months to 1 year	7,727,372	3,194,152	7,727,372	3,194,152
Over 1 year to 5 years	33,564,922	32,552,536	33,564,922	32,552,536
Over 5 years	26,022,167	20,489,163	26,022,167	20,489,163
	<b>85,858,014</b>	<b>61,135,864</b>	<b>85,858,014</b>	<b>61,135,864</b>
Other [see (c) below]	6,476,750	5,572,537	4,590,696	3,569,416
	<b>155,698,537</b>	<b>139,180,712</b>	<b>153,812,483</b>	<b>136,457,021</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 13. Investment Securities (Continued)

- (a) Government of Jamaica securities and certain other bonds amounting to \$148,851,113,000 (2022: \$133,052,650,000) are pledged as security for repurchase agreements under terms that they may be repledged or resold by counterparties if the Group fails to meet its obligations (note 22).
- (b) Government of Jamaica securities having an aggregate face value of \$620,000,000 (2021: \$620,000,000) have been pledged as collateral against possible overdrafts at the Central Bank and against uncleared effects at one of the Company's bankers.
- (c) Other includes quoted equities, unit trusts and interest in pooled money market funds for which there are no fixed maturity dates and redeemable preference shares with convertible features.

### 14. Interest in Subsidiaries

	2023 \$'000	2022 \$'000
<b>JMMB Securities Limited</b>		
Equity, at cost – ordinary shares	26,050	26,050
– preference shares	55,000	55,000
	<u>81,050</u>	<u>81,050</u>
<b>JMMB Insurance Brokers Limited</b>		
Shares, at cost - equity	125,000	125,000
Loan	10,000	10,000
	<u>135,000</u>	<u>135,000</u>
<b>JMMB Real Estate Holdings Limited</b>		
Shares, at cost – equity	-	1
<b>Capital &amp; Credit Securities Limited</b>		
Shares, at cost – equity	-	126,315
<b>JMMB Fund Managers Limited</b>		
Shares, at cost - equity	266,055	266,055
	<u><b>482,105</b></u>	<u><b>608,421</b></u>

During the year the Company transferred JMMB Real Estate Holdings Limited and Capital & Credit Securities Limited to its parent [Note 1(c)]. The transfer was done at carrying value realizing no gain or loss. This is a non-cash transaction and therefore not included in the statement of cash flows.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 15. Investment Property

	The Group	
	2023	2022
	\$'000	\$'000
Balance as at 1 April	1,227,475	698,932
Additions	440,479	453,741
Fair value gain on investments	545,277	74,803*
Transferred from property, plant and equipment (note 17)	293,027	-
Transfer to parent company [note 1(c)]	(2,506,258)	-
Balance at 31 March	-	1,227,476

\*The comparative amount for change in fair value is reported net (loss)/gain from financial assets at fair value through profit or loss. Management does not consider the amount significant to reclassify to the comparative amount.

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

The properties earned rental income of \$Nil (2022: \$Nil) and incurred expenses of \$40,398,000 (2022: \$38,489,000) for the year.

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

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

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p>Market approach. This model takes into account:</p> <ul style="list-style-type: none"> <li>The assumed intention to dispose of the property in an open market transaction</li> <li>The assumed sale would take place on the basis of a willing seller and willing buyer;</li> <li>A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market;</li> <li>Values are expected to remain stable throughout the period of market exposure and disposal (hypothetical); and</li> <li>The property will be freely exposed to the market.</li> </ul>	<ul style="list-style-type: none"> <li>Demand for properties in the location</li> <li>Details of the sales of comparable properties</li> <li>Conditions influencing the sale of the comparable properties</li> <li>Comparability adjustment</li> </ul> <p>(Changes in these inputs by 5 – 10% would have a significant impact on the value of the properties).</p>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>The demand for properties in the location was higher/(lower).</li> <li>Sale value of comparable properties were higher/(lower).</li> <li>Comparability adjustments were higher/(lower).</li> </ul>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

### 16. Intangible Assets

	The Group				
	Licence	Customer List	Goodwill	Computer Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>					
31 March 2021	25,040	333,166	9,064	2,455,321	2,822,591
Additions	-	-	-	617,221	617,221
31 March 2022	25,040	333,166	9,064	3,072,542	3,439,812
Additions	-	-	-	881,755	881,755
31 March 2023	25,040	333,166	9,064	3,954,297	4,321,567
<b>Accumulated Amortisation</b>					
31 March 2021	-	243,963	-	897,313	1,141,276
Charge for the year	-	1,411	-	123,397	124,808
31 March 2022	-	245,374	-	1,020,710	1,266,084
Charge for the year	-	2,705	-	131,192	133,897
31 March 2023	-	248,079	-	1,151,902	1,399,981
<b>Carrying Value</b>					
31 March 2023	25,040	85,087	9,064	2,802,395	2,921,586
31 March 2022	25,040	87,792	9,064	2,051,832	2,173,728

		The Company
		Computer Software \$'000
<b>Cost</b>		
31 March 2021		2,361,832
Additions		616,437
Disposals		( 119,667)
31 March 2022		2,858,602
Additions		876,555
31 March 2023		3,735,157
<b>Accumulated Amortisation</b>		
31 March 2021		816,777
Charge for the year		110,631
Disposals		( 119,667)
31 March 2022		807,741
Charge for the year		130,723
31 March 2023		938,464
<b>Carrying Value</b>		
31 March 2023		2,796,693
31 March 2022		2,050,861

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 17. Property, Plant and Equipment

	The Group					
	Freehold Land and Buildings \$'000	Leasehold Improvement \$'000	Motor Vehicles \$'000	Computer Equipment \$'000	Equipment, Furniture and Fittings \$'000	Total \$'000
<b>Cost</b>						
31 March 2021	2,366,031	165,406	104,978	1,390,425	875,394	4,902,234
Additions	103,310	12,504	14,500	127,670	18,699	276,683
Disposals	-	( 29,844)	( 12,500)	( 86,447)	( 18,718)	( 147,509)
31 March 2022	2,469,341	148,066	106,978	1,431,648	875,375	5,031,408
Additions	33,809	4,909	21,475	296,549	195,809	552,551
Transfer to parent company	( 774,263)	( 21,169)	-	( 24,911)	( 58,803)	( 879,146)
Transfer to investment property (note15)	( 293,027)	-	-	-	-	( 293,027)
Disposals	-	-	( 5,565)	-	-	( 5,565)
31 March 2023	1,435,860	131,806	122,888	1,703,286	1,012,381	4,406,221
<b>Accumulated Depreciation</b>						
31 March 2021	303,183	136,264	64,683	1,099,739	657,719	2,261,588
Charge for the year	39,239	4,032	14,791	116,763	48,847	223,672
Disposals	-	( 29,844)	( 9,583)	( 86,447)	( 18,718)	( 144,592)
31 March 2022	342,422	110,452	69,891	1,130,055	687,848	2,340,668
Charge for the year	37,766	10,396	15,047	143,844	52,207	259,260
Disposals	-	-	( 5,521)	-	-	( 5,521)
Transfer to parent company	( 75,914)	( 21,169)	-	(24,911)	( 58,803)	( 180,797)
31 March 2023	304,274	99,679	79,417	1,248,988	681,252	2,413,610
<b>Carrying Value</b>						
31 March 2023	1,131,586	32,127	43,471	454,298	331,129	1,992,611
31 March 2022	2,126,919	37,614	37,087	301,593	187,527	2,690,740

	The Company					
	Freehold Land and Buildings \$'000	Leasehold Improvement \$'000	Motor Vehicles \$'000	Computer Equipment \$'000	Equipment, Furniture and Fittings \$'000	Total \$'000
<b>Cost</b>						
31 March 2021	1,418,610	140,145	104,977	1,404,129	764,506	3,832,367
Additions	15,075	12,504	14,500	127,670	18,699	188,448
Disposals	-	( 29,844)	( 12,500)	( 86,447)	( 18,718)	( 147,509)
31 March 2022	1,433,685	122,805	106,977	1,445,352	764,487	3,873,306
Additions	2,175	4,909	21,475	296,246	195,809	520,614
Disposals	-	-	( 5,565)	-	-	( 5,565)
31 March 2023	1,435,860	127,714	122,887	1,741,598	960,296	4,388,355
<b>Accumulated Depreciation</b>						
31 March 2021	250,388	111,369	64,684	1,165,799	496,220	2,088,460
Charge for the year	26,624	3,983	14,791	116,763	48,462	210,623
Disposals	-	(29,844)	( 9,583)	( 86,447)	( 18,718)	( 144,592)
31 March 2022	277,012	85,508	69,892	1,196,115	525,964	2,154,491
Charge for the year	27,263	10,339	15,047	143,844	51,836	248,329
Disposals	-	-	( 5,521)	-	-	( 5,521)
31 March 2023	304,275	95,847	79,418	1,339,959	577,800	2,397,299
<b>Carrying Value</b>						
31 March 2023	1,131,585	31,867	43,469	401,639	382,496	1,991,056
31 March 2022	1,156,673	37,297	37,085	249,237	238,523	1,718,815

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 18. Deferred Income Taxes

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

Deferred income tax is calculated in full on temporary differences using a principal tax rate of 33 $\frac{1}{3}$ %.

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

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Deferred income tax assets	12,874,788	7,881,151	12,768,169	7,827,427
Deferred income tax liabilities	( 17,398)	( 15,813)	-	-
Net deferred income tax assets	12,857,390	7,865,338	12,768,169	7,827,427

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

	The Group			
	2023			
	Balance at Beginning of Year	Recognised in Income	Recognised in Other Comprehensive Income	Balance at End of Year
	\$'000	(note 8) \$'000	\$'000	\$'000
Tax losses carried forward	361,279	2,950,922	-	3,312,201
Investments	2,688,499	378,253	1,451,362	4,518,114
Accounts payable	52,215	( 6,549)	-	45,666
Property, plant and equipment	( 36,662)	5,381	-	( 31,281)
Accounts receivable	6,183	893	-	7,076
Interest payable	590,447	376,669	-	967,116
Unrealised foreign exchange losses	4,645,529	143,402	-	4,788,931
Notes receivable	48,314	( 9,317)	-	38,997
Lease liabilities	46,481	( 11,011)	-	35,470
Interest receivable	( 536,947)	( 287,953)	-	( 824,900)
	7,865,338	3,540,690	1,451,362	12,857,390

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 18. Deferred Income Taxes (Continued)

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

The Group				
2022				
	Balance at Beginning of Year	Recognised in Income (note 8)	Recognised in Other Comprehensive Income	Balance at End of Year
	\$'000	\$'000	\$'000	\$'000
Tax losses carried forward	-	361,279	-	361,279
Investments	1,038,372	( 840,945)	2,491,072	2,688,499
Accounts payable	69,422	( 17,207)	-	52,215
Property, plant and equipment	9,245	( 45,907)	-	( 36,662)
Accounts receivable	5,875	308	-	6,183
Interest payable	357,218	233,229	-	590,447
Unrealised foreign exchange losses	2,422,662	2,222,867	-	4,645,529
Notes receivable	17,677	30,637	-	48,314
Lease liabilities	5,375	41,106	-	46,481
Interest receivable	( 434,960)	( 101,987)	-	( 536,947)
	<b>3,490,886</b>	<b>1,883,380</b>	<b>2,491,072</b>	<b>7,865,338</b>

