JAMAICA MONEY MARKET BROKERS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2019

Jamaica Money Market Brokers Limited

Index

31 March 2019

KPMG
Chartered Accountants
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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 115, which comprise the Group's and Company's statements of financial position as at 31 March 2019, the Group's and Company's profit and loss accounts, statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 March 2019, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

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

1. *Fair value of investments*

Key Audit Matter [see notes 15 and 26]	*How the matter was addressed in our audit*
The Group's and the Company's investments measured at fair value represent 67% and 58% respectively, of total assets. 98% and 99% of these investments for the Group and the Company respectively, are categorised as Level 2 in the fair value hierarchy, as no quoted prices are available for these instruments. Valuation of these investments, although based on observable inputs, involves the exercise of judgement and the use of assumptions. Management used valuation techniques which require inputs such as market yields obtained from established yield curves. These assumptions are subject to significant judgement and could therefore result in a material misstatement.	Our procedures in this area included the following: • Assessing and testing the design and operating effectiveness of the Group's controls over the determination and computation of fair values. • Challenging the reasonableness of yields/prices by comparison to independent third party pricing sources. • Assessing the reasonableness of significant assumptions used by such third-party pricing sources. • Involving our own valuation specialists to determine/obtain yields/prices of specific securities and comparing these to those used by management. • Assessing the adequacy of the disclosures, including the degree of estimation involved in determining fair values and sensitivity to changes in assumptions.

Report on the Audit of the Financial Statements (Continued)

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

Key Audit Matter *[see notes 4 and 25(b)]*	*How the matter was addressed in our audit*
IFRS 9 was implemented by the Group on April 1, 2018. The standard is new and complex and requires the Group to recognise expected credit losses ('ECL') on financial assets. The determination of ECL is highly subjective and requires management to make significant judgement and assumptions. The key areas requiring greater management judgement include the determination of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information.	Our procedures in this area included the following: • Obtaining an understanding of the models used by the Group for the calculation of expected credit losses, including governance over the determination of key judgements and assumptions. • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key data inputs into the IFRS 9 impairment models. • Testing the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the SICR criteria used and independently assessing the assumptions for probability of default, loss given default and exposure at default and the incorporation of forward-looking information.

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Audit of the Financial Statements (Continued)

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

Key Audit Matter [see notes 4 and 25(b)]	*How the matter was addressed in our audit*
The identification of significant increase in credit risk is a key area of judgement as the criteria determine whether a 12 -month or lifetime loss allowance is recorded. IFRS 9 requires the Group to incorporate forward-looking information, reflecting a range of possible future economic conditions, in measuring expected credit losses. Significant management judgement is used in determining the economic scenarios. Significant management judgement and assumptions are also used in determining the appropriate variables and assumptions in an appropriate model used in the measurement of the expected credit losses. The use of these judgements and assumptions increases the risk of material misstatement and is therefore an area of increased audit focus. In addition, disclosures regarding the Group's application of IFRS 9 are key to understanding the change from IAS 39 as well as explaining the key judgements and material inputs to the IFRS 9 expected credit loss results.	Our procedures in this area included the following (continued): • Assessing the adequacy of the disclosures of the key assumptions and judgements as well the details of the transition adjustment for compliance with the standard.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Audit of the Financial Statements (Continued)

Other Information

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

Report on additional matters as required by the Jamaican Companies Act

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

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

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

KPMG

Chartered Accountants
Kingston, Jamaica

June 5, 2019

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Appendix to the Independent Auditors' report

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Appendix to the Independent Auditors' report (Continued)

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

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

Jamaica Money Market Brokers Limited

Consolidated Profit and Loss Account

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Net Interest Income and Other Revenue			
Interest income from securities, calculated using the effective interest method	5	8,682,063	10,975,173
Interest expense	5	(4,965,705)	(6,688,265)
Net Interest Income		**3,716,358**	**4,286,908**
Fee and commission income	30(i)	721,239	698,639
Gains on securities trading, net		2,797,452	4,479,522
Net income from financial assets at fair value through profit or loss (FVTPL)		129,806	56,690
Fees earned on managing funds on behalf of clients		1,044,091	690,421
Foreign exchange margins from cambio trading		580,129	419,481
Foreign exchange gains/(losses)		374,744	(170,798)
Operating Revenue Net of Interest Expense		**9,363,819**	**10,460,863**
Other Income			
Dividends		15,074	11,322
Management fees		210,398	-
Other		44,531	70,598
Gain on sale of property, plant and equipment		2,210	1,600
		9,636,032	**10,544,383**
Operating Expenses			
Staff costs	6	(3,541,913)	(3,803,789)
Other expenses	7	(3,142,872)	(3,321,679)
		(6,684,785)	**(7,125,468)**
		2,951,247	**3,418,915**
Impairment loss on financial assets	8	(91,388)	(154,025)
Profit before Taxation		**2,859,859**	**3,264,890**
Taxation	9	(492,737)	(520,353)
Profit for the Year		**2,367,122**	**2,744,537**
Attributable to:			
Equity holders of the parent		2,367,122	2,695,393
Non-controlling interest		-	49,144
		2,367,122	2,744,537
Earnings per stock unit	20	**$1.45**	**$1.65**

The notes on pages 21 to 115 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 2019

(expressed in Jamaican dollars unless otherwise indicated)

	2019 $'000	2018 $'000
Profit for the Year	2,367,122	2,744,537
Other Comprehensive Income		
Item that may not be reclassified to profit or loss:		
Unrealised gains on equity securities at fair value through other comprehensive income (FVOCI)	251,305	-
Items that may be reclassified to profit or loss:		
Unrealised gains/(losses) on investment securities at FVOCI/ available-for-sale, net of tax	80,742	(245,737)
Foreign exchange differences on translation of foreign subsidiaries	(10,001)	(449,006)
	322,046	(694,743)
Total comprehensive income for the year, net of tax	**2,689,168**	**2,049,794**

Jamaica Money Market Brokers Limited
Consolidated Statement of Financial Position
31 March 2019
(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
ASSETS			
Cash and cash equivalents	11	11,056,866	12,948,281
Interest receivable		2,191,167	2,763,178
Income tax recoverable		62,911	894,563
Loans and notes receivable	12	8,013,543	7,828,281
Other receivables	13	4,878,322	1,909,687
Due from parent company	24	10,230,659	7,474,720
Securities purchased under agreements to resell	14	13,547,669	11,718,452
Investment securities	15	138,996,492	165,658,343
Investment property		489,616	489,616
Intangible asset	17	860,867	850,404
Property, plant and equipment	18	2,427,127	2,532,988
Deferred tax assets	19	175,414	12,565
		192,930,653	**215,081,078**
STOCKHOLDERS' EQUITY			
Share capital	20	1,864,054	1,864,054
Investment revaluation reserve	21(a)	775,919	152,134
Retained earnings reserve	21(b)	9,605,055	9,605,055
Cumulative translation reserve		485,843	(901,871)
Retained earnings		10,594,837	11,156,911
		23,325,708	21,876,283
Non-controlling interest		-	1,092,253
		23,325,708	**22,968,536**
LIABILITIES			
Customer deposits		-	2,291,126
Securities sold under agreements to repurchase	22	124,070,738	156,611,868
Notes payable	23	29,446,428	21,726,990
Redeemable preference shares	20	12,310,783	6,664,184
Deferred income tax liabilities	19	36,971	137,945
Due to parent company		-	758,212
Interest payable		1,130,249	1,029,907
Income tax payable		1,199,319	1,256,476
Other payables		1,410,457	1,635,834
		169,604,945	192,112,542
		192,930,653	**215,081,078**

The financial statements on pages 9 to 115 were approved for issue by the Board of Directors on 5 June 2019 and signed on its behalf by:

Archibald Campbell — Chairman Keith P. Duncan — Group Chief Executive Officer

The notes on pages 21 to 115 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	Share Capital $'000	Retained Earnings Reserve $'000	Investment Revaluation Reserve $'000	Cumulative Translation Reserve $'000	Retained Earnings $'000	Total Attributable to Equity holders of the Parent $'000	Non-Controlling Interest $'000	Total $'000
Balances at 31 March 2017		**1,864,054**	**9,605,055**	**481,513**	**147,826**	**10,493,797**	**22,592,245**	**888,630**	**23,480,875**
Profit for the year		-	-	-	-	2,695,393	2,695,393	49,144	2,744,537
Other comprehensive income for 2018:									
Unrealised losses on available-for-sale securities, net of tax		-	-	(329,379)	-	-	(329,379)	83,642	(245,737)
Foreign exchange differences on translation of foreign subsidiaries' balances		-	-	-	(391,813)	-	(391,813)	(57,193)	(449,006)
Total other comprehensive income		-	-	(329,379)	(391,813)	-	(721,192)	26,449	(694,743)
Total comprehensive income		-	-	(329,379)	(391,813)	2,695,393	1,974,201	75,593	2,049,794
Transactions with owners of the Company:									
Effect of group reorganisation	1(c)	-	-	-	(657,884)	(1,080,179)	(1,738,063)	-	(1,738,063)
Dividends on ordinary stock units	10	-	-	-	-	(952,100)	(952,100)	-	(952,100)
Paid in capital		-	-	-	-	-	-	128,030	128,030
Balances at 31 March 2018		**1,864,054**	**9,605,055**	**152,134**	**(901,871)**	**11,156,911**	**21,876,283**	**1,092,253**	**22,968,536**
Adjustment on initial application of IFRS 9	4(a)	-	-	291,738	-	(386,543)	(94,805)	-	(94,805)
Adjusted balances as at 1 April 2018		**1,864,054**	**9,605,055**	**443,872**	**(901,871)**	**10,770,368**	**21,781,478**	**1,092,253**	**22,873,731**
Profit for the year		-	-	-	-	2,367,122	2,367,122	-	2,367,122
Other comprehensive income for 2019:									
Unrealised gains on investment securities at FVOCI, net of tax		-	-	**332,047**	-	-	**332,047**	-	**332,047**
Foreign exchange differences on translation of foreign subsidiaries' balances		-	-	-	**(10,001)**	-	**(10,001)**	-	**(10,001)**
Total other comprehensive income		-	-	**332,047**	**(10,001)**	-	**322,046**	-	**322,046**
Total comprehensive income		-	-	**332,047**	**(10,001)**	**2,367,122**	**2,689,168**	-	**2,689,168**
Transactions with owners of the Company:									
Effect of group reorganisation	1(c)	-	-	-	**1,397,715**	**(1,800,897)**	**(403,182)**	**(1,092,253)**	**(1,495,435)**
Dividends on ordinary stock units	10	-	-	-	-	**(741,756)**	**(741,756)**	-	**(741,756)**
Balance as at 31 March 2019		**1,864,054**	**9,605,055**	**775,919**	**485,843**	**10,594,837**	**23,325,708**	-	**23,325,708**

The notes on pages 21 to 115 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Profit for the year		2,367,122	2,744,537
Adjustments for:			
Dividend income		(15,074)	(11,322)
Interest income	5	(8,682,063)	(10,975,173)
Interest expense	5	4,965,705	6,688,265
Impairment loss on financial assets	8	91,388	154,025
Income tax charge	9	492,737	520,353
Amortisation of intangible assets	17	108,319	108,931
Depreciation of property, plant and equipment	18	217,912	248,774
Gains on sale of property, plant and equipment		(2,210)	(1,600)
Unrealised gain on trading securities		(129,806)	(147,543)
Foreign currency translation (gains)/losses		(374,744)	170,798
		(960,714)	(499,955)
Changes in operating assets and liabilities:			
Income tax recoverable, net		831,652	223,588
Loan and notes receivable		(209,263)	20,062,166
Other receivables		(2,791,675)	(480,917)
Due from parent company		(3,514,151)	(2,150,019)
Other payables		(405,020)	(408,882)
Customer deposits		(2,291,126)	(29,152,652)
Securities purchased under agreements to resell		(1,858,577)	(8,957,547)
Securities sold under agreements to repurchase		(32,541,130)	1,588,487
		(43,740,004)	(19,775,731)
Interest received		9,254,074	10,913,110
Interest paid		(4,865,363)	(6,603,296)
Taxation paid		(1,061,859)	(367,634)
Net cash used in operating activities (Page 14)		**(40,413,152)**	**(15,833,551)**

Jamaica Money Market Brokers Limited

Consolidated Statement of Cash Flows (Continued)