The Company				
2023				
	Balance at Beginning of Year	Recognised in Income (note 8)	Recognised in Other Comprehensive Income	Balance at End of Year
	\$'000	\$'000	\$'000	\$'000
Tax losses	361,279	2,950,922	-	3,312,201
Investments	2,695,735	304,180	1,439,080	4,438,995
Notes receivable	17,361	21,636	-	38,997
Other receivables	6,289	-	-	6,289
Accounts payable	44,837	( 5,190)	-	39,647
Property, plant and equipment	( 49,498)	8,132	-	( 41,366)
Interest payable	590,446	376,669	-	967,115
Unrealised foreign exchange losses	4,651,540	144,191	-	4,795,731
Interest receivable	( 536,905)	( 287,857)	-	( 824,762)
Lease liabilities	46,343	( 11,021)	-	35,322
	<b>7,827,427</b>	<b>3,501,662</b>	<b>1,439,080</b>	<b>12,768,169</b>



# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 18. Deferred Income Taxes (Continued)

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

	The Company			
	2022			
	Balance at Beginning of Year	Recognised in Income (note 8)	Recognised in Other Comprehensive Income	Balance at End of Year
	\$'000	\$'000	\$'000	\$'000
Tax losses	-	361,279	-	361,279
Investments	1,029,978	( 810,822)	2,476,579	2,695,735
Notes receivable	17,677	( 316)	-	17,361
Other receivables	6,415	( 126)	-	6,289
Accounts payable	62,622	( 17,785)	-	44,837
Property, plant and equipment	( 1,029)	( 48,469)	-	( 49,498)
Interest payable	357,218	233,228	-	590,446
Unrealised foreign exchange losses	2,417,100	2,234,440	-	4,651,540
Interest receivable	( 434,735)	( 102,170)	-	( 536,905)
Lease liabilities	5,320	41,023	-	46,343
	<b>3,460,566</b>	<b>1,890,282</b>	<b>2,476,579</b>	<b>7,827,427</b>

### 19. Share Capital

	2023 Number of Shares 000	2022 Number of Shares 000
Authorised:		
Ordinary stock units of no par value	1,816,400	1,816,400
Fixed rate cumulative redeemable preference shares of no par value	4,000,000	4,000,000
	<b>5,816,400</b>	<b>5,816,400</b>
	2023 Number of Stock units 000	2022 Number of Stock units 000
Issued ordinary share capital:		
In issue at 1 April	1,741,552	1,630,552
Issued in settlement of debts	16,000	111,000
In issue at 31 March – fully paid	<b>1,757,552</b>	<b>1,741,552</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 19. Share Capital (Continued)

	2023 \$'000	2022 \$'000
Stated capital:		
1,757,552,530 (2022: 1,741,552,530) ordinary stock units	8,564,054	4,564,054
941,699,000 7.50% cumulative redeemable preference shares	941,699	941,699
33,938,125 USD 6.00% cumulative redeemable preference shares	5,105,652	5,203,054
57,000,000 USD 6.90% cumulative redeemable preference shares	8,575,080	8,738,670
6,000,000,000 7.35% cumulative redeemable preference shares	-	6,000,000
	23,186,485	25,447,477
Less redeemable preference shares classified as liabilities in the financial statements	(14,622,431)	(20,883,423)
	<b>8,564,054</b>	<b>4,564,054</b>

On 31 October 2022, the directors of the parent, by ordinary resolution approved the conversion of \$4 billion of preference shares held by the parent with the issue of an additional 16,000,000 ordinary stock units at \$250 per share. The new shares rank pari passu with existing ordinary stock units. The conversion of the preference shares to equity is a non-cash transaction and therefore not included in the statement of cash flows.

In the prior year, by ordinary resolution dated on:

- 28 February 2022, the board of directors approved the issuance of 105,000,000 ordinary shares valued at J\$2.1 billion in favor of JMMB Group Limited in settlement of a promissory note. The new shares ranked pari passu with existing ordinary stock units. Of this amount, \$2 billion is a non-cash transaction and therefore not included in the statement of cash flows.
- 30 March 2022, the Board of directors approved the issuance of 6 million ordinary shares valued at J\$600 million in favor of JMMB Group Limited. The new shares ranked pari passu with existing ordinary stock units.

The preference shares are listed on the Jamaica Stock Exchange. The significant terms and conditions of the preference stock units are as follows:

- The right to cumulative preferential dividends payable monthly at the rate agreed for each class;
- The right, on winding up, to receive all arrears of dividends and repayment of the capital in priority to the ordinary stockholders;
- No right to vote at general meetings, except where dividends are not paid for twelve months or on winding up of the Company.

The rights attaching to the ordinary stock units include the following:

- Entitlement of dividends as declared from time to time.
- Entitlement to one vote per stock units at meetings of the Company.
- Entitlement to the residual assets.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 19. Share Capital (Continued)

#### Dividends

The directors passed resolutions to pay dividends to its shareholder as follows:

	2023	2022
	\$'000	\$'000
July 7, 2022	300,000	-
October 31, 2022	700,000	-
March 31, 2023	500,000	-
	<u>1,500,000</u>	<u>-</u>

### 20. Earning per stock unit

Earnings per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent of \$1,235,624,000 (2022: \$1,603,866,000) by the weighted average number of ordinary stock units in issue during the year, numbering 1,748,219,197 (2022: 1,639,802,531).

### 21. Reserves

#### (a) Investment Revaluation Reserve

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

#### (b) Retained Earnings Reserve

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

### 22. Repurchase Agreements

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Denominated in Jamaica dollars	71,914,159	69,184,738	72,313,516	69,204,899
Denominated in United States dollars	168,577,339	163,840,276	168,577,339	163,840,277
Denominated in Euros	155,361	147,153	155,361	147,153
	<u>240,646,859</u>	<u>233,172,167</u>	<u>241,046,216</u>	<u>233,192,329</u>

Repurchase agreements are collateralised by certain securities and other instruments with a carrying value of \$242,719,953,000 (2022 \$243,256,823,000) for the Group and \$243,119,310,000 (2022: \$243,276,985,000), for the Company respectively, (notes 12 and 13).

Repurchase agreements include balances with related parties as set out in note 25. Certain of the securities described in note 13 and interest accrued thereon are pledged as securities.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 23. Notes Payable

	The Group and Company	
	2023	2022
	\$'000	\$'000
Senior Unsecured US\$ Fixed Note (i)	2,907,103	2,962,562
Unsecured US\$ Fixed Note (ii)	-	1,638,228
Unsecured J\$ Fixed Note (iii)	-	7,509,800
Unsecured J\$ Fixed Note (iv)	7,000,000	-
Unsecured J\$ Fixed Note (v)	1,890,000	-
Unsecured J\$ Fixed Note (vi)	7,753,400	-
Unsecured J\$ Fixed Note (vii)	3,312,065	-
	<b>22,862,568</b>	<b>12,110,590</b>

The movement in notes payable are as follows:

	The Group and Company	
	2023	2022
	\$'000	\$'000
Balance as at 1 April	12,110,590	21,823,542
Loans received	19,957,666	-
Repayments	( 9,148,028)	( 7,938,373)
Conversion of debt to equity (Note 19)	-	( 2,000,000)
Foreign exchange adjustment	( 57,660)	225,421
Balance at 31 March	<b>22,862,568</b>	<b>12,110,590</b>

- (i) The note is unsecured and bears interest at 5.5% per annum, with interest payable on a quarterly basis. The note matures on 15 June 2023.
- (ii) In prior year, this represented an unsecured fixed rate US\$ indexed debt bearing interest at 5.75% per annum and payable on a quarterly basis. The note matured and was repaid on 27 July 2022.
- (iii) In prior year, this represented unsecured fixed rate J\$ debt bearing interest at 6.75% per annum and payable on a quarterly basis. The note matured and was repaid on 27 July 2022.
- (iv) This represents unsecured fixed rate J\$ debt bearing interest at 10.75% per annum and payable on a semi-annual basis. The note matures on 29 June 2029.
- (v) This represents unsecured fixed rate J\$ debt bearing interest at 12.30% per annum and payable on a semi-annual basis. The note matures on 2 December 2027.
- (vi) This represents unsecured fixed rate J\$ debt issued in two tranches, bearing interest at 10.5% per annum and payable on a semi-annual basis. The note matures on 26 July 2024.
- (vii) This represents unsecured fixed rate US\$ debt bearing interest at 7.5% per annum and payable on a semi-annual basis. The note matures on 26 July 2024.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

### 24. Leases

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

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

- (i) Amounts recognised in the statement of financial position relating to leases are as follows:

Right of use assets:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	219,567	215,256	202,002	197,691
Additions	-	4,311	-	4,311
Balance at 31 March	<b>219,567</b>	<b>219,567</b>	<b>202,002</b>	<b>202,002</b>
Depreciation at 1 April	94,131	59,725	85,750	54,900
Depreciation charge for the year	31,975	34,406	28,420	30,850
Depreciation at 31 March	<b>126,106</b>	<b>94,131</b>	<b>114,170</b>	<b>85,750</b>
Balance at 31 March	<b>93,461</b>	<b>125,436</b>	<b>87,832</b>	<b>116,252</b>
Lease liabilities:				
Current	36,054	34,905	32,291	31,378
Non-current	75,997	113,739	73,687	107,666
	<b>112,051</b>	<b>148,644</b>	<b>105,978</b>	<b>139,044</b>

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Undiscounted cashflows of lease liabilities				
Less than one year	41,438	42,400	37,391	38,353
One to five years	75,532	114,028	73,171	107,621
More than five years	7,219	12,039	7,219	12,039
	124,189	168,467	117,781	158,013
Less future interest charges	( 12,138)	( 19,823)	( 11,803)	( 18,969)
	<b>112,051</b>	<b>148,644</b>	<b>105,978</b>	<b>139,044</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

### 24. Leases (Continued)

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Depreciation charge on right-of-use assets	31,975	34,406	28,420	30,850
Interest expense	7,465	9,457	6,945	8,715
Expense relating to short-term leases (included in other expenses)	25,265	28,458	25,265	28,458

(iii) Amounts recognised in the statement of cash flows

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Total cash out flows for leases	43,215	43,880	39,833	39,833

(iv) Extension options

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 25. Related Party Transactions and Balances

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

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

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Directors:				
Notes receivable	279,455	90,670	279,455	90,670
Interest receivable	-	-	731	-
Interest payable	( 1,220)	( 618)	( 1,220)	( 618)
Repurchase agreements	(319,710)	( 78,963)	(319,710)	( 78,963)
Employees Share Ownership Plan:				
Notes receivable	2,751,731	2,458,549	2,751,732	2,458,549
Interest payable	-	( 2,743)	-	( 2,743)
Repurchase agreements	-	( 263,896)	-	( 263,896)
	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Parent company:				
Other receivable	895,206	4,064,393	895,206	4,064,393
Redeemable preference shares	(14,622,431)	(20,883,423)	(14,622,431)	(20,883,423)
Interest payable	( 564,402)	( 219,992)	( 564,402)	( 219,992)
Notes payable	(19,955,465)	( 9,148,028)	(19,955,465)	( 9,148,028)
Repurchase agreements	( 197,578)	( 186,875)	( 197,578)	( 186,875)
Subsidiaries:				
Resale agreements	-	-	153,823	-
Notes receivable	-	-	259,577	255,745
Interest receivable	-	-	1,433,367	386
Other receivable	-	-	488	3,577,197
Repurchase agreements	-	-	( 399,357)	20,162
Interest payable	-	-	( 176)	( 2)

- Loans and notes receivable are unsecured/secure and are being repaid in accordance with their terms. No waivers were granted in respect of these loans and no provision was made for any loan. The loans bear interest rates ranging from 3% to 7%.
- Repurchase, resale agreements and investments have interest rates ranging from 1% to 9% with tenors ranging from 30 to 365 days.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 25. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Fellow subsidiaries:				
Cash and bank balances	421,471	879,370	-	-
Other receivable	4,519,202	1,848,542	4,517,851	1,557,347
Notes receivable	1,416,941	14,311,755	1,416,941	14,311,755
Resale agreements	88,245,258	87,934,945	88,245,258	87,934,945
Interest receivable	1,052,077	583,295	1,052,077	581,827
Investments	-	18,397,200	-	18,397,200
Repurchase agreements	-	( 1,554,805)	-	( 1,554,805)
Interest payable	( 1,198)	( 413)	( 1,198)	( 413)
Managed funds:				
Investments	217,423	219,420	-	-
Cash and cash equivalents	1,016,273	1,013,797	-	-
Other receivables	2,694,728	2,692,421	2,579,782	2,435,441
Accounts payable	-	( 260,190)	-	-

- (ii) The profit or 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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Directors:				
Interest income	5,979	3,240	5,979	3,240
Interest expense	( 15,918)	( 3,722)	( 15,918)	( 3,722)
Employees Share Ownership Plan:				
Commission income	804	985	-	-
Interest expense	-	( 522)	-	( 522)
Subsidiaries:				
Interest income	-	-	8,897	5,983
Interest expense	-	-	( 19,640)	( 14,376)
Parent company:				
Interest income	2,816,500	-	2,816,500	-
Interest expense	-	( 1,832,497)	-	( 2,230,133)
Fellow subsidiaries:				
Interest income	5,448,594	3,272,907	5,448,594	3,272,907
Interest expense	( 115,555)	( 207,749)	( 115,555)	( 270,749)
Management fees	-	760,679	-	760,679



# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 25. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Managed funds:-				
Gain on sale of securities	25,301	58,277	25	58,277
Fee income	964,868	980,919	-	-
Interest income	36,944	13,592	-	-
Interest expense	(1,664,062)	(413,734)	(1,664,062)	(413,734)

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

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Directors' emoluments:				
Fees	13,892	15,424	7,624	7,758
Management remuneration	103,806	98,483	103,806	98,483
Key management compensation:				
Salaries and related costs	471,665	341,780	378,861	276,022
Post-employment benefits	14,507	12,901	13,481	11,951
	<b>603,870</b>	<b>468,588</b>	<b>503,772</b>	<b>394,214</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

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### 26. Financial Risk Management

The Group is exposed to several types of financial risks arising from its operations which involves activities such as trading securities, issuing of loans and notes receivables, managing investment portfolios and funding of these activities primarily through the use of repurchase agreements (or repos) and debt issuances.

#### (a) Introduction and overview

The Group has exposure to the following risks:

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

#### Risk management framework

These risks are managed through an established risk management framework, which involves the identification, evaluation and measurement of the risks faced by the Group as well as implementation of strategies to mitigate the risks identified. Taking risk is core to the financial business, and these 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 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) Board Risk Committee (BRC)

The BRC 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 in keeping with the risk appetite of the Group Board.

The BRC is responsible for approving transactions above a specified threshold and ensuring that all exposures conform to standards agreed by the Board and embodied in the various investment and risk policies. The committee is responsible for ongoing monitoring of the composition and management of the various portfolios. This responsibility is executed through the review of quarterly reports provided to the committee by the Group Risk Management Unit outlining risk exposures within the Group's portfolios.

This Committee reports to the Board on significant risk issues and recommended actions and strategies to management on risk exposures identified in the portfolio. The Committee is also responsible for the approval of risk limits. The committee is supported in its work by various management committees noted below.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 26. Financial Risk Management (Continued)

#### (a) Introduction and overview (continued)

##### Risk management framework (continued)

#### (ii) Audit Committee

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

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

#### (iii) Investment Committee

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

#### (iv) Asset and liability Committees (ALCOs)

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

### Climate Change

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

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

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

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 26. Financial Risk Management (Continued)

#### (a) Introduction and overview (continued)

##### Risk management framework (continued)

##### Climate change (continued)

The Group currently identifies climate change risk as an emerging risk within its enterprise risk management framework. The Group, through JMMB Bank Jamaica, has made significant progress in developing a comprehensive environmental and social policy geared at enhancing and complementing existing lending policies, guidelines and business practices to better manage sustainability challenges and promote responsible growth in the credit portfolios. This will be cascaded throughout the Group in the upcoming fiscal year.

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

##### Russia/Ukraine Crisis

The ongoing Russia-Ukraine crisis poses geopolitical risks that could lead to market volatility and disrupt international trade. While the Group has no direct exposure to Russia and Ukraine, there can be indirect impacts through global financial markets. Management continues to monitor the situation and takes any developments into account in the management strategies and will respond as the situation evolves.

#### b) Credit risk

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

##### (i) Management of credit risk

Credit risk is a significant risk for the Group's business; the Group is exposed to credit risks primarily through loans and notes receivables, investment securities held and dealings with counterparties such as banks and brokers. This risk is managed through ongoing Group Research coverage of all territories to which the Group has exposure, oversight by the Group Risk Management Unit as well as ultimate oversight by the BRC and Group Boards.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

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

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

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD).

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

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

The Group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

Exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees where possible. 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	Current status
1	Excellent	Standard monitoring
2	Good credit	Standard monitoring
3	Average credit	Standard monitoring
4	Acceptable	Standard monitoring
5	Marginal	Special monitoring
6	Substandard	Default
7	Doubtful	Default
8	Loss	Default

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.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

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

##### (ii) Investments and resale agreements

The Group limits its exposure to credit risk by investing in liquid securities with counterparties that have acceptable credit quality. These counterparties are reviewed by the Group's Risk and Research teams and 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 Group Risk Management Unit.

##### (ii) Credit risk analysis

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

#### Loans and notes receivable at amortised cost:

	The Group			
	2023			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Credit grade</b>				
Standard monitoring	17,082,510	1,015,762	-	18,098,272
Default	-	-	50,694	50,694
	17,082,510	1,015,762	50,694	18,148,966
Loss allowance [note 26(b)(vi)(v)]	( 115,407)	( 446)	( 1,150)	( 117,003)
	<b>16,967,103</b>	<b>1,015,316</b>	<b>49,544</b>	<b>18,031,963</b>
	2022			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Credit grade</b>				
Standard monitoring	26,510,116	631,500	-	27,141,616
Default	-	-	986,274	986,274
	26,510,116	631,500	986,274	28,127,890
Loss allowance [note 26(b)(vi)(v)]	( 50,697)	( 476)	(377,615)	( 428,788)
	<b>26,459,419</b>	<b>631,024</b>	<b>608,659</b>	<b>27,699,102</b>

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

## 26. Financial Risk Management (Continued)

### (b) Credit risk (continued)

#### (ii) Credit risk analysis (continued)

#### Loans and notes receivable at amortised cost (continued):

	The Company			
	2023			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Credit grade</b>				
Standard monitoring	17,338,758	1,015,762	-	18,354,520
Default	-	-	50,694	50,694
	17,338,758	1,015,762	50,694	18,405,214
Loss allowance [note 26(b)(vi)(v)]	( 115,407)	( 446)	( 1,150)	( 117,003)
	<b>17,223,351</b>	<b>1,015,316</b>	<b>49,544</b>	<b>18,288,211</b>
	2022			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Credit grade</b>				
Standard monitoring	26,510,116	631,500	-	27,141,616
Default	-	-	98,038	98,038
	26,510,116	631,500	98,038	27,239,654
Loss allowance [note 26(b)(vi)(v)]	( 50,697)	( 476)	( 916)	( 52,089)
	<b>26,459,419</b>	<b>631,024</b>	<b>97,122</b>	<b>27,187,565</b>

#### Debt securities at amortised cost:

	The Group	
	2023	2022
	Stage 1 \$'000	Stage 1 \$'000
<b>Credit grade</b>		
Watch: B- to BB	785,791	1,522,011
Loss allowance [note 26(b)(vi)(v)]	( 3,458)	( 3,446)
	<b>782,333</b>	<b>1,518,565</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

##### (ii) Credit risk analysis (continued)

##### Debt securities at amortised cost:

	The Company	
	2023	2022
	Stage 1 \$'000	Stage 1 \$'000
<b>Credit grade</b>		
Watch: B- to BB	785,791	801,441
Loss allowance[note 26(b)(vi)(v)]	( 3,458)	( 3,446)
	<b>782,333</b>	<b>797,995</b>

##### Resale agreements at amortised cost:

	The Group			
	2023			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Credit grade</b>				
Watch: B- to BB	88,245,261	-	-	88,245,261
Loss allowance [note 26(b)(vi)(v)]	( 801)	-	-	( 801)
	<b>88,244,460</b>	-	-	<b>88,244,460</b>

	2022			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Credit grade</b>				
Watch - BBB	87,934,945	-	-	87,934,945
Loss allowance [note 26(b)(vi)(v)]	( 421)	-	-	( 421)
	<b>87,934,524</b>	-	-	<b>87,934,524</b>

	The Company			
	2023			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Credit grade</b>				
Watch: B- to BB	88,399,081	-	-	88,399,081
Loss allowance [note 26(b)(vi)(v)]	( 801)	-	-	( 801)
	<b>88,398,280</b>	-	-	<b>88,398,280</b>



# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

##### (ii) Credit risk analysis (continued)

#### Resale agreements at amortised cost (continued):

	The Company			
	2022			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Credit grade</b>				
Watch B- to BB	87,934,946	-	-	87,934,946
Loss allowance [note 26(b)(vi)(v)]	( 424)	-	-	( 424)
	<b>87,934,522</b>	<b>-</b>	<b>-</b>	<b>87,934,522</b>

#### Debt securities at FVOCI:

	The Group			
	2023			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Credit grade</b>				
Investment grade: BBB+ and above	17,847,525	-	-	17,847,525
Watch: B- BB	126,386,221	739,184	-	127,125,405
Speculative: CCC+ to C	3,143,622	14,802	-	3,158,424
Default - SD	-	-	308,099	308,099
	<b>147,377,368</b>	<b>753,986</b>	<b>308,099</b>	<b>148,439,453</b>
Loss allowance [note 26(b)(vi)(v)]	<b>927,877</b>	<b>34,202</b>	<b>226,706</b>	<b>1,188,785</b>

	2022			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
<b>Credit grade</b>				
Investment grade – BBB + and above	5,545,192	-	-	5,545,192
Watch – B-BB	121,938,126	765,199	-	122,703,325
Speculative – CCC+ to C	3,363,767	15,033	-	3,378,800
Default: SD	-	-	462,293	462,293
	<b>130,847,085</b>	<b>780,232</b>	<b>462,293</b>	<b>132,089,610</b>
Loss allowance [note 26(b)(vi)(v)]	<b>814,015</b>	<b>41,915</b>	<b>234,108</b>	<b>1,090,038</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