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Cash Flows from Operating Activities (Page 13)		**(40,413,152)**	**(15,833,551)**
Cash Flows from Investing Activities			
Investment securities, net		26,372,072	(3,297,634)
Dividend received		15,074	11,322
Investment properties, net		-	(16,484)
Purchase of computer software	17	(247,119)	(169,792)
Purchase of property, plant and equipment	18	(254,960)	(428,486)
Proceeds from disposal of property, plant and equipment		2,210	3,128
Net cash provided by/(used in) investing activities		**25,887,277**	**(3,897,946)**
Cash Flows from Financing Activity			
Proceeds from issue of preference shares, net		7,126,139	-
Repayment of redeemable preference shares		(1,469,359)	(642,381)
Notes payable		7,719,438	17,256,966
Dividends paid on ordinary stock units	10	(741,756)	(952,100)
Net cash provided by financing activities		**12,634,462**	**15,662,485**
Effect of exchange rate changes on cash and cash equivalents		(2)	(161)
Net decrease in cash and cash equivalents		(1,891,415)	(4,069,173)
Cash and cash equivalents at beginning of year		12,948,281	17,017,454
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	**11,056,866**	**12,948,281**

Jamaica Money Market Brokers Limited

Company Profit or Loss Account

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Net Interest Income and Other Revenue			
Interest income from securities, calculated using the effective interest method	5	7,077,743	7,210,165
Interest expense	5	(4,491,849)	(4,590,708)
Net Interest Income		**2,585,894**	**2,619,457**
Fee and commission income		131,366	132,400
Gains on securities trading		2,521,444	2,841,033
Net income from financial assets at FVTPL		47,080	7,394
Fees earned on managing funds on behalf of clients		59,609	13,102
Foreign exchange gains/(losses)		378,335	(145,841)
Operating Revenue Net of Interest Expense		**5,723,728**	**5,467,545**
Other Income			
Dividends		746,099	974,627
Management fees		477,823	566,168
Other		-	17,213
Gain on sale of property, plant and equipment		2,210	1,600
		6,949,860	**7,027,153**
Operating Expenses			
Staff costs	6	(3,145,521)	(2,859,936)
Other expenses	7	(2,769,522)	(2,410,476)
		(5,915,043)	**(5,270,412)**
		1,034,817	**1,756,741**
Impairment loss on financial assets	8	(80,143)	(155,394)
Profit before Taxation		**954,674**	**1,601,347**
Taxation credit/(charge)	9	95,924	(5,893)
Profit for the Year		**1,050,598**	**1,595,454**

Jamaica Money Market Brokers Limited

Company Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	2019 $'000	2018 $'000
Profit for the Year	1,050,598	1,595,454
Other Comprehensive Income		
Item that may not be reclassified to profit or loss:		
Unrealised gains on equity securities at FVOCI, net of tax	283,067	-
Item that may be reclassified to profit or loss:		
Unrealised gains on investment securities at FVOCI/available-for-sale securities, net of tax	275,606	56,264
	558,673	56,264
Total comprehensive income for the year, net of tax	**1,609,271**	**1,651,718**

Jamaica Money Market Brokers Limited

Company Statement of Financial Position

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
ASSETS			
Cash and cash equivalents	11	9,634,126	9,921,426
Interest receivable		1,349,828	1,605,694
Income tax recoverable		-	837,844
Loans and notes receivable	12	6,702,071	4,575,804
Other receivables	13	5,917,763	3,622,391
Due from parent company	24	10,230,659	9,069,518
Securities purchased under agreements to resell	14	25,321,794	14,775,207
Investment securities	15	104,896,735	112,672,015
Interest in subsidiaries	16	1,096,921	1,722,647
Intangible asset	17	670,373	505,063
Property, plant and equipment	18	1,760,603	1,781,206
Deferred income tax assets	19	171,861	-
		167,752,734	**161,088,815**
STOCKHOLDERS' EQUITY			
Share capital	20	1,864,054	1,864,054
Investment revaluation reserve	21(a)	779,316	(19,847)
Retained earnings reserve	21(b)	9,605,055	9,605,055
Retained earnings		5,260,000	5,265,863
		17,508,425	**16,715,125**
LIABILITIES			
Securities sold under agreements to repurchase	22	124,762,208	132,276,684
Notes payable	23	10,693,428	2,388,975
Redeemable preference shares	20	12,310,783	6,664,184
Deferred income tax liabilities	19	-	94,931
Interest payable		1,054,032	946,479
Income tax payable		589,899	795,483
Other payables		833,959	1,206,954
		150,244,309	144,373,690
		167,752,734	**161,088,815**

The financial statements on pages 9 to 115 were approved for issue by the Board of Directors on 5 June 2019 and signed on its behalf by:

Archibald Campbell — Chairman

Keith P. Duncan — Group Chief Executive Officer

The notes on pages 21 to 115 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Company Statement of Changes in Stockholders' Equity

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	Share Capital $'000	Investment Revaluation Reserve $'000	Retained Earnings Reserve $'000	Retained Earnings $'000	Total $'000
Balances at 31 March 2017		**1,864,054**	**(76,111)**	**9,605,055**	**4,622,509**	**16,015,507**
Profit for the year		-	-	-	1,595,454	1,595,454
Other comprehensive income for 2018:						
Unrealised gains on available-for-sale securities, net of tax		-	56,264	-	-	56,264
Total comprehensive income for 2018		-	56,264	-	1,595,454	1,651,718
Transactions with owners of the Company						
Dividends	10	-	-	-	(952,100)	(952,100)
Balances at 31 March 2018		**1,864,054**	**(19,847)**	**9,605,055**	**5,265,863**	**16,715,125**
Adjustment on initial application of IFRS 9	4(a)	-	240,490	-	(314,705)	(74,215)
Adjusted balances as at 1 April 2018		**1,864,054**	**220,643**	**9,605,055**	**4,951,158**	**16,640,910**
Profit for the year		-	-	-	1,050,598	1,050,598
Other comprehensive income for 2019:						
Unrealised gains on investment securities at FVOCI, net of tax		-	558,673	-	-	558,673
Total comprehensive income for 2019		-	558,673	-	1,050,598	1,609,271
Transactions with owners of the Company						
Dividends	10	-	-	-	(741,756)	(741,756)
Balances at 31 March 2019		**1,864,054**	**779,316**	**9,605,055**	**5,260,000**	**17,508,425**

Jamaica Money Market Brokers Limited

Company Statement of Cash Flows

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Profit for the year		1,050,598	1,595,454
Adjustments for:			
Dividend income		(746,099)	(974,627)
Interest income	5	(7,077,743)	(7,210,165)
Interest expense	5	4,491,849	4,590,708
Income tax (credit)/charge	9	(95,924)	5,893
Impairment loss on financial assets	8	80,143	155,394
Amortisation of intangible assets	17	76,826	78,412
Depreciation of property, plant and equipment	18	207,855	193,395
Gains on sale of property, plant and equipment		(2,210)	(1,600)
Unrealised gain on trading securities		(47,080)	(7,394)
Foreign currency translation loss/(gains)		(378,335)	145,841
		(2,440,120)	(1,428,689)
Changes in operating assets and liabilities:			
Income tax recoverable, net		837,844	207,075
Loan and notes receivable		(2,155,262)	(11,839)
Other receivables		(2,295,372)	(741,188)
Other payables		(372,995)	652,964
Due from parent company		(535,415)	(701,165)
Securities purchased under agreements to resell		(10,608,482)	5,801,280
Securities sold under agreements to repurchase		(7,514,476)	4,724,722
		(25,084,278)	8,503,160
Dividends received		746,099	974,627
Interest received		7,333,609	7,184,871
Interest paid		(4,384,296)	(4,451,186)
Taxation paid		(646,618)	(65,717)
Net cash (used in)/provided by operating activities (Page 20)		**(22,035,484)**	**12,145,755**

The notes on pages 21 to 115 are an integral part of these financial statements

Jamaica Money Market Brokers Limited

Company Statement of Cash Flow (Continued)

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
Cash Flows from Operating Activities (Page 19)		**(22,035,484)**	**12,145,755**
Cash Flows from Investing Activities			
Investment securities, net		8,969,765	(6,680,678)
Purchase of computer software	17	(242,136)	(90,261)
Purchase of property, plant and equipment	18	(187,252)	(386,777)
Proceeds from disposal of property, plant and equipment		2,210	1,600
Net cash provided by/(used in) investing activities		**8,542,587**	**(7,156,116)**
Cash Flows from Financing Activities			
Dividends paid an ordinary stock units	10	(741,756)	(952,100)
Notes payable		8,304,453	-
Proceeds from issue of preference shares, net		7,126,139	-
Repayment of proceeds from issue of preference shares		(1,469,359)	-
Net cash provided by/(used in) financing activities		**13,219,477**	**(952,100)**
Effect of exchange rate changes on cash and cash equivalents		(13,880)	97,684
Net (decrease)/increase in cash and cash equivalents		(287,300)	4,135,223
Cash and cash equivalents at beginning of year		9,921,426	5,786,203
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	**9,634,126**	**9,921,426**

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

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

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

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

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

Name of Subsidiary	% Shareholding Held by the Company	Country of Incorporation	Principal Activities
JMMB Securities Limited	100	Jamaica	Stock brokering
JMMB Insurance Brokers Limited	100	Jamaica	Insurance brokering
JMMB Real Estate Holdings Limited	100	Jamaica	Real estate holding
Capital & Credit Securities Limited	100	Jamaica	Investment holding and management
JMMB Fund Managers Limited	99.8	Jamaica	Fund management
JMMB International Limited	100	St. Lucia	Investment holding and management

(c) During the year, the Company transferred ownership of JMMB Holding Company SRL and its subsidiaries to its parent company, JMMB Group Limited. During the previous financial year, the Company also transferred ownership of Jamaica Money Market Brokers (Trinidad and Tobago) Limited and its subsidiaries to the parent company.

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

- The Group does not restate assets and liabilities to their fair values. Instead, the Group incorporates the assets and liabilities at the amounts recorded in the books of the combined companies, adjusted to achieve harmonisation of accounting policies.
- No goodwill arises.
- The consolidated financial statements incorporate the combined companies' results as if the companies had always been combined.
- The corresponding amounts in the consolidated financial statements for the previous year reflect the results of the combined companies, as though the restructuring occurred at the beginning of the prior year.

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

(c) (Continued)

The net assets transferred comprised the following:

JMMB Holding Company SRL:

	2019 $'000
Cash and cash equivalents	1,646,154
Property, plant, equipment and intangibles	271,190
Loans and other receivables	1,937,597
Investments	28,133,937
Other assets	846,458
Securities sold under agreement to repurchase	(24,748,470)
Customer deposits	(2,291,126)
Notes payable	(540,015)
Other liabilities	(1,644,152)
Net assets transfered	**3,611,573**

Jamaica Money Market Brokers (Trinidad and Tobago) Limited:

	2018 $'000
Cash and cash equivalents	7,494,219
Property, plant, equipment and intangibles	908,766
Loans and other receivables	20,047,529
Investments	15,766,192
Other assets	650,056
Securities sold under agreement to repurchase	(8,457,871)
Customer deposits	(29,182,145)
Notes payable	(1,521,600)
Other liabilities	(2,563,991)
Net assets transfered	**3,141,155**

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

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

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

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

2. Statement of compliance and basis of preparation (continued)

(c) Functional and presentation currency:

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

(d) Use of estimates and judgements:

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

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

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

(e) Comparative information:

Wherever necessary, the comparative figures are reclassified to conform to the current year's presentation.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

(a) Key sources of estimation uncertainty

(i) Impairment of financial assets

Policy applicable under IFRS 9 from 1 April 2018

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 25(b) and 30(b).

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

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

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

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

(a) Key sources of estimation uncertainty (continued)

(i) Impairment of financial assets (continued)

Policy applicable under IAS 39 prior to 1 April 2018

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

(ii) Fair value of financial instruments

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

Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction (see notes 15 and 26).

(iii) Impairment of intangible assets

Impairment of intangible assets with indefinite useful lives is dependent upon management's internal assessment of future cash flows from the intangibles. That internal assessment determines the amount recoverable from future use of these assets. The estimate of the amount recoverable from future use of these assets is sensitive to the discount rates and other assumptions used (note 17).

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

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

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

Policy applicable under IFRS 9 from 1 April 2018

(1) Classification of financial assets:

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

(2) Impairment of financial assets:

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

Policy applicable before 1 April 2018:

Classification of financial assets:

- In classifying financial assets or liabilities as "trading'', the Group has determined that they meet the description of trading assets and liabilities set out in accounting policy 30(b).
- In designating financial assets and liabilities at fair value through profit or loss, the Group has determined that they have met the criteria for this designation set out in accounting policy 30(b).