##### (ii) Credit risk analysis (continued)

##### Debt securities at FVOCI (continued):

	The Company			
	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Credit grade</b>				
Investment grade: BBB+ and above	17,847,525	-	-	17,847,525
Watch: B- to BB	126,386,221	739,184	-	127,125,405
Speculative: CCC+ to C	3,143,622	14,802	-	3,158,424
Default: SD	-	-	308,099	308,099
	<b>147,377,368</b>	<b>753,986</b>	<b>308,099</b>	<b>148,439,453</b>
Loss allowance [note 26(b)(vi)(v)]	<b>927,877</b>	<b>34,202</b>	<b>226,706</b>	<b>1,188,785</b>
	2022			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Credit grade</b>				
Investment grade: BBB+ and above	5,545,192	-	-	5,545,192
Watch: B- to BB	121,938,126	765,199	-	122,703,325
Speculative: CCC+ to C	3,363,767	15,033	-	3,378,800
Default: SD	-	-	462,293	462,293
	<b>130,847,085</b>	<b>780,232</b>	<b>462,293</b>	<b>132,089,610</b>
Loss allowance [note 26(b)(vi)(v)]	<b>814,015</b>	<b>41,915</b>	<b>234,108</b>	<b>1,090,038</b>

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

## 26. 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				
	2023				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Concentration by sector					
Government of Jamaica	-	-	-	54,892,190	54,892,190
Sovereign bonds	-	-	-	22,178,352	22,178,352
Bank of Jamaica	3,714,259	-	-	8,495,236	12,209,495
Corporate	-	9,797,658	-	68,849,509	78,647,167
Financial institutions	11,247,560	1,654,072	88,244,460	1,283,250	102,429,342
Retail	-	6,580,233	-	-	6,580,233
	<b>14,961,819</b>	<b>18,031,963</b>	<b>88,244,460</b>	<b>155,698,537</b>	<b>276,936,779</b>
Concentration by location					
Jamaica	13,687,246	11,333,381	20,337,761	79,594,159	124,952,547
North America	743,386	-	-	16,951,254	17,694,640
Trinidad and Tobago	531,187	3,261,224	603,658	14,190,041	18,586,110
Dominican Republic	-	1,418,818	-	-	1,418,818
Other	-	2,018,540	67,303,041	44,963,083	114,284,664
	<b>14,961,819</b>	<b>18,031,963</b>	<b>88,244,460</b>	<b>155,698,537</b>	<b>276,936,779</b>
	2022				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Concentration by sector					
Government of Jamaica	-	-	-	55,294,737	55,294,737
Sovereign bonds	-	-	-	10,096,756	10,096,756
Bank of Jamaica	2,975,554	-	-	16,635,495	19,611,049
Corporate	-	6,325,788	-	56,373,357	62,699,145
Financial institutions	12,178,848	14,542,737	87,934,524	780,367	115,436,476
Retail	-	6,830,577	-	-	6,830,577
	<b>15,154,402</b>	<b>27,699,102</b>	<b>87,934,524</b>	<b>139,180,712</b>	<b>269,968,740</b>
Concentration by location					
Jamaica	14,540,524	11,349,299	24,366,788	88,957,318	139,213,929
North America	404,470	-	-	4,600,154	5,004,624
Trinidad and Tobago	209,408	761,828	596,096	11,973,172	13,540,504
Dominican Republic	-	544,637	-	-	544,637
Other	-	15,043,338	62,971,640	33,650,068	111,665,046
	<b>15,154,402</b>	<b>27,699,102</b>	<b>87,934,524</b>	<b>139,180,712</b>	<b>269,968,740</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

##### (iv) Concentration of credit risk (continued)

The Company					
2023					
	Cash and cash equivalents \$'000	Loans and notes receivable \$'000	Resale agreements \$'000	Investment securities \$'000	Total \$'000
Concentration by sector					
Government of Jamaica	-	-	-	54,892,189	54,892,189
Sovereign bonds	-	-	-	22,178,352	22,178,352
Bank of Jamaica	3,714,259	-	-	8,495,236	12,209,495
Corporate	-	10,053,906	-	67,180,878	77,234,784
Financial institutions	9,834,848	1,654,072	88,398,280	1,065,828	100,953,028
Retail	-	6,580,233	-	-	6,580,233
	<b>13,549,107</b>	<b>18,288,211</b>	<b>88,398,280</b>	<b>153,812,483</b>	<b>273,048,081</b>
Concentration by location					
Jamaica	12,390,117	11,589,628	20,491,581	77,950,614	122,421,940
North America	537,966	-	-	16,951,254	17,489,220
Trinidad and Tobago	508,738	3,261,224	603,658	13,947,531	18,321,151
Dominican Republic	-	1,418,818	-	-	1,418,818
Other	-	2,018,541	67,303,041	44,963,084	114,284,666
	<b>13,436,821</b>	<b>18,288,211</b>	<b>88,398,280</b>	<b>153,812,483</b>	<b>273,935,795</b>
2022					
	Cash and cash equivalents \$'000	Loans and notes receivable \$'000	Resale agreements \$'000	Investment securities \$'000	Total \$'000
Concentration by sector					
Government of Jamaica	-	-	-	55,294,737	55,294,737
Sovereign bonds	-	-	-	10,096,756	10,096,756
Bank of Jamaica	2,975,554	-	-	16,635,495	19,611,049
Corporate	-	5,814,252	-	53,869,089	59,683,341
Financial institutions	10,681,625	14,542,736	87,934,522	560,944	113,719,827
Retail	-	6,830,577	-	-	6,830,577
	<b>13,657,179</b>	<b>27,187,565</b>	<b>87,934,522</b>	<b>136,457,021</b>	<b>265,236,287</b>
Concentration by location					
Jamaica	12,987,720	10,837,763	24,366,785	86,524,006	134,716,274
North America	464,525	-	-	4,600,154	5,064,679
Trinidad and Tobago	204,934	761,828	596,096	11,682,796	13,245,654
Dominican Republic	-	544,637	-	-	544,637
Other	-	15,043,337	62,971,641	33,650,065	111,665,043
	<b>13,657,179</b>	<b>27,187,565</b>	<b>87,934,522</b>	<b>136,457,021</b>	<b>265,236,287</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

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

The Group holds collateral against loans and advances to customers and others in the form of mortgage interests over property, other registered securities and other assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are updated as part of the ECL assessment using a proxy for collateral. The table below sets out the gross amount of loans and notes receivable and resale agreements and the value of identifiable collateral held against loans and notes receivable and resale agreements. For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against. When a loan becomes credit-impaired, the fair value of the collateral is updated and used in calculating the ECL, otherwise a proxy for collateral value is generally used on a portfolio basis to compute the ECL throughout the year. Collateral generally is not held over balances with banks or broker/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities, and no such collateral was held at the reporting date (2022: no collateral held).

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:

#### Loans and notes receivable

2023						
The Group						
Collaterals						
	Carrying Amount	Cash secured	Debt securities	Motor vehicles	Unsecured	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Stage 1	17,082,510	6,555,047	21,069,251	855,488	65,385	28,545,171
Stage 2	1,015,762	1,067,634	419,413	-	-	1,487,047
Stage 3	50,694	9,165	35,300	-	-	44,465
	<b>18,148,966</b>	<b>7,631,846</b>	<b>21,523,964</b>	<b>855,488</b>	<b>65,385</b>	<b>30,076,683</b>

2022						
The Group						
Collaterals						
	Carrying Amount	Cash secured	Debt securities	Motor vehicles	Unsecured	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Stage 1	26,510,116	19,899,987	15,486,631	813,620	64,985	36,265,223
Stage 2	631,500	639,277	434,978	-	-	1,074,255
Stage 3	986,274	915	72,879	-	-	73,794
	<b>28,127,890</b>	<b>20,540,179</b>	<b>15,994,488</b>	<b>813,620</b>	<b>64,985</b>	<b>37,413,272</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

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

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

#### Loans and notes receivable

		2023					
		The Company					
		Collaterals					
	Carrying Amount	Cash secured	Debt securities	Motor vehicles	Unsecured	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Stage 1	17,082,510	6,555,047	21,069,251	855,488	65,385	28,545,171	
Stage 2	1,015,762	1,067,634	419,413	-	-	1,487,047	
Stage 3	50,694	9,165	35,300	-	-	44,465	
	<b>18,148,966</b>	<b>7,631,846</b>	<b>21,523,964</b>	<b>855,488</b>	<b>65,385</b>	<b>30,076,683</b>	

		2022					
		The Company					
		Collaterals					
	Gross Amount	Cash secured	Debt securities	Motor vehicles	Unsecured	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Stage 1	26,510,116	19,899,987	15,486,631	813,620	64,985	36,265,223	
Stage 2	631,500	639,277	434,978	-	-	1,074,255	
Stage 3	986,274	915	72,879	-	-	73,794	
	<b>28,127,890</b>	<b>20,540,179</b>	<b>15,994,488</b>	<b>813,620</b>	<b>64,985</b>	<b>37,413,272</b>	

##### (vi) Expected credit loss measurement

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

##### (vi) *Expected credit loss measurement (continued)*

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

##### (i) *Significant increase in credit risk*

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 including forward-looking information.

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

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

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

Credit risk grades:

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

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

The Group uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty.

Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for corporate exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

##### (vi) Expected credit loss measurement (continued)

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

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

###### Credit risk grades (continued)

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

###### Individual:

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

###### Commercial & Corporate:

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

###### Treasury

For debt securities in the treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's term structure associated with each grade are determined based on realised default rates as derived from the average 12-month through-the-cycle (TTC) transition matrices, as published by the rating agency.

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

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



# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

(vi) *Expected credit loss measurement (continued)*

(i) *Significant increase in credit risk (continued)*

Credit risk grades (continued):

*Treasury (continued)*

Generating the term structure of PD:

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

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

Determining when credit risk has increased significantly

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

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

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

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.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

##### (vi) *Expected credit loss measurement (continued)*

##### (i) *Significant increase in credit risk (continued)*

Credit risk grades (continued)

Determining when credit risk has increased significantly (continued)

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.
- The borrower is unlikely to pay its obligation to the Group in full, without recourse by the Group to actions such as realizing security. This may arise from instances such as bankruptcy, long-term forbearance, insolvency, breach of financial covenants, death and restructuring.

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

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

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

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

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

These economic variables and their associated impact on the PD, exposure at default (EAD) and loss given default (LGD) vary by financial instrument.

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

(vi) *Expected credit loss measurement (continued)*

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

The Group formulates three scenarios: a base case, which is the median scenario and assigned a 70% probability of occurring and two likely scenarios; being best, assigned a rating of 20% and worst, assigned a rating of 10%. 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.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing a trend analysis and compared historical information with forecast macro-economic data to determine whether the indicator describes a 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 macroeconomic assumptions used in the base, upside and downside scenarios are as follows:

	<u>Upside</u>	<u>Base</u>	<u>Downside</u>
Gross Domestic Product	2%	1-2%	1%
Inflation rate	4%	4-6%	6%
Unemployment	<6%	6 – 6.5%	>6.5%
Interest rate	<1%	>1%	1%

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

##### (vi) *Expected credit loss measurement (continued)*

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

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

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

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

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

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

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

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

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

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

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

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### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

(vi) *Expected credit loss measurement (continued)*

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

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

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

(v) *Loss allowance*

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

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:

	The Group			
	2023			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Balance at 1 April	50,697	476	377,615	428,788
Transfer from stage 1 to stage 2	( 4)	4	-	-
Transfer from stage 2 to stage 1	137	(137)	-	-
Transfer from stage 3 to stage 1	101	-	( 101)	-
Transfer from stage 3 to stage 2	-	( 65)	65	-
Financial assets derecognised during period	( 101)	-	( 23,904)	( 24,005)
New financial assets originated or purchased	9,943	-	-	9,943
Net remeasurement of loss allowance	55,211	-	488	55,699
Transferred to parent	-	-	(353,094)	(353,094)
Foreign exchange and other movements	( 576)	168	80	( 328)
Balance at 31 March	115,408	446	1,149	117,003

	The Group			
	2022			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Balance at 1 April	45,147	286	1,124,424	1,169,857
Transfer from stage 1 to stage 2	( 112)	112	-	-
Transfer from stage 2 to stage 1	190	(190)	-	-
Transfer from stage 3 to stage 1	99	-	( 99)	-
Transfer from stage 3 to stage 2	-	10	( 10)	-
Financial assets derecognised during period	( 5,455)	( 96)	( 1,423)	( 6,974)
New financial assets originated or purchased	1,150	-	96	1,246
Net remeasurement of loss allowance	11,589	-	57,898	69,487
Write-offs	-	-	(809,455)	(809,455)
Foreign exchange and other movements	( 1,911)	354	6,184	4,627
Balance at 31 March	50,697	476	377,615	428,788

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

#### Loans and notes receivable at amortised cost (continued):

	The Company			
	2023			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Balance at 1 April	50,697	476	916	52,089
Transfer from stage 1 to stage 2	( 4)	4	-	-
Transfer from stage 2 to stage 1	476	(476)	-	-
Transfer from stage 3 to stage 1	101	-	( 101)	-
Transfer from stage 3 to stage 2	-	16	( 16)	-
Financial assets derecognised during the year	( 101)	-	( 299)	( 400)
New financial assets originated or purchased	723	-	-	723
Net remeasurement of loss allowance	64,091	254	569	64,914
Foreign exchange and other movements	( 576)	172	81	( 323)
Balance at 31 March	115,407	446	1,150	117,003

	The Company			
	2022			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Balance at 1 April	48,475	286	4,274	53,035
Transfer from stage 1 to stage 2	( 112)	112	-	-
Transfer from stage 2 to stage 1	190	(190)	-	-
Transfer from stage 3 to stage 1	99	-	( 99)	-
Transfer from stage 3 to stage 2	-	10	( 10)	-
Financial assets derecognised during the year	( 5,455)	( 96)	(3,829)	( 9,380)
New financial assets originated or purchased	1,150	-	96	1,246
Net remeasurement of loss allowance	155	-	-	155
Foreign exchange and other movements	6,195	354	484	7,033
Balance at 31 March	50,697	476	916	52,089

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

(vi) *Expected credit loss measurement (continued)*

(v) *Loss allowance (continued)*

#### Resale agreements:

	The Group	
	2023	2022
	Stage 1	Stage 1
	\$'000	\$'000
Balance at 1 April	421	376
Net remeasurement of loss allowance during the year	380	45
Balance at 31 March	<b>801</b>	<b>421</b>

	The Company	
	2023	2022
	Stage 1	Stage 1
	\$'000	\$'000
Balance at 1 April	424	379
Net remeasurement of loss allowance during the year	377	45
Balance at 31 March	<b>801</b>	<b>424</b>

#### Debt securities at amortised cost:

	The Group			
	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	3,446	-	-	3,446
Foreign exchange and other movements	12	-	-	12
Balance at 31 March	<b>3,458</b>	-	-	<b>3,458</b>

	The Group			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	45,516	-	-	45,516
Financial assets derecognised during the year	(40,754)	-	-	(40,754)
Foreign exchange and other movements	( 1,316)	-	-	( 1,316)
Balance at 31 March	<b>3,446</b>	-	-	<b>3,446</b>



# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

#### Debt securities at amortised cost (continued):

	The Company			
	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	3,446	-	-	3,446
Foreign exchange and other movements	12	-	-	12
Balance at 31 March	<b>3,458</b>	-	-	<b>3,458</b>

	The Company			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	45,516	-	-	45,516
Financial assets derecognised during the year	(40,754)	-	-	(40,754)
Foreign exchange and other movements	( 1,316)	-	-	( 1,316)
Balance at 31 March	<b>3,446</b>	-	-	<b>3,446</b>

There were no significant changes in the loss allowances during the current and prior year and there no transfer between stages.

#### Debt securities at FVOCI:

	The Group			
	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	814,015	41,915	234,108	1,090,038
Financial asset derecognised	(163,728)	( 1,451)	( 1,827)	( 167,006)
New financial assets originated or purchased	441,707	4210	-	445,917
Foreign exchange and other movements	(100,656)	(10,472)	( 5,575)	( 116,703)
Balance at 31 March	<b>991,338</b>	<b>34,202</b>	<b>226,706</b>	<b>1,252,246</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

#### Debt securities at FVOCI (continued):

The Group				
2022				
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	781,617	31,184	132,589	945,390
Transfer from Stage 1 to Stage 3	( 503)	-	503	-
Financial asset derecognised	(162,234)	( 136)	-	( 162,370)
New financial assets originated or purchased	255,765	250	30,116	286,131
Foreign exchange and other movements	( 60,630)	10,617	70,900	20,887
Balance at 31 March	<b>814,015</b>	<b>41,915</b>	<b>234,108</b>	<b>1,090,038</b>

The Company				
2023				
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	814,015	41,915	234,108	1,090,038
Financial assets derecognised	(163,728)	( 1,451)	( 1,827)	(167,006)
New financial assets originated or purchased	441,707	4210	-	445,917
Foreign exchange and other movements	(100,656)	(10,472)	( 5,575)	(116,703)
Balance at 31 March	<b>991,338</b>	<b>34,202</b>	<b>226,706</b>	<b>1,252,246</b>

The Company				
2022				
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	781,617	31,184	132,589	945,390
Transfer from stage 1 to stage 3	( 503)	-	503	-
Financial assets derecognised	(162,234)	( 136)	-	( 162,370)
New financial assets originated or purchased	255,765	250	30,116	286,131
Foreign exchange and other movements	( 60,630)	10,617	70,900	20,887
Balance at 31 March	<b>814,015</b>	<b>41,915</b>	<b>234,108</b>	<b>1,090,038</b>

The significant change in the loss allowance for the Group and Company is due to investment securities originated or acquired during the year. There were no significant transfers between stages and no investment securities where credit risk has increased significantly since their initial recognition.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 26. Financial Risk Management (Continued)

#### (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 investors/depositors and to fulfil loan commitments. 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 fund outflows can be predicted with a high level of certainty.

A Liquidity Management Committee meets at least monthly and more frequently where management considers that heightened monitoring and coordination of liquidity exposures across the Group is warranted. The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

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

The Group continues to monitor the current global geopolitical events and the ongoing impact on market conditions with respect to asset and liability management. Against this backdrop, the Group continues to robustly manage our liquidity planning in keeping with our regulatory and internal obligations and have applied enhanced risk controls including stress testing, monitoring liquidity coverage and net stable funding ratios.

#### 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; and
- (iii) Maintaining contingency funding plans. These plans specify a wide range of readily available actions for a variety of adverse market conditions or idiosyncratic stresses. Managing the concentration and profile of debt maturities.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

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

##### Liquidity risk management process (continued)

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

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates. Management estimate that the expected cash flows on these instruments will occur much later as demonstrated by retention history. Maturing liabilities are usually renewed and therefore will not have a significantly outflow of actual cash flows.

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

	The Group				
	2023				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Liabilities</b>					
Repurchase agreements	175,759,929	69,812,570	323,789	245,896,288	240,646,859
Notes payable	531,436	1,550,737	28,465,364	30,547,537	22,862,566
Redeemable preference shares	231,256	693,768	23,672,471	24,597,495	14,622,431
Lease liabilities	10,359	31,078	82,752	124,189	112,051
Other payables	2,204,572	-	-	2,204,572	2,204,572
	<b>178,737,554</b>	<b>72,088,153</b>	<b>52,544,376</b>	<b>303,370,083</b>	<b>280,448,481</b>

	The Group				
	2022				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Liabilities</b>					
Repurchase agreements	172,534,266	63,946,556	235,802	236,716,624	233,172,167
Notes payable	41,070	9,317,950	2,996,490	12,355,510	12,110,590
Redeemable preference shares	345,828	1,037,484	28,141,979	29,525,291	20,883,423
Lease liabilities	10,845	31,554	126,058	168,457	148,644
Other payables	3,051,961	-	-	3,051,961	3,051,961
	<b>175,983,970</b>	<b>74,333,544</b>	<b>31,500,329</b>	<b>281,817,843</b>	<b>269,366,785</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

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

	The Company				
	2023				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Liabilities</b>					
Repurchase agreements	176,159,285	69,812,570	323,789	246,295,644	241,046,216
Notes payable	531,437	1,550,737	28,465,364	30,547,538	22,862,568
Redeemable preference shares	231,256	693,768	23,672,471	24,597,495	14,622,431
Lease liabilities	9,347	28,043	80,391	117,781	105,978
Other payables	1,372,793	-	-	1,372,793	1,372,793
	<b>178,304,119</b>	<b>72,085,118</b>	<b>52,542,015</b>	<b>302,931,252</b>	<b>280,009,986</b>

	The Company				
	2022				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Liabilities</b>					
Repurchase agreements	172,554,428	63,946,556	235,802	236,736,786	233,192,329
Notes payable	41,070	9,317,950	2,996,490	12,355,510	12,110,590
Redeemable preference shares	345,828	1,037,484	28,141,979	29,525,291	20,883,423
Lease liabilities	9,833	28,519	119,661	158,013	139,044
Other payables	1,971,530	-	-	1,971,530	1,971,530
	<b>174,922,689</b>	<b>74,330,509</b>	<b>31,493,932</b>	<b>280,747,130</b>	<b>268,296,916</b>

#### (d) Market risk

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

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

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

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

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

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

A summary of the VaR position of the Group's overall portfolio as at 31 March 2023 and during the year then ended is as follows:

	31 March	Average for Year	Maximum during Year	Minimum during Year
	\$'000	\$'000	\$'000	\$'000
<b>2023 Overall VaR</b>	<b>6,829,611</b>	<b>5,516,715</b>	<b>7,786,255</b>	<b>3,039,400</b>
<b>2022 Overall VaR</b>	<b>9,193,285</b>	<b>12,085,707</b>	<b>28,597,903</b>	<b>5,948,407</b>

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.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

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

##### (i) Currency risk

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

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

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

	The Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
United States dollars	3,489,899	(7,919,626)	2,303,688	(8,189,879)
Great Britain Pounds	4,591	79,787	( 98,688)	( 25,656)
Euros	105,576	( 84,225)	101,114	( 90,211)
Trinidad and Tobago dollars	1,788,167	1,654,660	1,735,412	1,358,602
Canadian dollars	103,767	157,930	70,976	120,369

##### Foreign currency sensitivity

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

	The Group			
	2023		2022	
Currency:	Change in Currency Rate %	Effect on Profit \$'000	Change in Currency Rate %	Effect on Profit \$'000
USD	4	139,396	8	(633,570)
GBP	4	184	8	6,383
EUR	4	4,303	8	( 6,738)
TT	4	71,527	8	132,373
CAD	4	4,151	8	12,634
		<b>219,561</b>		<b>(488,918)</b>

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

## 26. Financial Risk Management (Continued)

### (d) Market risk (continued)

#### (i) Currency risk (continued)

The Group				
	2023		2022	
	Change in Currency Rate	Effect on Profit	Change in Currency Rate	Effect on Profit
	%	\$'000	%	\$'000
Currency:				
USD	-1	(34,849)	-2	158,393
GBP	-1	( 46)	-2	( 1,596)
EUR	-1	( 1,076)	-2	1,685
TT	-1	(17,882)	-2	( 33,093)
CAD	-1	( 1,038)	-2	( 3,159)
		<b>(54,891)</b>		<b>122,230</b>