4. Changes in Significant Accounting Policies

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

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

The effect of initially applying these standards is mainly attributed to the following:
- an increase in impairment losses recognised on financial assets;
- reclassification of fair value measurement of investment securities;
- additional disclosures related to IFRS 15 [see note 30(i)]
- additional disclosures related to IFRS 9 [see notes 15 and 25(b)]

4. Changes in Significant Accounting Policies (Continued)

IFRS 9 *Financial Instruments*

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

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

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

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

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

Additionally, the Group has adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures,* that are applied to disclosures about 2019, but have not been applied to the comparative information.

Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail in note 30 (b).

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

Retained earnings:

	The Group	**The Company**
	$'000	**$'000**
Balance as at 31 March 2018	11,156,911	5,265,863
Reclassification of investment at FVOCI to FVTPL	64,897	45,962
Recognition of expected credit losses under IFRS 9:		
Loans and notes receivables	(15,282)	(15,282)
Investments at amortised cost	(47,480)	(28,431)
Securities purchased on agreements to resell	(29,360)	(30,502)
Debt securities at FVOCI	(476,879)	(406,696)
Other financial assets	(2,683)	-
Deferred tax	120,244	120,244
	(386,543)	(314,705)
Opening balance under IFRS 9 at 1 April 2018	10,770,368	4,951,158

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

4. Changes in Significant Accounting Policies (Continued)

IFRS 9 *Financial Instruments (continued)*

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

Investment revaluation reserves:

	The Group	**The Company**
	$'000	**$'000**
Balance as at 31 March 2018 under IAS 39	152,134	(19,847)
Reclassification of investments at FVOCI to FVTPL	(64,897)	(45,962)
Recognition of expected credit losses:		
Debt securities at FVOCI	476,879	406,696
Deferred tax	(120,244)	(120,244)
	291,738	240,490
Opening balance under IFRS 9 at 1 April 2018	443,872	220,643

(b) Classification and measurement of financial instruments

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

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

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

For an explanation on how the Group classifies and measures financial instruments under IFRS 9, see note 30(b).

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

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

4. Changes in Significant Accounting Policies (Continued)

IFRS 9 *Financial Instruments (continued)*

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

		The Group				
	Note	**Original classification under IAS 39**	**New Classification under IFRS 9**	**IAS 39 Carrying amount at 31 March 2018**	**Impairment losses**	**IFRS 9 carrying amount at 1 April 2018**
				$'000	**$'000**	**$'000**
Financial assets						
Cash and cash equivalents		Loans and receivables	Amortised cost	12,948,281	-	12,948,281
Interest receivable		Loans and receivables	Amortised cost	2,763,178	-	2,763,178
Loans and notes receivable		Loans and receivables	Amortised cost	7,828,281	(15,282)	7,812,999
Other receivables		Loans and receivables	Amortised cost	1,909,687	(2,683)	1,907,004
Due from parent company		Loans and receivables	Amortised cost	7,474,720	-	7,474,720
Securities purchased under agreements to resell		Loans and receivables	Amortised cost	11,718,452	(29,360)	11,689,092
Investments - debt securities		Loans and receivables	Amortised cost	14,281,582	(47,480)	14,234,102
Investments - debt securities		Available-for-sale	FVOCI	148,392,327	-	148,392,327
Investments - equity securities		Available-for-sale	FVTPL	356,291	-	356,291
Investments - equity securities:		Available-for-sale	FVOCI	548,149	-	548,149
Units in unit trust funds	(i)	Available-for-sale	Mandatorily at FVTPL	286,429	-	286,429
Money market funds		Available-for-sale	FVTPL	944,003	-	944,003
Investments- debt securities		FVTPL	FVTPL	618,417	-	618,417
Investments-equity securities		FVTPL	FVTPL	231,145	-	231,145
Total financial assets				210,300,942	(94,805)	210,206,137
Financial liabilities						
Customers deposits		Amortised cost	Amortised cost	2,291,126	-	2,291,126
Securities sold under agreements to repurchase		Amortised cost	Amortised cost	156,611,868	-	156,611,868
Notes payable		Amortised cost	Amortised cost	21,726,990	-	21,726,990
Redeemable preference Shares		Amortised cost	Amortised cost	6,664,184	-	6,664,184
Due to parent company		Amortised cost	Amortised cost	758,212	-	758,212
Interest payable		Amortised cost	Amortised cost	1,029,907	-	1,029,907
Other payables		Amortised cost	Amortised cost	1,635,834	-	1,635,834
Total financial liabilities				190,718,121	-	190,718,121

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

4. Changes in Significant Accounting Policies (Continued)

IFRS 9 Financial Instruments (continued)

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

		The Company				
	Note	Original classification under IAS 39	New classification under IFRS 9	IAS 39 Carrying amount at 31 March 2018 $'000	Impairment losses $'000	IFRS 9 carrying amount at 1 April 2018 $'000
Financial assets						
Cash and cash equivalents		Loans and receivables	Amortised cost	9,921,426	-	9,921,426
Interest receivable		Loans and receivables	Amortised cost	1,605,694	-	1,605,694
Loans and notes receivable		Loans and receivables	Amortised cost	4,575,804	(15,282)	4,560,522
Other receivables		Loans and receivables	Amortised cost	3,622,391	-	3,622,391
Due from parent company		Loans and receivables	Amortised cost	9,069,518	-	9,069,518
Securities purchased under agreements to resell		Loans and receivables	Amortised cost	14,775,207	(30,502)	14,744,705
Investments – debt securities		Loans and receivables	Amortised cost	8,219,355	(28,431)	8,190,924
Investments – debt securities		Available-for-sale	FVOCI	102,768,812	-	102,768,812
Investments – debt securities		FVTPL	FVTPL	8,093	-	8,093
Investments – equity securities		Available-for-sale	FVTPL	356,291	-	356,291
Investments – equity securities		Available-for-sale	FVOCI	295,908	-	295,908
Units in unit trust funds	(i)	Available-for-sale	Mandatorily at FVTPL	117,256	-	117,256
Money market funds		Available-for-sale	FVTPL	906,300	-	906,300
Total financial assets				156,242,055	(74,215)	156,167,840
Financial liabilities						
Securities sold under agreements to repurchase		Amortised cost	Amortised cost	132,276,684	-	132,276,684
Notes payable		Amortised cost	Amortised cost	2,388,975	-	2,388,975
Redeemable preference shares		Amortised cost	Amortised cost	6,664,184	-	6,664,184
Interest payable		Amortised cost	Amortised cost	946,479	-	946,479
Other payables		Amortised cost	Amortised cost	1,206,954	-	1,206,954
Total financial liabilities				143,483,276	-	143,483,276

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

4. Changes in Significant Accounting Policies (Continued)

IFRS 9 *Financial Instruments* (continued)

(c) Impairment of financial assets

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

Transition

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

	The Group	**The Company**
	$'000	**$'000**
Loss allowance at 31 March 2018 under IAS 39	1,235,906	366,885
Impairment recognised at 1 April 2018 on:		
Investment securities	47,480	28,431
Securities purchased under agreements to resell	29,360	30,503
Loans and notes receivables	15,282	15,282
Other financial assets	2,683	-
Loss allowance at 1 April 2018 under IFRS 9	1,330,711	441,101

IFRS 15 *Revenue from Contracts with Customers*

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

The Group applied IFRS 15 on 1 April 2018 retrospectively in accordance with IAS 8 without any practical expedients. The timing or amount of the Group's fee and commission income from contracts with customers was not impacted by the adoption of IFRS 15. The impact was limited to the new disclosure requirements [see note 30(i)].

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

5. Net Interest Income

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Interest income				
Cash and cash equivalents	23,841	60,122	10,315	15,349
Loans and notes receivable	399,291	718,638	399,291	403,018
Resale agreements	377,129	360,094	562,449	592,725
Investment securities	7,881,802	9,836,319	6,105,688	6,199,073
Total interest income	**8,682,063**	**10,975,173**	**7,077,743**	**7,210,165**
Interest expense				
Repurchase agreements	3,898,707	5,689,419	3,424,852	3,965,902
Notes payable	442,697	290,223	442,696	187,938
Customer deposits	-	233,312	-	-
Redeemable preference shares	624,301	475,311	624,301	436,868
Total interest expense	**4,965,705**	**6,688,265**	**4,491,849**	**4,590,708**
Net interest income, calculated using the effective interest method	**3,716,358**	**4,286,908**	**2,585,894**	**2,619,457**

6. Staff Costs

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and benefits, including profit-related pay	2,812,518	3,000,180	2,497,561	2,278,985
Statutory payroll contributions	251,346	272,329	221,919	210,616
Pension costs (note 27)	83,815	100,083	75,193	69,488
Training and development	99,218	96,016	98,140	84,492
Other staff benefits	295,016	335,181	252,708	216,355
	3,541,913	**3,803,789**	**3,145,521**	**2,859,936**

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7 Other Expenses

The following are among the items charged in arriving at profit before taxation.

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Asset tax	377,166	355,184	369,067	353,471
Information technology	384,760	379,769	371,909	358,989
Legal and professional fees	602,786	576,306	476,992	308,564
Marketing, corporate affairs and donation	294,192	463,339	250,444	242,398
Depreciation and amortisation	326,229	357,702	284,679	271,807
Irrecoverable – GCT	251,998	208,936	247,982	202,961
Utilities	120,571	147,828	117,234	109,174
Repairs and maintenance	114,652	126,675	110,533	96,181
Security	86,444	99,525	83,521	95,408
Other	129,653	138,176	49,636	69,836
Stationery, printing and postage	60,943	82,070	57,952	73,536
Bank charges	214,743	84,311	199,128	64,044
Directors' fees	9,166	16,404	5,912	6,095
Insurance	58,744	94,368	58,198	88,776
Office rental	54,736	141,265	46,287	32,374
Auditors' remuneration	31,471	23,882	15,430	13,755
Motor vehicle expenses and rental	24,618	25,939	24,618	23,107
	3,142,872	**3,321,679**	**2,769,522**	**2,410,476**

8. Impairment Loss on Financial Assets

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Investment securities at amortised cost (note 15)	(11,943)	143,981	(921)	143,981
Investment securities at FVOCI	60,875	-	18,261	-
Loans and notes receivable (note 12)	8,719	10,044	13,713	11,413
Other assets (note 13)	1,083	-	-	-
Securities purchased under agreements to resell	32,654	-	49,090	-
	91,388	**154,025**	**80,143**	**155,394**

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9. Taxation

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax	1,016,779	1,407,714	456,257	794,864
Prior year (over)/under provision	(12,077)	8,872	(15,223)	7,638
	1,004,702	1,416,586	441,034	802,502
Deferred tax (note 19)				
Origination and reversal of temporary differences	(511,965)	(896,233)	(536,958)	(879,738)
Tax benefit of losses utilised	-	-	-	83,129
	(511,965)	(896,233)	(536,958)	(796,609)
	492,737	**520,353**	**(95,924)**	**5,893**

(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	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Profit before taxation	**2,859,859**	**3,264,890**	**954,674**	**1,601,347**
Tax calculated at 33⅓%	953,286	1,088,296	318,225	533,782
Adjusted for the effects of:				
Income not subject to tax	(1,069,617)	(908,898)	(647,959)	(653,816)
Effect of taxation under different tax regime	-	(1,117)	-	-
Tax losses utilised during the year	(2,890)	(69,946)	-	(69,946)
Tax losses not recognised	4,380	4,827	-	-
Disallowed expenses	629,228	399,545	245,215	188,235
Prior year (over)/under provision	(12,077)	8,872	(15,223)	7,638
Other	(9,573)	(1,226)	3,818	-
	492,737	**520,353**	**(95,924)**	**5,893**

(c) At the reporting date, taxation losses, subject to agreement with the Commissioner General, Tax Administration Jamaica, available for set off against future taxable profits, amounted to approximately $1,131,781,000 (2018: $3,047,473,000) for the Group and $Nil (2018: $ Nil) for the Company.

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10. Dividends

	2019 $'000	2018 $'000
Ordinary dividends: $0.46 (2018: $0.59) per stock unit - gross	**741,756**	**952,100**

11. Cash and Cash Equivalents

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash	9,412,444	10,189,209	7,990,875	8,057,176
Cash equivalents	1,644,422	2,759,072	1,643,251	1,864,250
	11,056,866	**12,948,281**	**9,634,126**	**9,921,426**

Cash equivalents include $1,643,251,000 (2018: $11,864,250,000) held by an investment broker as security for funding provided on certain investment securities, which is not available for immediate use.

12. Loans and Notes Receivable

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Corporate	4,467,480	3,568,032	2,365,409	620,946
Financial institutions	-	224,390	-	219,310
Individuals	4,362,776	4,908,897	4,362,776	3,739,565
	8,830,256	8,701,319	6,728,185	4,579,821
Less: allowance for impairment	(816,713)	(873,038)	(26,114)	(4,017)
	8,013,543	**7,828,281**	**6,702,071**	**4,575,804**

Allowance for impairment:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Balance at 1 April	873,038	1,056,667	4,017	13,975
Adjustment on initial application of IFRS 9	15,282	-	15,282	-
Transfer to parent company	(73,417)	-	-	-
Charge for year	8,719	10,044	13,713	11,413
Write-offs (net)	(6,909)	(190,216)	(6,898)	(21,371)
Translation adjustment	-	(3,457)	-	-
Balance at 31 March	**816,713**	**873,038**	**26,114**	**4,017**

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13. Other Receivables

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Receivables from related parties	3,218,492	524,427	4,961,803	2,950,080
Other receivables	1,104,634	780,751	396,998	150,024
Staff loans	558,962	604,509	558,962	522,287
	4,882,088	1,909,687	5,917,763	3,622,391
Less: Allowance for impairment	(3,766)	-	-	-
	4,878,322	**1,909,687**	**5,917,763**	**3,622,391**

Allowance for impairment:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April 2018	-	-	-	-
Adjustment on initial application of IFRS 9	2,683	-	-	-
Charge for the year	1,083	-	-	-
Balance at 31 March	**3,766**	-	-	-

14. Securities Purchased Under Agreements to Resell

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Denominated in Jamaica dollars	13,049,345	9,203,072	13,049,345	9,337,958
Denominated in United States dollars	280,138	2,515,380	12,035,838	5,437,249
Denominated in Euro	-	-	36,004	-
Denominated in Trinidad and Tobago	280,200	-	280,200	-
	13,609,683	11,718,452	25,401,387	14,775,207
Less: allowance for impairment	(62,014)	-	(79,593)	-
	13,547,669	**11,718,452**	**25,321,794**	**14,775,207**

Allowance for impairment:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April 2018	-	-	-	-
Adjustment on initial application of IFRS 9	29,360	-	30,503	-
Net re-measurement during the year	32,654	-	49,090	-
Balance at 31 March	**62,014**	-	**79,593**	-

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14. Securities Purchased Under Agreements to Resell (Continued)

Resale agreements include balances with related parties as set out in note 24. All resale agreements mature within twelve months after the reporting date.

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

At the reporting date, the fair value of the securities obtained and held under resale agreements was $13,808,974,000 (2018 $11,895,663,000) for the Group and $26,365,983,000 (2018: $15,067,641,000) for the Company.

15. Investment Securities

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Debt securities at amortised cost (2018: loans and receivables):				
Government of Jamaica securities	7,939,660	11,112,317	7,939,660	8,205,272
Sovereign bonds	250,174	263,592	250,174	239,312
Corporate bonds:				
Government of Jamaica guaranteed	2,451,642	2,746,513	-	-
Other	165,244	145,497	-	-
	10,806,720	14,267,919	8,189,834	8,444,584
Debt securities at fair value through other comprehensive income [FVOCI] [2018: available-for-sale]:				
Government of Jamaica securities	95,670,130	97,501,398	68,203,611	79,267,463
Certificates of deposit	8,955,000	8,880,982	8,955,000	8,683,374
Corporate bonds:				
Government of Jamaica guaranteed	299,493	3,174,475	299,493	3,174,475
Other	19,465,679	12,070,427	16,397,188	10,340,573
Sovereign bonds	1,440,481	26,718,323	1,440,481	1,426,206
Other	-	408,893	-	-
	125,830,783	148,754,498	95,295,773	102,892,091
Equity securities at FVOCI (2018: available-for-sale):				
Quoted equities	877,641	918,800	761,577	666,559
Other securities at FVOCI (2018: available-for-sale):				
Units in unit trusts	-	286,429	-	117,256
Money market funds	-	944,003	-	906,300
	-	1,230,432	761,577	1,023,556
Debt securities designated at fair value through profit and loss:				
Corporate bonds	1,190	2,788	1,190	2,788
Other sovereign bonds	494	615,629	494	5,305
	1,684	618,417	1,684	8,093
Equity securities at fair value through profit and loss:				
Quoted equities	1,093,048	231,145	431,209	-
Other securities at fair value through profit and loss:				
Units in unit trusts	545,236	-	366,902	-
Money market funds	116,358	-	116,358	-
	661,594	-	483,260	-
	139,271,470	166,021,211	105,163,337	113,034,883
Less: allowance for impairment losses of investment securities at amortised cost	(274,978)	(362,868)	(266,602)	(362,868)
	138,996,492	**165,658,343**	**104,896,735**	**112,672,015**

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15. Investment Securities (Continued)

Allowance for impairment losses of investment securities at amortised cost:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	362,868	293,109	362,868	293,109
Adjustment on initial application of IFRS 9	47,480	-	28,431	-
Reclassification of allowance on initial application of IFRS 9	(123,279)	-	(123,279)	-
(Credit)/charge for the year (note 8)	(11,943)	143,981	(921)	143,981
Recoveries	(497)	(74,222)	(497)	(74,222)
Foreign exchange adjustment	349	-	-	-
Balance at 31 March	**274,978**	**362,868**	**266,602**	**362,868**

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Investments mature, from the reporting date, as follows:				
Government of Jamaica securities:				
Within 3 months	1,860,228	51,307	1,860,228	1,307
From 3 months to 1 year	2,493,274	1,823,096	2,493,275	1,823,096
From 1 year to 5 years	14,998,259	17,668,406	14,998,259	17,668,406
Over 5 years	84,230,519	86,294,065	56,764,000	67,979,926
	103,582,280	105,836,874	76,115,762	87,472,735
Certificates of deposit:				
Within 3 months	8,955,000	8,684,128	8,955,000	8,683,374
From 3 months to 1 year	-	176,274	-	-
From 1 year to 5 years	-	20,580	-	-
	8,955,000	8,880,982	8,955,000	8,683,374
Sovereign bonds and corporate bonds:				
Within 3 months	20,096	1,625,051	-	-
From 3 months to 1 year	3,585,938	642,351	3,585,938	125,320
From 1 year to 5 years	8,830,763	14,534,861	8,685,615	10,197,768
Over 5 years	11,390,131	31,348,954	5,878,374	4,502,703
	23,826,928	48,151,217	18,149,927	14,825,791
Other [see (c) below]	2,632,284	2,789,270	1,676,046	1,690,115
	138,996,492	**165,658,343**	**104,896,735**	**112,672,015**

15. Investment Securities (Continued)

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

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

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

16. Interest in Subsidiaries

	2019 $'000	2018 $'000
JMMB Securities Limited		
Shares, at cost – equity	26,050	26,050
– preference	55,000	55,000
	81,050	81,050
JMMB Insurance Brokers Limited		
Shares, at cost - equity	125,000	125,000
Loan	10,000	10,000
	135,000	135,000
JMMB International Limited		
Shares, at cost – equity	500,000	500,000
JMMB Real Estate Holdings Limited		
Shares, at cost – equity	1	1
JMMB Holdings Limited, SRL		
Shares, at cost - equity	-	527,061
Loan	-	98,665
	-	625,726
Capital & Credit Securities Limited		
Shares, at cost – equity	126,315	126,315
JMMB Fund Managers Limited		
Shares, at cost - equity	254,555	254,555
	1,096,921	**1,722,647**

During the year, the Company transferred ownership of JMMB Holding Limited, SRL to its parent company, JMMB Group Limited, at book value [see note 1(c)].

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17. Intangible Asset

	The Group				
	Licence	Customer List	Goodwill	Computer Software	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
31 March 2017	291,158	760,783	9,064	1,127,186	2,188,191
Additions	-	14,122	-	155,670	169,792
Transfer to parent company	(213,350)	(394,376)	-	(5,686)	(613,412)
Exchange rate adjustment	(3,492)	(757)	-	(3,454)	(7,703)
31 March 2018	74,316	379,772	9,064	1,273,716	1,736,868
Additions	-	-	-	247,119	247,119
Transfer to parent company	(49,276)	(46,606)	-	(71,288)	(167,170)
31 March 2019	25,040	333,166	9,064	1,449,547	1,816,817
Accumulated Amortisation					
31 March 2017	-	402,620	-	593,647	996,267
Charge for the year	-	25,173	-	83,758	108,931
Transfer to parent company	-	(216,400)	-	(74)	(216,474)
Exchange rate adjustment	-	(33)	-	(2,227)	(2,260)
31 March 2018	-	211,360	-	675,104	886,464
Charge for the year	-	16,661	-	91,658	108,319
Transfer to parent company	-	(8,479)	-	(30,354)	(38,833)
31 March 2019	-	219,542	-	736,408	955,950
Net Book Value					
31 March 2019	**25,040**	**113,624**	**9,064**	**713,139**	**860,867**
31 March 2018	**74,316**	**168,412**	**9,064**	**598,612**	**850,404**

	The Company
	Computer Software
	$'000
Cost	
31 March 2017	1,023,662
Additions	90,261
31 March 2018	1,113,923
Additions	242,136
31 March 2019	1,356,059
Accumulated Amortisation	
31 March 2017	530,448
Charge for the year	78,412
31 March 2018	608,860
Charge for the year	76,826
31 March 2019	685,686
Net Book Value	
31 March 2019	**670,373**
31 March 2018	**505,063**

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18. Property, Plant and Equipment

	The Group					
	Freehold Land and Buildings	**Leasehold Improvement**	**Motor Vehicles**	**Computer Equipment**	**Equipment, Furniture and Fittings**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost						
31 March 2017	**1,871,310**	**810,179**	**59,483**	**1,040,552**	**1,796,543**	**5,578,067**
Additions	151,008	-	17,867	158,460	101,151	428,486
Transfer	(63,190)	(503,281)	-	(43,429)	(1,130,026)	(1,739,926)
Disposals	-	-	(8,749)	-	-	(8,749)
Exchange rate adjustment	-	(13,532)	(706)	(10,814)	(1,246)	(26,298)
31 March 2018	**1,959,128**	**293,366**	**67,895**	**1,144,769**	**766,422**	**4,231,580**
Additions	110,543	4,490	6,211	84,293	49,423	254,960
Disposals	-	-	(4,115)	-	-	(4,115)
Transfer to parent company	-	(161,688)	(9,055)	(56,604)	(41,983)	(269,330)
Exchange adjustment	-	-	-	-	3	3
31 March 2019	**2,069,671**	**136,168**	**60,936**	**1,172,458**	**773,865**	**4,213,098**
Accumulated Depreciation						
31 March 2017	**172,126**	**461,757**	**48,923**	**686,795**	**1,330,348**	**2,699,949**
Charge for the year	30,302	26,161	9,280	134,409	48,622	248,774
Transfer	-	(291,301)	-	(5,889)	(930,908)	(1,228,098)
Disposals	-	-	(8,749)	(6,884)	-	(15,633)
Exchange rate adjustment	-	(2,913)	(500)	(2,819)	(168)	(6,400)
31 March 2018	**202,428**	**193,704**	**48,954**	**805,612**	**447,894**	**1,698,592**
Charge for the year	32,761	3,362	4,594	131,295	45,900	217,912
Disposals	-	-	(4,115)	-	-	(4,115)
Transfer to parent company	-	(66,003)	(6,318)	(26,368)	(27,729)	(126,418)
31 March 2019	**235,189**	**131,063**	**43,115**	**910,539**	**466,065**	**1,785,971**
Net Book Value						
31 March 2019	**1,834,482**	**5,105**	**17,821**	**261,919**	**307,800**	**2,427,127**
31 March 2018	**1,756,700**	**99,662**	**18,941**	**339,157**	**318,528**	**2,532,988**

18. Property, Plant and Equipment (Continued)

	The Company					
	Freehold Land and Buildings	Leasehold Improvement	Motor Vehicles	Computer Equipment	Equipment, Furniture and Fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
31 March 2017	**1,207,145**	**106,908**	**49,721**	**906,559**	**555,041**	**2,825,374**
Additions	119,217	-	17,867	149,843	99,850	386,777
Disposals	-	-	(8,749)	-	-	(8,749)
31 March 2018	**1,326,362**	**106,908**	**58,839**	**1,056,402**	**654,891**	**3,203,402**
Additions	43,438	3,999	6,211	84,293	49,311	187,252
Disposals	-	-	(4,115)	-	-	(4,115)
31 March 2019	**1,369,800**	**110,907**	**60,935**	**1,140,695**	**704,202**	**3,386,539**
Accumulated Depreciation						
31 March 2017	**150,167**	**102,108**	**44,025**	**630,230**	**311,020**	**1,237,550**
Charge for the year	22,429	1,965	7,361	120,943	40,697	193,395
Disposals	-	-	(8,749)	-	-	(8,749)
31 March 2018	**172,596**	**104,073**	**42,637**	**751,173**	**351,717**	**1,422,196**
Charge for the year	24,888	2,613	4,594	130,377	45,383	207,855
Disposals	-	-	(4,115)	-	-	(4,115)
31 March 2019	**197,484**	**106,686**	**43,116**	**881,550**	**397,100**	**1,625,936**
Net Book Value						
31 March 2019	**1,172,316**	**4,221**	**17,819**	**259,145**	**307,102**	**1,760,603**
31 March 2018	**1,153,766**	**2,835**	**16,202**	**305,229**	**303,174**	**1,781,206**