The Company				
	2023		2022	
	Change in Currency Rate	Effect on Profit	Change in Currency Rate	Effect on Profit
	%	\$'000	%	\$'000
Currency:				
USD	4	92,148	8	(655,190)
GBP	4	( 3,948)	8	( 2,052)
EUR	4	4,044	8	( 7,217)
TT	4	69,416	8	108,688
CAD	4	2,839	8	9,630
		<b>164,499</b>		<b>(546,141)</b>
USD	-1	(23,037)	-2	163,798
GBP	-1	987	-2	513
EUR	-1	( 1,011)	-2	1,804
TT	-1	(17,354)	-2	( 27,172)
CAD	-1	( 710)	-2	( 2,407)
		<b>(41,125)</b>		<b>136,536</b>

#### (ii) Interest rate risk

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



# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

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

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

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

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

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

	The Group					
	2023					
	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
<b>Financial Assets</b>						
Cash and cash equivalents	14,961,819	-	-	-	-	14,961,819
Interest receivable	-	-	-	-	3,221,257	3,221,257
Loans and notes receivable	14,975,719	2,069,985	762,549	223,710	-	18,031,963
Other receivables	-	-	-	-	9,291,907	9,291,907
Due from parent company	-	-	-	-	895,206	895,206
Resell agreements	83,690,938	4,553,522	-	-	-	88,244,460
Investment securities	23,840,332	4,520,481	7,243,239	113,617,735	6,476,750	155,698,537
<b>Total financial assets</b>	<b>137,468,808</b>	<b>11,143,988</b>	<b>8,005,788</b>	<b>113,841,445</b>	<b>19,885,120</b>	<b>290,345,149</b>
<b>Financial Liabilities</b>						
Repurchase agreements	173,370,743	40,331,299	26,637,382	307,435	-	240,646,859
Notes payable	-	2,907,103	-	19,955,465	-	22,862,568
Redeemable preference shares	-	-	-	14,622,431	-	14,622,431
Lease liabilities	8,913	9,027	18,398	75,713	-	112,051
Interest payable	-	-	-	-	2,900,969	2,900,969
Other payables	-	-	-	-	2,204,572	2,204,572
<b>Total financial liabilities</b>	<b>173,379,656</b>	<b>43,247,429</b>	<b>26,655,780</b>	<b>34,961,044</b>	<b>5,105,541</b>	<b>283,349,450</b>
<b>Total interest rate sensitivity gap</b>	<b>( 35,910,848)</b>	<b>(32,103,441)</b>	<b>(18,649,992)</b>	<b>78,880,401</b>	<b>14,779,579</b>	<b>6,995,699</b>
<b>Cumulative interest rate sensitivity gap</b>	<b>( 35,910,848)</b>	<b>(68,014,289)</b>	<b>(86,664,281)</b>	<b>( 7,783,880)</b>	<b>6,995,699</b>	

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

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

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

	The Group					
	2022					
	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
<b>Financial Assets</b>						
Cash and cash equivalents	15,154,383	-	-	-	19	15,154,402
Interest receivable	-	-	-	-	2,138,112	2,138,112
Loans and notes receivable	26,168,001	200,000	567,150	-	763,951	27,699,102
Other receivables	-	-	-	-	5,939,225	5,939,225
Due from parent company	-	-	-	-	4,064,393	4,064,393
Resale agreements	74,770,142	13,164,382	-	-	-	87,934,524
Investment securities	10,958,570	8,456,673	4,676,511	109,673,563	5,415,395	139,180,712
Total financial assets	127,051,096	21,821,055	5,243,661	109,673,563	18,321,095	282,110,470
<b>Financial Liabilities</b>						
Repurchase agreements	171,073,733	27,487,875	34,390,579	219,980	-	233,172,167
Notes payable	-	9,148,028	-	2,962,562	-	12,110,590
Redeemable preference shares	-	-	-	20,883,423	-	20,883,423
Lease liabilities	8,469	8,326	16,741	115,108	-	148,644
Interest payable	-	-	-	-	1,771,126	1,771,126
Other payables	-	-	-	-	3,051,961	3,051,961
Total financial liabilities	171,082,202	36,644,229	34,407,320	24,181,073	4,823,087	271,137,911
<b>Total interest rate sensitivity gap</b>	( 44,031,106)	(14,823,174)	(29,163,659)	85,492,490	13,498,008	10,972,559
<b>Cumulative interest rate sensitivity gap</b>	( 44,031,106)	(58,854,280)	(88,017,939)	( 2,525,449)	10,972,559	

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

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

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

	The Company					
	2023					
	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
<b>Financial Assets</b>						
Cash and cash equivalents	13,549,107	-	-	-	-	13,549,107
Interest receivable	-	-	-	-	3,221,503	3,221,503
Loans and notes receivable	15,231,966	2,069,985	762,549	223,711	-	18,288,211
Other receivables	-	-	-	-	9,122,736	9,122,736
Due from parent company	-	-	-	-	895,206	895,206
Resale agreements	83,844,758	4,553,522	-	-	-	88,398,280
Investment securities	23,840,332	4,520,481	7,243,239	113,617,735	4,590,696	153,812,483
Total financial assets	136,466,163	11,143,988	8,005,788	113,841,446	17,830,141	287,287,526
<b>Financial Liabilities</b>						
Repurchase agreements	173,770,100	40,331,299	26,637,382	307,435	-	241,046,216
Notes payable	-	2,907,103	-	19,955,465	-	22,862,568
Redeemable preference	-	-	-	14,622,431	-	14,622,431
Lease liabilities	7,903	8,015	16,373	73,687	-	105,978
Interest payable	-	-	-	-	2,901,634	2,901,634
Other payables	-	-	-	-	1,372,793	1,372,793
Total financial liabilities	173,778,003	43,246,417	26,653,755	34,959,018	4,274,427	282,911,620
<b>Total interest rate sensitivity gap</b>	<b>(37,311,840)</b>	<b>(32,102,429)</b>	<b>(18,647,967)</b>	<b>78,882,428</b>	<b>13,555,714</b>	<b>4,375,906</b>
<b>Cumulative interest rate sensitivity gap</b>	<b>(37,311,840)</b>	<b>(69,414,269)</b>	<b>(88,062,236)</b>	<b>(9,179,808)</b>	<b>4,375,906</b>	

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

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

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

	The Company					
	2022					
	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
<b>Financial Assets</b>						
Cash and cash equivalents	13,657,179	-	-	-	-	13,657,179
Interest receivable	-	-	-	-	2,136,901	2,136,901
Loans and notes receivable	26,420,415	200,000	567,150	-	-	27,187,565
Other receivables	-	-	-	-	8,103,382	8,103,382
Due from parent company	-	-	-	-	4,064,393	4,064,393
Repurchase agreements	74,770,139	13,164,383	-	-	-	87,934,522
Investment securities	10,238,000	8,456,673	4,676,511	109,516,421	3,569,416	136,457,021
Total financial assets	125,085,733	21,821,056	5,243,661	109,516,421	17,874,092	279,540,963
<b>Financial Liabilities</b>						
Repurchase agreements	171,093,895	27,487,875	34,390,579	219,980	-	233,192,329
Notes payable	-	9,148,028	-	2,962,562	-	12,110,590
Redeemable preference	-	-	-	20,883,423	-	20,883,423
Lease liabilities	7,924	7,790	15,664	107,666	-	139,044
Interest payable	-	-	-	-	1,771,514	1,771,514
Other payables	-	-	-	-	1,971,530	1,971,530
Total financial liabilities	171,101,819	36,643,693	34,406,243	24,173,631	3,743,044	270,068,430
<b>Total interest rate sensitivity gap</b>	( 46,016,086)	(14,822,637)	(29,162,582)	85,342,790	14,131,048	9,472,533
<b>Cumulative interest rate sensitivity gap</b>	( 46,016,086)	(60,838,723)	(90,001,305)	( 4,658,515)	9,472,533	

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

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

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

##### *Interest rate sensitivity*

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

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

	Effect on Profit 2023 \$'000	Effect on Equity 2023 \$'000	Effect on Profit 2022 \$'000	Effect on Equity 2022 \$'000
<b>Change in basis points JMD/USD</b>				
+100 (2022: +300/+150)	47,164	5,853,337	51,406	5,361,910
-100 (2022: -50/-50)	(47,164)	(5,853,337)	(51,406)	(5,361,910)

##### (iii) Equity price risk

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

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

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

	The Group			
	2023		2022	
	Effect on Profit \$'000	Effect on Equity \$'000	Effect on Profit \$'000	Effect on Equity \$'000
<b>Change in equity prices</b>				
+6% (2022: +5%)	163,144	116,239	139,174	111,259
-6% (2022: -5%)	(163,144)	(116,239)	(139,174)	(111,259)

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

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

##### (iii) Equity price risk (continued)

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

	The Company			
	2023		2022	
	Effect on Profit \$'000	Effect on Equity \$'000	Effect on Profit \$'000	Effect on Equity \$'000
<b>Change in equity prices</b>				
6% (2022: +5%)	79,528	109,165	65,620	193,521
-6% (2022: -5%)	(79,528)	(109,165)	(65,620)	(193,521)

#### (e) Operational risk

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

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

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

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### 26. Financial Risk Management (Continued)

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

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

#### (f) Capital management

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

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

- (i) To comply with the capital requirements set by the regulators of the financial markets where the Group operates;
- (ii) To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- (iii) To maintain a strong capital base to support the development of its business.

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

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

The regulated authorities require each regulated entity to:

- (i) Hold the minimum level of the regulatory capital; and
- (ii) Maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

Certain subsidiaries' regulatory capital is divided into two tiers:

- (i) Tier 1 capital: share capital, share premium, retained earnings, investment revaluation reserve and cumulative translation reserve.
- (ii) Tier 2 capital: redeemable preference shares and investment revaluation reserve.

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 26. Financial Risk Management (Continued)

#### (f) Capital management (continued)

The table and notes below summarise the composition of regulatory capital and the ratios of the regulated companies within the Group for the years ended 31 March 2023 and 31 March 2022.