19. Deferred Income Taxes

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

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

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

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Deferred income tax assets	175,414	12,565	171,861	-
Deferred income tax liabilities	(36,971)	(137,945)	-	(94,931)
Net deferred income tax assets/(liabilities)	138,443	(125,380)	171,861	(94,931)

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19. Deferred Income Taxes (continued)

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

	The Group			
	2019			
	Balance at Beginning of Year	Recognised in Income (note 9)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Tax losses carried forward	12,426	(9,109)	-	3,317
Investments	976,386	238,294	(248,142)	966,538
Accounts payable	18,178	4,145	-	22,323
Property plant and equipment	36,169	(61,138)	-	(24,969)
Accounts receivable	6,558	296	-	6,854
Interest payable	315,461	35,853	-	351,314
Unrealised gains	(1,024,058)	211,736	-	(812,322)
Interest receivable	(466,500)	91,888	-	(374,612)
	(125,380)	**511,965**	**(248,142)**	**138,443**

	The Group				
	2018				
	Balance at Beginning of Year	Transferred to parent company	Recognised in Income (note 9)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000	$'000
Tax losses carried forward	98,322	-	(85,896)	-	12,426
Investments	767,343	(20,922)	271,060	(41,095)	976,386
Accounts payable	19,654	-	(1,476)	-	18,178
Property plant and equipment	15,048	-	21,121	-	36,169
Accounts receivable	(1,180)	7,570	168	-	6,558
Interest payable	268,959	-	46,502	-	315,461
Unrealised gains	(1,669,934)	-	645,876	-	(1,024,058)
Interest receivable	(465,796)	418	(1,122)	-	(466,500)
	(967,584)	**(12,934)**	**896,233**	**(41,095)**	**(125,380)**

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19. Deferred Income Taxes (Continued)

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

	The Company			
	2019			
	Balance at Beginning of Year	Recognised in Income (note 9)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Investments	1,018,533	260,007	(270,166)	1,008,374
Accounts payable	17,428	3,470	-	20,898
Property plant and equipment	44,039	(63,209)	-	(19,170)
Interest payable	315,461	35,848	-	351,309
Unrealised gains	(1,024,158)	208,990	-	(815,168)
Interest receivable	(466,234)	91,852	-	(374,382)
	(94,931)	**536,958**	**(270,166)**	**171,861**

	The Company			
	2018			
	Balance at Beginning of Year	Recognised in Income (note 9)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Tax losses carried forward	83,129	(83,129)	-	-
Investments	877,935	168,726	(28,128)	1,018,533
Accounts payable	19,186	(1,758)	-	17,428
Property plant and equipment	22,522	21,517	-	44,039
Interest payable	268,959	46,502	-	315,461
Unrealised gains	(1,669,899)	645,741	-	(1,024,158)
Interest receivable	(465,244)	(990)	-	(466,234)
	(863,412)	**796,609**	**(28,128)**	**(94,931)**

20. Share Capital

	2019 Number of Shares 000	2018 Number of Shares 000
Authorised:		
Ordinary stock units of no par value	1,816,400	1,816,400
Fixed rate cumulative redeemable preference shares of no par value	4,000,000	4,000,000
	5,816,400	**5,816,400**

	2019 Number of Stock units 000	2018 Number of Stock units 000
Issued ordinary share capital:		
Ordinary stock units in issue	**1,630,552**	**1,630,552**

	2019 $'000	2018 $'000
Stated capital:		
1,630,552,530 ordinary stock units	1,864,054	1,864,054
715,482,000 7.50% cumulative redeemable preference stock units	-	1,430,964
15,358,000 7.25% cumulative redeemable preference stock units	-	38,395
941,699,000 7.50% cumulative redeemable preference stock units	941,699	941,699
33,938,125 USD 6.00% cumulative redeemable preference stock units	4,242,944	4,253,126
57,000,000 USD 6.90% cumulative redeemable preference stock units	7,126,140	-
	14,174,837	8,528,238
Less redeemable preference stock units classified as liabilities in the financial statements	(12,310,783)	(6,664,184)
	1,864,054	**1,864,054**

On 30 August 2018, the Company issued 5,700,000 6.9% USD fixed rate cumulative redeemable preference shares at a price of J$10 per share. The redeemable preference shares mature on 6 March 2025.

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

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

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

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20. Share Capital (continued)

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

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

The rights attaching to the ordinary shares include the following:

(i) Entitlement of dividends as declared from time to time (note 10)

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

Earning per stock unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent of $2,367,122,000 (2018: 2,695,393,000) by the weighted average number of ordinary stock units in issue during the year, numbering, 1,630,552,530 (2018:1,630,552,530).

21. Reserves

(a) Investment Revaluation Reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of investment measured at fair value through other comprehensive income [FVOCI] (2018: available-for-sale) financial assets, expected credit losses on such instrument; net of deferred tax, until the assets are derecognised or impaired.

(b) Retained Earnings Reserve

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

22. Securities Sold Under Agreements to Repurchase

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Denominated in Jamaica dollars	52,630,442	53,025,589	52,693,671	53,184,127
Denominated in United States dollars	68,325,784	80,210,628	68,954,025	75,493,689
Denominated in Pound Sterling	2,498,943	3,101,671	2,498,943	3,101,671
Denominated in Euros	200,108	79,523	200,108	79,523
Denominated in Dominican Republic Pesos	-	19,776,783	-	-
Denominated in Canadian dollars	415,461	417,674	415,461	417,674
	124,070,738	**156,611,868**	**124,762,208**	**132,276,684**

Repurchase agreements are collateralised by certain securities and other instruments with a carrying value of $141,310,938,000 (2018: $165,943,311,000) for the Group and $141,455,946,000 (2018: $144,489,850,000), for the Company respectively, (notes 14 and 15).

Repurchase agreements include balances with related parties as set out in note 24. Certain of the securities described in note 15 and interest accrued thereon are pledged as securities.

23. Notes Payable

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Senior Unsecured US$ Fixed Note (i)	2,415,886	2,388,975	2,415,886	2,388,975
Unsecured US$ Fixed Note (ii)	1,505,616	-	1,505,616	-
Unsecured J$ Fixed Note (iii)	892,426	-	892,426	-
Unsecured J$ Fixed Note (iv)	5,879,500	-	5,879,500	-
Promissory Note US$ Fixed Note (v)	18,753,000	18,798,000	-	-
Subordinated debt (vi)	-	540,015	-	-
	29,446,428	**21,726,990**	**10,693,428**	**2,388,975**

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

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

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

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

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

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

24. Related Party Transactions and Balances

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

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

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24. Related Party Transactions and Balances (continued)

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Directors-				
Notes receivable	28,467	25,529	28,467	25,529
Interest payable	(219)	(47)	(219)	(47)
Repurchase agreements	(62,248)	(37,582)	(62,248)	(37,582)
Other related parties -				
Notes receivable	807,037	324,037	807,037	324,037
Parent company				
Accounts receivable	10,230,659	7,474,720	10,230,659	9,069,518
Redeemable preference shares	(12,310,783)	(5,194,825)	(12,310,783)	(5,194,825)
Interest payable	(168,085)	(98,370)	(168,085)	(98,370)
Notes payable	(8,277,541)	-	(8,277,541)	-
Repurchase agreements	(942,609)	(9,484,200)	(942,609)	(9,484,200)
Subsidiaries -				
Resale agreements	-	-	11,791,704	3,056,755
Interest receivable	-	-	2,396	803
Accounts receivable	-	-	1,699,785	1,982,929
Repurchase agreements	-	-	(691,572)	(158,538)
Interest payable	-	-	(647)	(475)
Fellow subsidiaries-				
Other receivable	845,620	379,726	839,698	330,190
Resale agreements	13,890,209	11,962,312	13,609,683	11,718,452
Interest receivable	48,052	45,437	46,881	43,720
Repurchase agreements	(3,021,016)	(1,330,806)	(3,021,016)	(1,330,806)
Interest payable	(9,067)	(3,320)	(9,067)	(3,320)

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24. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Directors				
Interest income	2,096	3,731	2,096	3,731
Interest expense	(1,150)	(655)	(1,150)	(655)
Other related parties				
Interest income	-	942	-	127
Interest expense	-	(7,842)	-	(7,842)
Subsidiaries				
Interest income	-	-	186,630	295,941
Interest expense	-	-	(10,371)	(6,255)
Management fees	-	-	-	566,168
Parent company				
Interest expense	(1,130,210)	(396,453)	(1,130,210)	(396,453)
Fellow subsidiaries				
Interest income	465,237	-	456,762	327,751
Interest expense	(67,037)	-	(67,037)	(54,442)
Managed funds				
Gain on sale of securities	440,989	801,646	440,989	801,646
Interest expense	(359,006)	(410,979)	(359,006)	(410,979)

(iii) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Such persons comprise the directors, 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	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Directors' emoluments:				
Fees	9,166	16,404	5,912	6,095
Management remuneration	65,137	59,814	65,137	59,814
Key management compensation:				
Salaries and related costs (note 6)	387,895	294,260	307,316	232,239
Post-employment benefits	12,076	11,700	9,122	9,438
	474,274	**382,178**	**387,487**	**307,586**

25. Financial Risk Management

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

(a) Introduction and overview

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

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

Risk management framework

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

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

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

(i) Risk Management Committee

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

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

(ii) Audit Committee

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

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

25. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Risk management framework (continued)

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

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

(b) Credit risk

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

(i) Management of credit risk

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

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. 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.

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25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Management of credit risk (continued)

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

(ii) Loans and notes receivable (continued)

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

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

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

(iii) Investments and resale agreements

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

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

(iv) Cash and cash equivalents

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

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25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis

The following table sets out information about the credit risk and the credit quality of financial assets measured at amortised cost, FVOCI debt instruments and available-for-sale debt assets (2018). Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Loans and notes receivable at amortised cost:

	The Group				
	2019				2018
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000	$'000
Credit grade					
Standard monitoring	6,362,460	307,787	-	6,670,247	6,448,398
Special monitoring	-	-	-	-	7,460
Default	-	-	2,160,009	2,160,009	2,245,461
	6,362,460	307,787	2,160,009	8,830,256	8,701,319
Loss allowance	(17,358)	-	(799,355)	(816,713)	(873,038)
	6,345,102	307,787	1,360,654	8,013,543	7,828,281

	The Group				
	2019				2018
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000	$'000
Ageing of loans and notes receivable					
Neither past due nor impaired	5,908,684	-	-	5,908,684	5,324,795
Past due 1-30 days	453,776	-	-	453,776	778,350
Past due 31-60	-	282,313	-	282,313	315,568
Past due 61-90	-	25,474	-	25,474	37,145
More than 90 days	-	-	2,160,009	2,160,009	2,245,461
Total	6,362,460	307,787	2,160,009	8,830,256	8,701,319

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25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Loans and notes receivable at amortised cost (continued):

	The Company				
	2019				2018
	Stage 1	Stage 2	Stage 3	Total	
	$'000	$'000	$'000	$'000	$'000
Credit grade					
Standard monitoring	6,362,460	307,787	-	6,670,247	4,499,097
Default	-	-	57,938	57,938	80,724
	6,362,460	307,787	57,938	6,728,185	4,579,821
Loss allowance	(17,358)	-	(8,756)	(26,114)	(4,017)
	6,345,102	307,787	49,182	6,702,071	4,575,804

	The Company				
	2019				2018
	Stage 1	Stage 2	Stage 3	Total	
	$'000	$'000	$'000	$'000	$'000
Ageing of loans and notes receivable					
Neither past due nor impaired	5,908,684	-	-	5,908,684	3,923,188
Past due 1-30 days	453,776	-	-	453,776	431,282
Past due 31-60	-	282,313	-	282,313	110,614
Past due 61-90	-	25,474	-	25,474	34,013
More than 90 days	-	-	57,938	57,938	80,724
Total	6,362,460	307,787	57,938	6,728,185	4,579,821

Debt securities at amortised cost:

	The Group	
	2019	2018
	Stage 1	
	$'000	$'000
Credit grade		
Watch	10,806,720	14,267,919
Loss allowance	(274,978)	(286,606)
	10,531,742	**13,981,313**

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25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Debt securities at amortised costs (continued):

	The Company	
	2019	2018
	Stage 1	
	$'000	$'000
Credit grade		
Watch	8,189,834	8,444,584
Loss allowance	(266,602)	(239,092)
	7,923,232	**8,205,492**

Securities purchased under agreements to resell at amortised cost:

	The Group				
	2019				2018
	Stage 1	Stage 2	Stage 3	Total	
	$'000	$'000	$'000	$'000	$'000
Credit grade					
Watch	13,609,683	-	-	13,609,683	11,718,452
Loss allowance	(62,014)	-	-	(62,104)	-
	13,547,669	-	-	13,547,669	**11,718,451**

	The Company				
	2019				2018
	Stage 1	Stage 2	Stage 3	Total	
	$'000	$'000	$'000	$'000	$'000
Credit grade					
Watch	25,401,387	-	-	25,401,387	14,775,207
Loss allowance	(79,593)	-	-	(79,593)	-
	25,321,794	-	-	**25,321,794**	**14,775,207**

Debt securities at FVOCI:

	The Group				
	2019				2018
	Stage 1	Stage 2	Stage 3	Stage 1	
	$'000	$'000	$'000	$'000	$'000
Credit grade					
Investment grade	3,796,458	-	-	3,796,458	1,833,736
Watch	121,055,424	109,577	-	121,165,001	146,078,367
Speculative	809,886	-	-	809,886	2,768
Default	-	-	59,438	59,438	117,561
	125,661,768	**109,577**	**59,438**	**125,830,783**	**148,032,432**
Loss allowance	**507,846**	**1,493**	**20,576**	**529,915**	**-**

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25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Debt securities at FVOCI (continued):

	The Company				
	2019				2018
	Stage 1	Stage 2	Stage 3	Total	
	$'000	$'000	$'000	$'000	$'000
Credit grade					
Investment grade	3,796,458	-	-	3,796,458	1,833,736
Watch	90,520,415	109,577	-	90,629,992	100,938,026
Speculative	809,886	-	-	809,886	2,768
Default	-	-	59,437	59,437	117,561
	95,126,759	**109,577**	**59,437**	**95,295,773**	**102,892,091**
Loss allowance	**402,887**	**1,493**	**20,576**	**424,956**	**-**

(iii) Maximum exposure to credit risk

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

(iv) Concentration of credit risk

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

	The Group				
	2019				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector					
Government of Jamaica	-	-	-	103,882,270	103,882,270
Sovereign bonds	-	-	-	1,995,413	1,995,413
Bank of Jamaica	1,245,798	-	-	8,955,000	10,200,798
Corporate	-	3,676,881	-	22,704,216	26,381,097
Financial institutions	9,811,068	-	13,547,669	1,459,593	24,818,330
Retail	-	4,336,662	-	-	4,336,662
	11,056,866	**8,013,543**	**13,547,669**	**138,996,492**	**171,614,570**
Concentration by location					
Jamaica	9,350,626	8,013,543	12,988,167	121,591,673	151,944,009
North America	1,371,067	-	-	3,780,724	5,151,791
Trinidad and Tobago	335,173	-	279,365	4,426,693	5,041,231
Other	-	-	280,137	9,197,402	9,477,539
	11,056,866	**8,013,543**	**13,547,669**	**138,996,492**	**171,614,570**

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(expressed in Jamaican dollars unless otherwise indicated)

25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk (continued)

	The Group				
	2018				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector					
Government of Jamaica	-	-	-	111,738,191	111,738,191
Sovereign bonds	-	-	-	27,881,430	27,881,430
Bank of Jamaica	319,353	-	-	8,683,374	9,002,727
Corporate	-	2,713,694	-	15,124,717	17,838,411
Financial institutions	12,628,928	224,390	11,718,452	2,230,631	26,802,401
Retail	-	4,890,197	-	-	4,890,197
	12,948,281	**7,828,281**	**11,718,452**	**165,658,343**	**198,153,357**
Concentration by location					
Jamaica	9,415,698	5,890,684	11,433,203	129,429,868	156,169,453
North America	1,799,658	-	-	1,830,469	3,630,127
Trinidad and Tobago	87,412	-	285,249	1,804,314	2,176,975
Dominican Republic	1,645,513	1,937,597	-	28,133,937	31,717,047
Other	-	-	-	4,459,755	4,459,755
	12,948,281	**7,828,281**	**11,718,452**	**165,658,343**	**198,153,357**

	The Company				
	2019				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector					
Government of Jamaica	-	-	-	76,415,751	76,415,751
Sovereign bonds	-	-	-	1,995,413	1,995,413
Bank of Jamaica	1,245,798	-	-	8,955,000	10,200,798
Corporate	-	2,365,409	-	17,047,311	19,412,720
Financial institutions	8,388,328	-	25,321,794	483,260	34,193,382
Retail	-	4,336,662	-	-	4,336,662
	9,634,126	**6,702,071**	**25,321,794**	**104,896,735**	**146,554,726**
Concentration by location					
Jamaica	7,990,876	6,702,071	13,188,568	87,567,440	115,448,955
North America	1,308,077	-	-	3,780,724	5,088,801
Trinidad and Tobago	335,173	-	279,365	4,351,169	4,965,707
Other	-	-	11,853,861	9,197,402	21,051,263
	9,634,126	**6,702,071**	**25,321,794**	**104,896,735**	**146,554,726**

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(expressed in Jamaican dollars unless otherwise indicated)

25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk (continued)

	The Company				
	2018				
	Cash and cash equivalents	**Loans and notes receivable**	**Resale agreements**	**Investment securities**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Concentration by sector					
Government of Jamaica	-	-	-	90,647,210	90,647,210
Sovereign bonds	-	-	-	1,322,315	1,322,315
Bank of Jamaica	319,353	-	-	8,683,374	9,002,727
Corporate	-	620,946	-	10,995,560	11,616,506
Financial institutions	9,602,073	219,310	14,775,207	1,023,556	25,620,146
Retail	-	3,735,548	-	-	3,735,548
	9,921,426	**4,575,804**	**14,775,207**	**112,672,015**	**141,944,452**
Concentration by location					
Jamaica	8,057,178	4,575,804	11,632,320	104,917,828	129,183,130
North America	1,776,836	-	-	1,830,469	3,607,305
Trinidad and Tobago	87,412	-	285,249	1,770,768	2,143,429
Other	-	-	2,857,638	4,152,950	7,010,588
	9,921,426	**4,575,804**	**14,775,207**	**112,672,015**	**141,944,452**

(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 over other assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over balances with banks or broker/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities, and no such collateral was held at the reporting date (2018: no collateral held).

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25. Financial Risk Management (Continued)

(b) Credit risk (continued)

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

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

	The Group			
	Loans and notes receivable		Resale agreements	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:				
Cash secured	3,085,615	3,208,847	-	-
Property	-	356,035	-	-
Debt securities	3,718,785	1,852,970	13,808,974	11,895,663
Liens on motor vehicles	-	112,647	-	-
Subtotal	**6,804,400**	**5,530,499**	**13,808,974**	**11,895,663**
Against past due but not impaired financial assets:				
Cash secured	557,323	114,754	-	-
Property	-	204,700	-	-
Debt securities	301,062	162,145	-	-
Liens on motor vehicles	-	66,640	-	-
Other	-	24,659		
Subtotal	**858,385**	**572,898**	**-**	**-**
Against past due and impaired financial assets:				
Cash secured	4,652	-	-	-
Property	2,268,166	2,062,239	-	-
Debt securities	250	-	-	-
Liens on motor vehicles	-	4,267	-	
Subtotal	**2,273,068**	**2,066,506**	-	-
Total	**9,935,853**	**8,169,903**	**13,808,974**	**11,895,663**

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(expressed in Jamaican dollars unless otherwise indicated)

25. Financial Risk Management (Continued)

(b) Credit risk (continued)

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

	The Company			
	Loans and notes receivable		Resale agreements	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:				
Cash secured	3,085,615	3,082,751	-	-
Property	-	2,120	-	-
Debt securities	3,718,785	1,852,970	26,365,983	15,067,641
Liens on motor vehicles	-	905	-	-
Subtotal	**6,804,400**	**4,938,746**	**26,365,983**	**15,067,641**
Against past due but not impaired financial assets:				
Cash secured	557,323	91,042	-	-
Property	-	1,119	-	-
Debt securities	301,062	162,145	-	-
Liens on motor vehicles	-	6,619	-	-
Subtotal	**858,385**	**260,925**	**-**	-
Against past due and impaired financial assets:				
Cash secured	4,652	-	-	-
Property	250	8,152	-	-
Debt securities	47,582	-	-	-
Subtotal	**52,484**	**8,152**	-	-
Total	**7,715,269**	**5,207,823**	**26,365,983**	**15,067,641**

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(expressed in Jamaican dollars unless otherwise indicated)

25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement

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

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

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

(i) Significant increase in credit risk

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

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

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

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

25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Credit risk grades:

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

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

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

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

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

Individual:

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

Commercial & Corporate:

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

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25. 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)

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

Treasury

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

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.

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25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Determining when credit risk has increased significantly (continued)

The Group considers that there is a significant increase in credit risk for its 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 is determined that there is a significant increase in credit risk are transferred from stage 1 to stage 2 and impairment loss is measured based on lifetime expected credit loss.

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

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

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

(ii) Definition of default

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

- The borrower is more than 90 days past due on its obligation to the Group.
- A decrease in internal rating of RR6 or higher
- The borrower is unlikely to pay its obligation to the Group in full, without recourse by the Group to actions such as realizing security. This may arise from instances such as bankruptcy, long-term forbearance, insolvency, breach of financial covenants, death and restructuring.

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

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

25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(iii) Incorporation of forward-looking information

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

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

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

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

The Group formulates three scenarios: a base case, which is the median scenario and assigned a 75% probability of occurring and two likely scenarios; being best, assigned a rating of 15% 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.

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

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments, and using the scorecard approach has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has assessed that the key drivers of its sovereign portfolio are debt to GDP ratio, current account to GDP ratio and net international reserves with weightings of 30%, 20% and 50% respectively. The drivers for the corporate portfolio are debt/GDP ratio, GDP growth and annual inflation with weightings of 10%, 30% and 60% respectively.

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25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

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

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

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

(iv) Computation of the expected credit 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. The EAD of a financial asset is its gross carrying amount at the time of default.

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

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

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25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance

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

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

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

Loans and notes receivable at amortised cost:

	The Group			
	2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 31 March 2018 (IAS 39)	73,417	-	799,621	873,038
Remeasurement on 1 April 2018 (IFRS 9)	4,301	549	10,432	15,282
Financial assets derecognised during period	(75,866)	(549)	(8,211)	(84,626)
New financial assets originated or purchased	13,493	-	114	13,607
Paydowns	(1,143)	-	(24)	(1,167)
Foreign exchange and other movements	3,156	-	(2,577)	579
Balance at 31 March 2019	17,358	-	799,355	816,713

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25. 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			
	2019			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at 31 March 2018 (IAS 39)	-	-	4,017	4,017
Remeasurement on 1 April 2018 (IFRS 9)	4,301	549	10,432	15,282
Financial assets derognised during period	(2,449)	(549)	(3,206)	(6,204)
New financial assets originated or purchased	13,493	-	114	13,607
Paydowns	(1,143)	-	(24)	(1,167)
Foreign exchange and other movements	3,156	-	(2,577)	579
Balance at 31 March 2019	**17,358**	**-**	**8,756**	**26,114**

Securities purchased under agreements to resell:

	2019	
	The Group	The Company
	Stage 1 $'000	Stage 1 $'000
Balance at 1 April 2018 (IAS 39)	-	-
Remeasurement on 1 April 2018 (IFRS 9)	29,360	30,503
Net re-measurement of loss allowance	33,574	50,010
Foreign exchange and other movements	(920)	(920)
Balance at 31 March 2019	**62,014**	**79,593**

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25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Debt securities at amortised cost:

	The Group			
	2019			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Balance at 31 March 2018 (IAS 39)	-	-	362,868	362,868
Reclassification of provision 1 April 2018	-	-	(123,279)	(123,279)
Remeasurement on 1 April 2018 (IFRS 9)	47,480	-	-	47,480
Financial assets derecognised during period	(9,754)	-	(497)	(10,251)
Foreign exchange and other movements	(1,840)	-	-	(1,840)
Balance at 31 March 2019	**35,886**	**-**	**239,092**	**274,978**