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

	JMMB		JMMBSL		JMMBIB	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Regulatory capital –						
Tier 1 capital	21,636,830	20,700,364	1,295	991	333,185	277,882
Tier 2 capital	14,622,431	10,724,419	-	-	-	-
Total regulatory capital	36,259,261	31,424,783	1,295	991	333,185	277,882
Risk-weighted assets –						
On-balance sheet	200,067,002	183,900,403	3,119	2,771	-	-
Foreign exchange exposure	4,688,843	8,305,745	180	99	-	-
Total risk-weighted assets	204,755,845	192,206,148	3,299	2,870	-	-
Actual regulatory capital to risk weighted assets	18%	16%	35%	35%	-	-
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	-	-
					JMMBFM	
					2023	2022
					\$'000	\$'000
Tier 1 capital					555,558	421,885
Actual regulatory capital					555,558	421,885
Required level of regulatory capital					141,531	127,915
Total risk-weighted assets					1,010,938	913,681
Tier one capital ratio to risk-weighted assets capital					55%	46%

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

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



# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

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### 27. Financial Instruments – Fair Value

(a) Definition and measurement of fair values

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

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

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

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

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

There were no transfers between levels during the year.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 27. Financial Instruments – Fair Value (Continued)

(b) Techniques for measuring fair value of financial instruments

Type of Financial Instrument	Method of estimating fair value
Cash and cash equivalents, other receivables, resale agreements, other payables, repurchase agreements, Bank of Jamaica certificates of deposit	Considered to approximate their carrying values, due to their short-term nature
Units in unit trusts	Prices quoted by unit trust managers widely accepted in the market
Non-Jamaican sovereign bonds and corporate bonds	Estimated using bid prices published by major overseas brokers.
Government of Jamaica securities	
Traded overseas	Estimated using bid prices published by major overseas brokers.
Other	Estimated using mid-market prices from the Jamaica Securities Dealers Association and Bloomberg yield curves.
Quoted equities	Bid prices quoted by the relevant Stock Exchanges.
Interest in money market fund	Net asset valuation method
Loans and notes receivable	The carrying amounts of variable rate financial instruments are assumed to approximate their fair values as the rate on these instruments typically reset in line with market rates. The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. The loan portfolio comprises of variable rate loans which can be reset as market rates change and are therefore carried at book value. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the allowance for credit losses from both book and fair values. Management has determined that carrying amount for loans and notes receivable approximates fair value.
Notes payable	Discounted cash flows
Redeemable preference shares	Bid prices quoted by the Jamaica stock exchange

(c) Accounting classifications and fair values

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

The Group							
2023							
Carrying amount					Fair value		
Amortised Cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets measured at fair value							
Government of Jamaica Securities	-	54,086,204	-	54,086,204	-	54,086,204	54,086,204
Certificates of Deposit	-	8,495,236	-	8,495,236	-	8,495,236	8,495,236
Corporate bonds	-	63,679,661	-	63,679,661	-	63,679,661	63,679,661
Foreign Government Securities	-	22,178,352	-	22,178,352	-	22,178,352	22,178,352
Ordinary shares quoted	-	2,541,407	2,494,950	5,036,357	5,036,357	-	5,036,357
Units in Unit Trusts	-	-	1,109,885	1,109,885	-	1,109,885	1,109,885
Money Market Funds	-	-	173,367	173,367	-	173,367	173,367
Redeemable preference shares	-	-	157,142	157,142	-	157,142	157,142
	-	150,980,860	3,935,344	154,916,204	5,036,357	149,879,847	154,916,204

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group							
	2023							
	Carrying amount				Fair value			
	Amortised Cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets not measured at fair value</b>								
Cash and cash equivalents	14,961,819	-	-	14,961,819	-	14,961,819	-	14,961,819
Interest receivable	3,221,257	-	-	3,221,257	-	-	3,221,257	3,221,257
Loans and notes receivable	18,031,963	-	-	18,031,963	-	-	18,031,963	18,031,963
Other receivables	9,291,907	-	-	9,291,907	-	-	9,291,907	9,291,907
Due from parent company	895,206	-	-	895,206	-	-	895,206	895,206
Resale agreements	88,244,460	-	-	88,244,460	-	-	88,244,460	88,244,460
Foreign Government Securities	785,791	-	-	785,791	-	910,727	-	910,727
	<b>135,432,403</b>	-	-	<b>135,432,403</b>	-	<b>15,872,546</b>	<b>119,684,793</b>	<b>135,557,339</b>
<b>Financial liabilities not measured at fair value</b>								
Repurchase agreements	240,646,859	-	-	240,646,859	-	-	240,646,859	240,646,859
Notes payable	22,862,568	-	-	22,862,568	-	-	22,696,622	22,696,622
Redeemable preference shares	14,622,431	-	-	14,622,431	15,668,740	-	-	15,668,740
Interest payable	2,900,969	-	-	2,900,969	-	-	2,900,969	2,900,969
Other payables	2,204,572	-	-	2,204,572	-	-	2,204,572	2,204,572
	<b>283,237,399</b>	-	-	<b>283,237,399</b>	<b>15,668,740</b>	-	<b>268,449,022</b>	<b>284,117,762</b>

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

## 27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

The Group							
2022							
Carrying amount				Fair value			
Amortised	Fair value	At fair value	Total	Level 1	Level 2	Total	
Cost	through	through					
\$'000	other	profit or loss	\$'000	\$'000	\$'000	\$'000	
	comprehensive						
	income						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Financial assets measured at fair value</b>							
Government of Jamaica Securities	-	54,318,251	-	54,318,251	-	54,318,251	54,318,251
Certificates of Deposit	-	16,635,495	-	16,635,495	-	16,635,495	16,635,495
Corporate bonds	-	51,039,107	-	51,039,107	-	51,039,107	51,039,107
Foreign Government Securities	-	10,096,757	-	10,096,757	-	10,096,757	10,096,757
Ordinary shares quoted	-	2,131,843	2,375,469	4,507,312	4,507,312	-	4,507,312
Ordinary shares unquoted	-	33,970	93,750	127,720	-	127,720	127,720
Units in Unit Trusts	-	-	713,916	713,916	-	713,916	713,916
Money Market Funds	-	-	66,447	66,447	-	66,447	66,447
Redeemable preference shares	-	-	157,142	157,142	-	157,142	157,142
-	134,255,423	3,406,724	137,662,147	4,507,312	133,154,835	137,662,147	

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group							
					2022			
	Carrying amount				Fair value			
	Amortised Cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Level 3*	Total
	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
<b>Financial assets not measured at fair value</b>								
Cash and cash equivalents	15,154,402	-	-	15,154,402	-	15,154,402	-	15,154,402
Interest receivable	2,138,112	-	-	2,138,112	-	-	2,138,112	2,138,112
Loans and notes receivable	27,699,102	-	-	27,699,102	-	-	27,699,102	27,699,102
Other receivables	5,939,225	-	-	5,939,225	-	-	5,939,225	5,939,225
Due from parent company	4,064,393	-	-	4,064,393	-	-	4,064,393	4,064,393
Resale agreements	87,934,524	-	-	87,934,524	-	-	87,934,524	87,934,524
Certificates of Deposit	720,570	-	-	720,570	-	-	720,570	720,570
Foreign Government Securities	801,441	-	-	801,441	-	1,019,103	-	1,019,103
	<b>144,451,769</b>	-	-	<b>144,451,769</b>	-	<b>16,173,505</b>	<b>128,495,926</b>	<b>144,669,431</b>
<b>Financial liabilities not measured at fair value</b>								
Repurchase agreements	233,172,167	-	-	233,172,167	-	-	233,172,167	233,172,167
Notes payable	12,110,590	-	-	12,110,590	-	-	12,068,431	12,068,431
Redeemable preference shares	20,883,423	-	-	20,883,423	21,174,416	-	-	21,174,416
Interest payable	1,771,126	-	-	1,771,126	-	-	1,771,126	1,771,126
Other payables	3,051,961	-	-	3,051,961	-	-	3,051,961	3,051,961
	<b>270,989,267</b>	-	-	<b>270,989,267</b>	<b>21,174,416</b>	-	<b>250,063,685</b>	<b>271,238,101</b>

\* These have been reclassified, see note 31

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

## 27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Company						
	2023						
	Carrying amount				Fair value		
	Fair value through other comprehensive income						
	Amortised cost		At fair value through profit or loss	Total	Level 1	Level 2	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assets measured at fair value							
Government of Jamaica Securities	-	54,086,204	-	54,086,204	-	54,086,204	54,086,204
Certificates of Deposit	-	8,495,236	-	8,495,236	-	8,495,236	8,495,236
Corporate bonds	-	63,679,661	-	63,679,661	-	63,679,661	63,679,661
Foreign Government Securities	-	22,178,352	-	22,178,352	-	22,178,352	22,178,352
Ordinary shares quoted	-	2,423,500	1,101,368	3,524,868	3,524,868	-	3,524,868
Units in Unit Trusts	-	-	892,462	892,462	-	892,462	892,462
Money Market Funds	-	-	173,367	173,367	-	173,367	173,367
	-	150,862,953	2,167,197	153,030,150	3,524,868	149,505,282	153,030,150

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

The Company								
2023								
Carrying amount					Fair value			
Amortised cost	Fair value through other comprehensive income	At fair value through profit or loss	Total		Level 1	Level 2	Level 3	Total
\$'000	\$'000	\$'000	\$'000		\$'000		\$'000	\$'000
<b>Financial assets not measured at fair value</b>								
Cash and cash equivalents	13,549,107	-	-	13,549,107	-	13,549,107	-	13,549,107
Interest receivable	3,221,503	-	-	3,221,503	-	-	3,221,503	3,221,503
Loans and notes receivable	18,288,211	-	-	18,288,211	-	-	18,288,211	18,288,211
Other receivables	9,122,736	-	-	9,122,736	-	-	9,122,736	9,122,736
Due from parent company	895,206	-	-	895,206	-	-	895,206	895,206
Resale agreements	88,398,280	-	-	88,398,280	-	-	88,398,280	88,398,280
Government of Jamaica Securities	785,791	-	-	785,791	-	-	910,727	910,727
<b>134,260,834</b>	<b>-</b>	<b>-</b>	<b>134,260,834</b>		<b>-</b>	<b>13,549,107</b>	<b>120,711,727</b>	<b>134,385,770</b>
<b>Financial liabilities not measured at fair value</b>								
Repurchase agreements	241,046,216	-	-	241,046,216	-	-	241,046,216	241,046,216
Notes payable	22,862,568	-	-	22,862,568	-	-	22,696,622	22,696,622
Redeemable preference shares	14,622,431	-	-	14,622,431	15,668,740	-	-	15,668,740
Interest payable	2,901,634	-	-	2,901,634	-	-	2,901,634	2,901,634
Other payables	1,372,793	-	-	1,372,793	-	-	1,372,793	1,372,793
<b>282,805,642</b>	<b>-</b>	<b>-</b>	<b>282,805,642</b>		<b>15,668,740</b>	<b>-</b>	<b>268,017,265</b>	<b>283,686,005</b>



# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

## 27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

The Company							
2022							
Carrying amount				Fair value			
	Amortised cost	Fair value through other comprehensive income	At fair value through profit or loss	Total	Level 1	Level 2	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets measured at fair value</b>							
Government of Jamaica Securities	-	54,318,251	-	54,318,251	-	54,318,251	54,318,251
Certificates of Deposit	-	16,635,495	-	16,635,495	-	16,635,495	16,635,495
Corporate bonds	-	51,039,107	-	51,039,107	-	51,039,107	51,039,107
Foreign Government Securities	-	10,096,757	-	10,096,757	-	10,096,757	10,096,757
Ordinary shares quoted	-	1,977,090	903,663	2,880,753	2,880,753	-	2,880,753
Ordinary shares unquoted	-	33,970	93,750	127,720	-	127,720	127,720
Units in Unit Trusts	-	-	494,496	494,496	-	494,496	494,496
Money Market Funds	-	-	66,447	66,447	-	66,447	66,447
	-	<b>134,100,670</b>	<b>1,558,356</b>	<b>135,659,026</b>	<b>2,880,753</b>	<b>132,778,273</b>	<b>135,659,026</b>

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 27. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

The Company								
2022								
Carrying amount					Fair value			
Amortised cost	Fair value through other comprehensive income	At fair value through profit or loss	Total		Level 1	Level 2	Level 3*	Total
\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
<b>Financial assets not measured at fair value</b>								
Cash and cash equivalents	13,657,179	-	-	13,657,179	-	13,657,179	-	13,657,179
Interest receivable	2,136,901	-	-	2,136,901	-	-	2,136,901	2,136,901
Loans and notes receivable	27,187,565	-	-	27,187,565	-	-	27,187,565	27,187,565
Other receivables	8,103,382	-	-	8,103,382	-	-	8,103,382	8,103,382
Due from parent company	4,064,393	-	-	4,064,393	-	-	4,064,393	4,064,393
Resale agreements	136,457,021	-	-	136,457,021	-	-	136,457,021	136,457,021
Government of Jamaica Securities	801,441	-	-	801,441	-	-	1,019,103	1,019,103
<b>192,407,882</b>	<b>-</b>	<b>-</b>	<b>192,407,882</b>		<b>-</b>	<b>13,657,179</b>	<b>178,968,365</b>	<b>192,625,544</b>
<b>Financial liabilities not measured at fair value</b>								
Repurchase agreements	233,192,329	-	-	233,192,329	-	-	233,192,329	233,192,329
Notes payable	12,110,590	-	-	12,110,590	-	-	12,068,431	12,068,431
Redeemable preference shares	20,883,423	-	-	20,883,423	21,174,416	-	-	21,174,416
Interest payable	1,771,514	-	-	1,771,514	-	-	1,771,514	1,771,514
Other payables	1,971,530	-	-	1,971,530	-	-	1,971,530	1,971,530
<b>269,929,386</b>	<b>-</b>	<b>-</b>	<b>269,929,386</b>		<b>21,174,416</b>	<b>-</b>	<b>249,003,804</b>	<b>270,178,220</b>

\* These have been reclassified, see note 31

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2022**

(expressed in Jamaican dollars unless otherwise indicated)

### 28. Post-employment Benefits

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

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

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

The contributions for the year amounted to \$121,278,000 (2022: \$106,749,000) for the Group and \$108,570,000 (2022: \$95,781,000) for the Company.