	The Company			
	2019			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Balance at 31 March 2018 (IAS 39)	-	-	362,868	362,868
Reclassification of allowance on initial application of IFRS 9	-	-	(123,279)	(123,279)
Remeasurement on 1 April 2018 (IFRS 9)	28,431	-	-	28,431
Financial assets derognised during period	-	-	(497)	(497)
Foreign exchange and other movements	(921)	-	-	(921)
Balance at 31 March 2019	**27,510**	**-**	**239,092**	**266,602**

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25. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Debt securities at FVOCI:

	The Group			
	2019			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at 31 March 2018 (IAS 39) (IAS 39)	-	-	-	-
Remeasurement on 1 April 2018 (IFRS 9)	509,347	-	-	509,347
Transfer from Stage 1 to Stage 2	(415)	1,493	-	1,078
Financial asset derecognised	(194,365)	-	-	(194,365)
New financial assets originated or purchased	228,092	-	20,576	248,668
Foreign exchange and other movements	(34,813)	-	-	(34,813)
Balance at 31 March 2019	**507,846**	**1,493**	**20,576**	**529,915**

	The Company			
	2019			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at 31 March 2018 (IAS 39) (IAS 39)	-	-	-	-
Remeasurement on 1 April 2018 (IFRS 9)	406,696	-	-	406,696
Transfer from Stage 1 to Stage 2	(415)	1,493	-	1,078
Financial asset derecognised	(144,801)	-	-	(144,801)
New financial assets originated or purchased	169,161	-	20,576	189,737
Foreign exchange and other movements	(27,753)	-	-	(27,753)
Balance at 31 March 2019	**402,888**	**1,493**	**20,576**	**424,957**

25. Financial Risk Management (Continued)

(c) Liquidity risk

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

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

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

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

Liquidity risk management process

The Group’s liquidity management process includes:

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

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

(iii) Optimising cash returns on investments; and

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

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

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

25. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

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

	The Group				
	2019				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Securities sold under agreements to repurchase	100,881,009	24,626,526	-	125,507,535	124,070,738
Notes payable	19,033,921	485,517	11,310,550	30,829,988	29,446,428
Redeemable preference shares	190,857	572,572	15,811,890	16,575,319	12,310,783
Payables	1,410,457	-	-	1,410,457	1,410,457
	121,516,244	**25,684,615**	**27,122,440**	**174,323,299**	**167,238,406**

	The Group				
	2018				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Customer deposits	867,531	-	1,423,595	2,291,126	2,291,126
Securities sold under agreements to repurchase	109,194,484	37,537,539	11,803,573	158,535,596	156,611,868
Notes payable	46,286	138,859	22,095,927	22,281,072	21,726,990
Redeemable preference shares	104,601	1,718,935	6,684,938	8,508,474	6,664,184
Payables	1,635,834	-	-	1,635,834	1,635,834
	111,848,736	**39,395,333**	**42,008,033**	**193,252,102**	**188,930,002**

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25. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

	2019				
	The Company				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Securities sold under agreements to repurchase	101,558,352	24,626,526	-	126,184,878	124,762,208
Notes payable	166,653	485,517	11,310,550	11,962,720	10,693,428
Redeemable preference shares	190,857	572,572	15,811,890	16,575,319	12,310,783
Payables	833,959	-	-	833,959	833,959
	102,749,821	**25,684,615**	**27,122,440**	**155,556,876**	**148,600,378**

	2018				
	The Company				
	Within 3 Months	3 to 12 Months	Over 1 Year	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Securities sold under agreements to repurchase	98,868,669	25,048,286	10,279,573	134,196,528	132,276,684
Notes payable	46,286	138,859	2,249,990	2,435,135	2,388,975
Redeemable preference shares	139,468	278,937	6,323,419	6,741,824	6,664,184
Payables	1,206,954	-	-	1,206,954	1,206,954
	100,261,377	**25,466,082**	**18,852,982**	**144,580,441**	**142,536,797**

(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.

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25. 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 2019 and during the year then ended is as follows:

	31 March	Average for Year	Maximum during Year	Minimum during Year
	$'000	$'000	$'000	$'000
2019 Overall VaR	3,257,968	2,384,199	5,873,881	1,048,603
2018 Overall VaR	2,409,794	1,570,202	5,097,342	436,173

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.

25. 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	
	2019	**2018**
	$'000	**$'000**
United States dollars	655,310	6,506,440
Great Britain Pounds	104,855	121,946
Euros	17,353	66,979
Trinidad and Tobago dollars	10,656	329,202
Canadian dollars	600,037	118,508

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			
	2019		**2018**	
	Change in Currency Rate	**Effect on Profit**	**Change in Currency Rate**	**Effect on Profit**
	%	**$'000**	**%**	**$'000**
Currency:		**$'000**		
USD	4	26,212	4	260,258
GBP	4	4,194	4	4,878
EUR	4	694	4	2,679
TT	4	426	4	13,168
CAD	4	24,001	4	4,740
		55,527		**285,723**

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25. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

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

	The Group					
	2019					
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets						
Cash and cash equivalents	11,053,860	-	-	-	3,006	11,056,866
Loans and notes receivable	6,074,602	99,527	-	527,942	1,311,472	8,013,543
Other receivables	-	-	-	-	4,878,322	4,878,322
Due from parent company	-	-	-	-	10,230,659	10,230,659
Securities purchased under agreements	11,379,300	153,277	997,073	1,018,019	-	13,547,669
Investment securities	21,411,530	6,161,848	1,885,908	106,904,923	2,632,283	138,996,492
Total financial assets	**49,919,292**	**6,414,652**	**2,882,981**	**108,450,884**	**19,055,742**	**186,723,551**
Financial Liabilities						
Securities sold under agreements to	100,475,728	15,749,288	7,845,722	-	-	124,070,738
Notes payable	18,753,000	-	1,018,971	9,674,457	-	29,446,428
Redeemable preference shares	-	-	-	12,310,783	-	12,310,783
Other payables	-	-	-	-	1,410,457	1,410,457
Total financial liabilities	**119,228,728**	**15,749,288**	**8,864,693**	**21,985,240**	**1,410,457**	**167,238,406**
Total interest rate sensitivity gap	**(69,309,436)**	**(9,334,636)**	**(5,981,712)**	**86,465,644**	**17,645,285**	**19,485,145**
Cumulative interest rate sensitivity gap	**(69,309,436)**	**(78,644,072)**	**(84,625,784)**	**1,839,860**	**19,485,145**	

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25. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group					
	2018					
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets						
Cash and cash equivalents	12,948,281	-	-	-	-	12,948,281
Loans and notes receivable	4,708,498	270,831	371,949	1,162,123	1,314,880	7,828,281
Other receivables	-	-	-	-	1,909,687	1,909,687
Due from parent company	-	-	-	-	7,474,720	7,474,720
Securities purchased under agreements to resell	11,718,452	-	-	-	-	11,718,452
Investment securities	23,922,867	1,847,181	126,236	137,958,972	1,803,087	165,658,343
Total financial assets	**53,298,098**	**2,118,012**	**498,185**	**139,121,095**	**12,502,374**	**207,537,764**
Financial Liabilities						
Securities sold under agreements to repurchase	108,691,073	14,963,446	23,355,461	9,601,888	-	156,611,868
Notes payable	-	-	-	21,726,990	-	21,726,990
Redeemable preference shares	-	-	-	6,664,184	-	6,664,184
Customer deposits	1,082,028	-	-	1,209,098	-	2,291,126
Due to parent company	-	-	-	-	758,212	758,212
Other payables	-	-	-	-	1,635,834	1,635,834
Total financial liabilities	**109,773,101**	**14,963,446**	**23,355,461**	**39,202,160**	**2,394,046**	**189,688,214**
Total interest rate sensitivity gap	**(56,475,003)**	**(12,845,434)**	**(22,857,276)**	**99,918,935**	**10,108,328**	**17,849,550**
Cumulative interest rate sensitivity gap	**(56,475,003)**	**(69,320,437)**	**(92,177,713)**	**7,741,222**	**17,849,550**	

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25. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company					
	2019					
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	9,634,126	-	-	-	-	9,634,126
Loans and notes receivable	6,074,602	99,527	-	527,942	-	6,702,071
Other receivables	-	-	-	-	5,917,763	5,917,763
Due from parent company	-	-	-	-	10,230,659	10,230,659
Securities purchased under agreements to resell	23,153,425	153,277	997,073	1,018,019	-	25,321,794
Investment securities	21,474,759	6,078,523	1,885,908	73,781,499	1,676,046	104,896,735
Total financial assets	**60,336,912**	**6,331,327**	**2,882,981**	**75,327,460**	**17,824,468**	**162,703,148**
Financial Liabilities						
Securities sold under agreements to repurchase	101,167,198	15,749,288	7,845,722	-	-	124,762,208
Notes payable	-	-	1,018,971	9,674,457	-	10,693,428
Redeemable preference shares	-	-	-	12,310,783	-	12,310,783
Other payables	-	-	-	-	833,959	833,959
Total financial liabilities	**101,167,198**	**15,749,288**	**8,864,693**	**21,985,240**	**833,959**	**148,600,378**
Total interest rate sensitivity gap	**(40,830,286)**	**(9,417,961)**	**(5,981,712)**	**53,342,220**	**16,990,509**	**14,102,770**
Cumulative interest rate sensitivity gap	**(40,830,286)**	**(50,248,247)**	**(56,229,959)**	**(2,887,739)**	**14,102,770**	

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25. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	2018						
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Non-Rate Sensitive $'000	Total $'000
Financial Assets							
Cash and cash equivalents	9,921,426	-	-	-	-	-	9,921,426
Loans and notes receivable	4,574,122	-	1,682	-	-	-	4,575,804
Other receivables	-	-	-	-	3,622,391	-	3,622,391
Due from parent company	-	-	-	-	9,069,518	-	9,069,518
Securities purchased under agreements to resell	14,775,207	-	-	-	-	-	14,775,207
Investment securities	22,272,096	1,305,116	126,236	88,184,752	783,815	-	112,672,015
Total financial assets	**51,542,851**	**1,305,116**	**127,918**	**88,184,752**	**13,475,724**	-	**154,636,361**
Financial Liabilities							
Securities sold under agreements to repurchase	98,369,143	14,963,446	9,342,208	9,601,887	-	-	132,276,684
Notes payable	-	-	-	-	-	2,388,975	2,388,975
Redeemable preference shares	-	-	-	-	-	6,664,184	6,664,184
Other payables	-	-	-	-	1,206,954	-	1,206,954
Total financial liabilities	**98,369,143**	**14,963,446**	**9,342,208**	**9,601,887**	**1,206,954**	**9,053,159**	**142,536,797**
Total interest rate sensitivity gap	**(46,826,292)**	**(13,658,330)**	**(9,214,290)**	**78,582,865**	**12,268,770**	**(9,053,159)**	**12,099,564**
Cumulative interest rate sensitivity gap	**(46,826,292)**	**(60,484,622)**	**(69,698,912)**	**8,883,953**	**21,152,723**	**12,099,564**	

25. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

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

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 available-for-sale financial assets for the gross effects of the assumed changes in interest rates. The correlation of a number of variables will have an impact on market risk. It should be noted that movements in these variables are non-linear and are assessed individually.

	Effect on Profit 2019 $'000	Effect on Equity 2019 $'000	Effect on Profit 2018 $'000	Effect on Equity 2018 $'000
Change in basis points				
JMD/USD				
-100/-50 (2018: -100/-50)	(194,851)	4,109,218	(213,073)	4,463,784
+100/+50 (2018 +100/+100)	194,851	(5,307,765)	212,737	(6,284,913)

(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. A 10% (2018: 15%) increase or decrease in quoted bid prices at the reporting date would result in an increase or decrease, respectively, in equity of $224,541,000 (2018:$115,883,000) for the Group and $146,942,000 (2018: $106,637,000) for the Company.

(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.

25. Financial Risk Management (Continued)

(e) Operational risk (continued)

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

- requirement for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- 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.

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 lines with its stated risk appetite based on an annual internal capital adequacy assessment process and its allocation to the respective business units.

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

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25. Financial Risk Management (Continued)

(f) Capital management (continued)

The regulated authorities require each regulated entity to:

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

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

Certain subsidiaries' regulatory capital is divided into two tiers:

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

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

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

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

The table and notes below summarise the composition of regulatory capital and the ratios of the regulated companies within the Group for the years ended 31 March 2019 and 31 March 2018.

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

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

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25. Financial Risk Management (Continued)

(f) Capital management (continued)

	JMMBFM	
	2019	**2018**
	$'000	**$'000**
Tier 1 capital	780,577	546,532
Tier 2 capital	-	-
Actual regulatory capital	780,577	546,532
Required level of regulatory capital	104,742	104,742
Total risk-weighted assets	1,223,803	748,159
Tier one capital ratio to risk-weighted assets capital	64%	73%

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.

26. Financial Instruments – Fair Value

(a) Definition and measurement of fair values

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

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

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

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

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26. Financial Instruments – Fair Value (Continued)

(a) Definition and measurement of fair values (continued)

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.

(b) Techniques for measuring fair value of financial instruments

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

(c) Accounting classifications and fair values

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

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

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26. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

The Group

	2019						
	Carrying amount				Fair value		
	Amortised cost $'000	Fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value							
Government of Jamaica Securities	-	95,670,130	-	95,670,130	-	95,670,130	95,670,130
Certificates of Deposit	-	8,955,000	-	8,955,000	-	8,955,000	8,955,000
Corporate Bonds	-	19,765,172	1,190	19,766,362	-	19,766,362	19,766,362
Foreign Government Securities	-	1,440,481	494	1,440,975	-	1,440,975	1,440,975
Ordinary shares quoted	-	877,641	1,093,048	1,970,689	1,970,689	-	1,970,689
Unit in Unit Trust	-	-	545,236	545,236	-	545,236	545,236
Money Market Funds	-	-	116,358	116,358	-	116,358	116,358
	-	**126,708,424**	**1,756,326**	**128,464,750**	**1,970,689**	**126,494,061**	**128,464,750**
Financial assets not measured at fair value							
Government of Jamaica Securities	7,939,660	-	-	7,939,660	-	7,488,312	7,488,312
Foreign Government Securities	250,174	-	-	250,174	-	96,683	96,683
Corporate Bonds	2,616,886	-	-	2,616,886	-	2,611,923	2,611,923
	10,806,720	**-**	**-**	**10,806,720**	**-**	**10,196,918**	**10,196,918**

26. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2018						
	Carrying amount				Fair value		
	Loans and receivable $'000	Fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value							
Government of Jamaica Securities	-	97,501,398	-	97,501,398	-	97,501,398	97,501,398
Certificates of Deposit	-	8,880,982	-	8,880,982	-	8,880,982	8,880,982
Corporate Bonds	-	15,244,902	2,788	15,247,690	-	15,247,690	15,247,690
Foreign Government Securities	-	26,718,323	615,629	27,333,952	-	27,333,952	27,333,952
Ordinary shares quoted	-	918,800	231,145	1,149,945	1,149,945	-	1,149,945
Unit in Unit Trust	-	286,429	-	286,429	-	286,429	286,429
Money Market Funds	-	944,003	-	944,003	-	944,003	944,003
Other	-	408,893	-	408,893	-	408,893	408,893
	-	**150,903,730**	**849,562**	**151,753,292**	**1,149,945**	**150,603,347**	**151,753,292**
Financial assets not measured at fair value							
Government of Jamaica Securities	11,112,317	-	-	11,112,317	-	12,458,411	12,458,411
Foreign Government Securities	263,592	-	-	263,592	-	93,030	93,030
Corporate Bonds	2,892,010	-	-	2,892,010	-	2,953,819	2,953,819
	14,267,919	**-**	**-**	**14,267,919**	**-**	**15,505,260**	**15,505,260**

26. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

The Company

	2019						
	Carrying amount				Fair value		
	Amortised cost $'000	Fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value							
Government of Jamaica Securities	-	68,203,611	-	68,203,611	-	68,203,611	68,203,611
Certificates of Deposit	-	8,955,000	-	8,955,000	-	8,955,000	8,955,000
Corporate Bonds	-	16,696,681	1,190	16,697,871	-	16,697,871	16,697,871
Foreign Government Securities	-	1,440,481	494	1,440,975	-	1,440,975	1,440,975
Ordinary shares quoted	-	761,577	431,209	1,192,786	1,192,786	-	1,192,786
Unit in Unit Trust	-	-	366,902	366,902	-	366,902	366,902
Money Market Funds	-	-	116,358	116,358	-	116,358	116,358
	-	96,057,350	**916,153**	**96,973,503**	**1,192,786**	**95,780,717**	**96,973,503**
Financial assets not measured at fair value							
Government of Jamaica Securities	7,939,660	-	-	7,939,660	-	7,488,312	7,488,312
Foreign Government Securities	250,174	-	-	250,174	-	76,587	76,587
	8,189,834	**-**	**-**	**8,189,834**	**-**	**7,564,899**	**7,564,899**

26. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

The Company

	2018						
	Carrying amount				Fair value		
	Loans and receivable $'000	Fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value							
Government of Jamaica Securities	-	79,267,463	-	79,267,463	-	79,267,463	79,267,463
Certificates of Deposit	-	8,683,374	-	8,683,374	-	8,683,374	8,683,374
Corporate Bonds	-	13,515,048	2,788	13,517,836	-	13,517,836	13,517,836
Foreign Government Securities	-	1,426,206	5,305	1,431,511	-	1,431,511	1,431,511
Quoted ordinary shares	-	666,559	-	666,559	666,559	-	666,559
Unit in Unit Trust	-	117,256	-	117,256	-	117,256	117,256
Money Market Funds	-	906,300	-	906,300	-	906,300	906,300
	-	**104,582,206**	**8,093**	**104,590,299**	**666,559**	**103,923,740**	**104,590,299**
Financial assets not measured at fair value							
Government of Jamaica Securities	8,205,272	-	-	8,205,272	-	8,972,171	8,972,171
Foreign Government Securities	239,312	-	-	239,312	-	72,886	72,886
	8,444,584	**-**	**-**	**8,444,584**	**-**	**9,045,057**	**9,045,057**

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27. 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 2014 by ACTMAN International 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 $83,815,000 (2018: $100,083,000) for the Group and $75,193,000 (2018: $69,488,000) for the Company.

28. Managed Funds

The Group acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. This includes some of the assets of the Group's pension scheme (Note 25). 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 client's funds are invested have been excluded from these financial statements.

At 31 March 2019, funds managed in this way amounted to $125,238,091,000 (2018:$114,813,872,000) which includes assets of the Group's pension scheme (note 27), amounting to $3,702,138,000 (2018: $3,007,128,000). The financial statements include the following assets held in (liabilities payable to) the managed funds:

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

29. Lease Commitments

The Group has entered into several lease agreements for rental of offices. The amount charged to the profit and loss account during the year was $54,736,000 (2018: $141,265,000) for the Group and $46,287,000 (2018:$32,374,000) for the Company.

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Less than one year	4,525	38,283	4,525	6,901
Between one and five years	5,500	15,325	5,500	2,516
	10,025	**53,608**	**10,025**	**9,417**

30. Significant Accounting Policies

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

(a) Basis of consolidation

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

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

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

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

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

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30. Significant Accounting Policies (Continued)

(a) Basis of consolidation (continued)

(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.

(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.

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement

Financial assets

Policy applicable from 1 April 2018

From 1 April 2018, the Group has applied IFRS 9 and classified its financial assets in the following measurement categories:

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

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

(a) Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

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

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

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

30. Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial assets (continued)

Policy applicable from 1 April 2018 (continued)

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 '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 personnel;
3. How risks are assessed and managed; and
4. How managers are compensated.

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

Solely payments of principal and interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, 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.

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial assets (continued)

Policy applicable from 1 April 2018 (continued)

(b) Equity instruments

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

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

Gains and losses on equity investments at FVTPL are included in the 'Net trading income' line in the statement of profit or loss.

Policy applicable under IAS 39 before 1 April 2018

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

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

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

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

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

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial liabilities

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

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

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

- Financial guarantee contracts and loan commitments

(iii) Derecognition of financial assets and financial liabilities

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

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

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

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30. Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

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

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

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

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

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

(iv) Modifications

Policy applicable from 1 April 2018

Financial assets:

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

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

30. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

(iv) Modifications (continued)

Policy applicable from 1 April 2018 (continued)

Financial assets:

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

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

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

Financial liabilities:

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

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

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(iv) Modifications (continued)

Policy applicable before 1 April 2018

Financial assets:

If the terms of a financial asset were modified, then the Group evaluated whether the cash flows of the modified asset were substantially different. If the cash flows were substantially different, then the contractual rights to cash flows from the original financial asset were deemed to have expired. In this case, the original financial asset was derecognised [see (iii)] and a new financial asset was recognised at fair value. If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre- modification interest rate.

Financial liabilities:

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

If the modification of a financial liability was not accounted for as derecognition, then any costs and fees incurred were recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(v) Measurement and gains and losses

Policy applicable from 1 April 2018

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

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

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30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

Policy applicable from 1 April 2018 (continued)

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

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

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

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

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

Policy applicable before 1 April 2018

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

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

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

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

Policy applicable before 1 April 2018

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

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

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

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

Specific financial instruments:

Cash and cash equivalents

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

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

Resale and repurchase agreements

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

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30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

Specific financial instruments (continued):

Resale and repurchase agreements (continued)

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

Loans and notes receivable and other receivables

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

Details of the policy for loss allowance from 1 April 2018 is at note 30(b)(vii).

For policy for loan loss allowance before 1 April 2018

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

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

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

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

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

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

Specific financial instruments (continued):

Account payable

Accounts payable are classified and measured at amortised cost.

Interest-bearing borrowings

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

Embedded derivatives

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

(vi) Offsetting

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

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

(vii) Impairment

Policy applicable from 1 April 2018

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

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

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

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30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Policy applicable from 1 April 2018 (continued)

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.

- 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.

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Policy applicable from 1 April 2018 (continued)

Credit-impaired financial assets (continued)

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

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

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

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

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

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

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

30. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Policy applicable from 1 April 2018 (continued)

Write-off

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

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

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

Policy applicable before 1 April 2018

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

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

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

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

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

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

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%

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

(d) Intangible assets

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

(i) Computer software

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

30. Significant Accounting Policies (Continued)

(d) Intangible assets (continued)

(ii) Goodwill

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

(iii) Customer lists and core deposits

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

(iv) 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) 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 accounted for at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates at the reporting date.

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

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

30. Significant Accounting Policies (Continued)

(e) Foreign currency translation (continued)

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

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

(f) Share capital

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

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

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

(g) Taxation

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

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

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

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

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

30. Significant Accounting Policies (Continued)

(h) Impairment of non-financial assets

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

(i) Calculation of recoverable amount

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

(ii) Reversals of impairment

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

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

(i) Revenue recognition

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

(i) Interest income

Policy applicable from 1 April 2018

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

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

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

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 April 2018).

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

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30. Significant Accounting Policies (Continued)

(i) Revenue recognition (continued)

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

(i) Interest income (continued)

Policy applicable from 1 April 2018 (continued)

The effective interest rate of a financial asset is calculated on initial recognition 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.

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

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

Policy applicable under IAS 39 before 1 April 2018

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

(ii) Fees and commissions

Policy applicable from 1 April 2018

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

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

30. Significant Accounting Policies (Continued)

(i) Revenue recognition (continued)

(ii) Fees and commissions (continued)

Policy applicable from 1 April 2018 (continued)

Performance obligations and revenue recognition policies:

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

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms.	Revenue recognition under IFRS 15 (applicable from 1 April 2018).
Investment banking services	The Group provides investment banking related services, including execution of customers' transactions and maintenance of customers' investments records. Fees are charged when the transaction takes place and are based on fixed rates or a fixed percentage of the assets value.	Revenue from investment banking related services is recognised at the point in time when the service is provided.
Portfolio and asset management services	The Group provides portfolio and asset management services to customers. Fees are calculated based on a fixed percentage of the value of the assets and are charged at various time intervals based on the investment agreement but at no time period exceeding twelve months.	Revenue from portfolio and asset management services is recognised at the point in time when the service is provided.
Capital market services	The Group provides capital market services including from debt issuances, equity issuance and merger and acquisition advisory services. Fees are charged when services has been successfully executed.	Revenue is recognised at the point in time when the transaction has been successfully executed.

Policy applicable before 1 April 2018

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

(iii) Dividends

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

30. Significant Accounting Policies (Continued)

(j) Employee benefits

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

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

Pensions are the Group's only post-employment benefit. Pension fund costs included in Group profit or loss represent contributions to the defined-contribution fund which the Group operates to provide retirement pensions for the Group's employees (Note 27). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged as expense when due.

(k) Operating leases

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

(l) Segment reporting

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.

Policy applicable from 1 April 2018

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

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

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

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.

30. Significant Accounting Policies (Continued)

(m) Interest expense

Policy applicable from 1 April 2018 (continued)

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

Policy applicable before 1 April 2018

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

(n) Borrowings

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

(o) Investment properties

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

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

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

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

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

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

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

30. Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

(i) Prepayment features with negative compensation:

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

(ii) Modifications to financial liabilities:

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

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

30. Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

30. Significant Accounting Policies (Continued)

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

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

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

The Group does not expect the amendment to have a significant impact on its 2021 financial statements.