### 29. Managed Funds

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

At 31 March 2023, managed funds amounted to \$134,808,735,000 (2022: \$149,868,877,000) including assets of the Group's pension fund, amounting to \$6,227,322,000 (2022: \$5,582,970,000). The financial statements include the following assets held in/(liabilities payable to) the managed funds:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Investments	173,367	66,447
Interest payable	( 19,891)	( 106,611)
Repurchase agreements	<u>(41,081,450)</u>	<u>(50,006,724)</u>

Also, bank balances held in the name of the Company on behalf of the funds amounted to \$817,011,357 (2022: \$781,319,596). These amounts are not included in these financial statements.

### 30. Significant Accounting Policies

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

#### (a) Basis of consolidation

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (a) Basis of consolidation (continued)

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

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

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

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

#### (i) Non-controlling interests

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

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

#### (ii) Loss of control

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

#### (b) Financial Instruments

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (b) Financial Instruments (continued)

##### (i) Initial recognition and measurement

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

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

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

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

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

##### (ii) Classification and subsequent remeasurement

#### Financial assets

The Group has classified its financial assets in the following measurement categories:

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

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

##### (a) Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (b) Financial instruments (continued)

##### (ii) Classification and subsequent remeasurement (continued)

#### Financial assets (continued)

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

##### (a) Debt instruments (continued)

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

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance, measured and recognised as described at note 30(b)(vii). Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.
- *Fair value through other comprehensive income (FVOCI)*: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI).
- *Fair value through profit or loss*: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

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

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

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

For example, securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (b) Financial instruments (continued)

##### (ii) Classification and subsequent remeasurement (continued):

##### Financial assets (continued)

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

##### (a) Debt instruments (continued)

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

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

##### (b) Equity instruments

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

The Group subsequently measures all equity investments at fair value through profit or loss (FVTPL), except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

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

#### Financial liabilities

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (b) Financial instruments (continued)

- (ii) Classification and subsequent remeasurement (continued):

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

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

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

- (iii) Derecognition of financial assets and financial liabilities

##### **Financial assets:**

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

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

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

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

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

##### **Financial liabilities:**

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.



# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (b) Financial instruments (continued)

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

##### **Financial liabilities (continued):**

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

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

##### (iv) Modifications

##### Financial assets:

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

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

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

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (b) Financial instruments (continued)

##### (iv) Modifications (continued)

Financial liabilities:

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

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

##### (v) Measurement and gains and losses

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

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

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

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (b) Financial instruments (continued)

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

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

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

Specific financial instruments:

#### **Cash and cash equivalents**

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

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

#### **Resale and repurchase agreements**

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (b) Financial instruments (continued)

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

Specific financial instruments (continued):

##### **Loans and notes receivable and other receivables**

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

##### **Account payable**

Accounts payable are classified and measured at amortised cost.

##### **Interest-bearing borrowings**

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

##### **Embedded derivatives**

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

##### (vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

##### (vii) Impairment

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (b) Financial instruments (continued)

##### (vii) Impairment (continued)

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

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

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

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

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

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

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

#### *Restructured financial assets*

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (b) Financial instruments (continued)

##### (vii) Impairment (continued)

##### *Restructured financial assets (continued)*

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

##### *Credit-impaired financial assets*

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

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

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

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

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (b) Financial instruments (continued)

##### (vii) Impairment (continued)

##### *Credit-impaired financial assets (continued)*

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

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

##### *Presentation of allowance for ECL in the statement of financial position*

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- loan commitments and financial guarantee contracts: generally, as a provision.
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in profit or loss as a reclassification from OCI.

##### *Write-off*

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

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (c) Property, plant and equipment

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

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

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

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

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

#### (d) Intangible assets

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



# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (d) Intangible assets (continued)

##### (i) Computer software

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

##### (ii) Goodwill

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

##### (iii) Customer lists and core deposits

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

##### (iv) Licence

This represents the value of JMMB Securities Limited's seat on the Jamaica Stock Exchange, which has an indefinite useful life. It is tested for impairment annually, and whenever there is an indication that the asset is impaired, the carrying amount is reduced to the recoverable amount.

##### (v) Other intangibles

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

#### (e) Leases

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

##### As a lessee

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (e) Leases (continued)

As a lessee (continued)

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

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

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

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

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

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

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

#### Short-term leases

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (f) Foreign currency translation

##### (i) Functional and presentation currency

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

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

##### (ii) Transactions and balances

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

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

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

#### (g) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the issuer's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary. Dividends thereon are recognised as interest in profit or loss.

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (h) Taxation

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

##### (i) Current income tax

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

##### (ii) Deferred income tax

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amounts of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plan for the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

#### (i) Impairment of non-financial assets

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

##### (i) Calculation of recoverable amount

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

##### (ii) Reversals of impairment

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (j) Revenue recognition

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

##### (i) Interest income

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

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

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

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

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

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

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

##### (ii) Fees and commissions

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 30. Significant Accounting Policies (Continued)

#### (j) Revenue recognition (continued)

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

##### (ii) Fees and commissions (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:

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

##### (iii) Dividends

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (k) Employee benefits

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

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below. Other long-term benefits are not considered material and are charged off when incurred.

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

#### (l) Segment reporting

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

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

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

#### (m) Interest expense

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

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

The 'amortised cost' of a financial liability is the amount at which the financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

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

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (n) Borrowings

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

#### (o) Investment property

Investment property is held for rental income and fair value gains. Investment property is treated as a long-term investment and is 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 value are recognised in profit or loss. Rental income from investment property is recognised in profit or loss on the straight-line basis over the tenure of the leases.

#### (p) New and amended standards

##### (i) Newly currently effective standards

The following new and amended standards did not have any impact on the Group's financial statements:

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 9 Financial Instruments and IFRS 16 Leases and were effective January 1, 2022.
- Amendments to IAS 37 Provision, Contingent Liabilities and Contingent Assets clarify those costs that comprise the costs of fulfilling the contract and were effective January 1, 2022

##### (ii) Forthcoming standards

At the date of authorisation of the financial statements, certain new standards and amendments to existing standards have been issued which are not yet effective at the reporting date and which the Group has not early-adopted.

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

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



# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (p) New and amended standards (continued)

##### (ii) Forthcoming standards

- Amendments to IAS 1 (Continued)

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

The Group will apply the amended standard for the reporting period starting April 1, 2023, with no significant changes expected.

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

The key amendments to IAS 1 include:

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

The amendments are consistent with the refined definition of material:

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

The Group will apply the amended standard for the reporting period starting April 1, 2023, with changes in disclosures in accounting policies expected.

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

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

Developing an accounting estimate includes both:

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

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

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### 30. Significant Accounting Policies (Continued)

#### (p) New and amended standards

##### (ii) Forthcoming standards

- Amendments to IAS 8 (continued)

The effects of changes in such inputs or measurement techniques are changes in accounting estimates, unless they result from the corrections of prior period errors. The definition of accounting policies remains unchanged.

The Group will apply the amended standard for the reporting period starting April 1, 2023. The amended standard is not expected to have a significant impact on the Group's financial statements.

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

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

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

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

The Group will apply the amended standard for the reporting period starting April 1, 2023. The amended standard is not expected to have a significant impact on the Group's financial statements.

### 31. Prior period adjustments

During the year, the presentation of some items in the statements of cash flows was changed to achieve a more appropriate presentation, as required by the applicable financial reporting framework. The nature of the reclassifications are as follows:

- Changes in investment securities were shown net instead of gross as required by IAS 7. Additionally, translation gains, which were adjusted in financing activities have now been reclassified to operating activities.
- Stock units were issued to settle notes payables, which is a non-cash transaction and should not have been included in the statement of cash flows.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

### 31. Prior period adjustments (continued)

#### (c) Financial instruments disclosure in the fair value hierarchy table:

A reclassification has been made to correct an inconsistency in the fair value hierarchy table which was disclosed in the financial statements for the year ended 31 March 2022. Balances previously classified as level 2 have been reclassified to level 3 to comply with the classification of financial instruments into the correct levels in accordance with IFRS with no changes to the overall reported amounts for these financial instruments. [See note 27(c)]

The impact on the 2022 statement of cash flows of the corrections noted in (a) and (b) above is as follows:

	Notes	Group		
		As Previously Reported \$'000	Reclassification \$'000	As Restated \$'000
Cash flows from operating activities				
Foreign exchange translation losses	(a)	( 72,123)	225,421	153,298
<b>Net cash provided by operating activities</b>		<b>3,289,558</b>	<b>225,421</b>	<b>3,514,979</b>
Cash flows from investing activities				
Investment securities, net	(a)	(2,341,704)	2,341,704	-
Acquisition of investment securities	(a)	-	(139,513,598)	(139,513,598)
Proceeds from sale of investment securities	(a)	-	137,171,894	137,171,894
<b>Net cash used in investment activities</b>		<b>(3,553,635)</b>	<b>-</b>	<b>( 3,553,635)</b>
Cash flows from financing activities				
Repayment of notes payable	(b)	(9,712,952)	1,774,579	( 7,938,373)
Proceeds from issue of ordinary stock units	(b)	2,700,000	( 2,000,000)	700,000
<b>Net cash used in financing activities</b>		<b>( 290,225)</b>	<b>( 225,421)</b>	<b>( 515,646)</b>
		Company		
		As Previously Reported \$'000	Reclassification \$'000	As Restated \$'000
Cash flows from investing activities				
Investment securities, net	(a)	( 129,120)	129,120	-
Acquisition of investment securities	(a)	-	(137,301,014)	(137,301,014)
Proceeds from sale of investment securities	(a)	-	137,171,894	137,171,894
<b>Net cash used in investment activities</b>		<b>517,119</b>	<b>-</b>	<b>517,119</b>
Cash flows from financing activities				
Repayment of notes payable	(b)	(9,938,373)	2,000,000	( 7,938,373)
Proceeds from issue of ordinary stock units	(b)	2,700,000	( 2,000,000)	700,000
<b>Net cash used in financing activities</b>		<b>290,225</b>	<b>-</b>	<b>290,225</b>