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**JMMB Investments**
**(Trinidad and Tobago) Limited**

**Consolidated and Separate Financial Statements**

**As at and for the year ended 31 March 2024**
*(Expressed in Trinidad and Tobago dollars)*

# JMMB Investments (Trinidad and Tobago) Limited
Index
**March 31, 2024**

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**Statement of Management's Responsibilities**
**JMMB Investments (Trinidad and Tobago) Limited**

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated and separate financial statements of JMMB Investments (Trinidad and Tobago) Limited (the Company) and its subsidiary (together defined as the Group), which comprise the consolidated and separate statements of financial position as at March 31, 2024, the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information;

- Ensuring that the Group keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of the Group's operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

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

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date, or from the date the consolidated and separate financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Shawn Moses
Country Chief Executive Officer

Date: June 26, 2024

Naomi Arjoonsingh
Chief Financial Officer

Date: June 26, 2024

KPMG Chartered Accountants
Savannah East
11 Queen's Park East
Port-of-Spain
Trinidad and Tobago, W.I.
Tel +1 868 612 5764
Web www.kpmg.com/tt

**Independent Auditors' Report**

**To the Shareholder of JMMB Investments (Trinidad and Tobago) Limited**

## Opinion

We have audited the separate financial statements of JMMB Investments (Trinidad and Tobago) Limited (the Company) and the consolidated financial statements of the Company and its subsidiary (the Group), which comprise the Group's and the Company's statements of financial position as at March 31, 2024, the Group's and the Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial positions of the Group and the Company as at March 31, 2024, and of its consolidated and separate financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

## 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 Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in the Republic of Trinidad and Tobago and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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



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Document classification: KPMG Public

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**Independent Auditors' Report** (continued)

**To the Shareholder of JMMB Investments (Trinidad and Tobago) Limited** (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

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

**Independent Auditors' Report** (continued)

**To the Shareholder of JMMB Investments (Trinidad and Tobago) Limited** (continued)

**Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements** (continued)

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

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

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

KPMG

Chartered Accountants

Port of Spain
Trinidad and Tobago
June 26, 2024

## JMMB Investments (Trinidad and Tobago) Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 March 2024
*(Expressed in thousands of Trinidad and Tobago dollars)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | $'000 | $'000 |
| **Net interest income** | | | |
| Interest income calculated using the effective interest method | 4 | 56,252 | 58,101 |
| Interest expense | 5 | (37,877) | (33,693) |
| | | 18,375 | 24,408 |
| **Other revenue** | | | |
| Gains on securities trading, (net) fair value through other comprehensive income (FVOCI) | | 743 | 7,661 |
| Net (loss) gain from financial instruments at fair value through profit or loss (FVTPL) | | (1,216) | 5,479 |
| Fees and commission income | | 7,651 | 9,754 |
| Foreign exchange losses | | (547) | (3,019) |
| | | 6,631 | 19,875 |
| **Revenue net of interest expense** | | 25,006 | 44,283 |
| **Other income** | | | |
| Dividends | | 203 | 1,147 |
| | | 25,209 | 45,430 |
| **Operating expenses** | | | |
| Staff costs | 6 | (17,590) | (15,444) |
| Other expenses | 7 | (7,710) | (5,902) |
| | | (25,300) | (21,346) |
| **(Loss) Profit before Impairment Losses and Taxation** | | (91) | 24,084 |
| Impairment losses on financial assets | 8 | (2,024) | (496) |
| **(Loss) Profit before Taxation** | | (2,115) | 23,588 |
| Taxation | 9 | 2,045 | (5,345) |
| **(Loss) Profit for the Year** | | (70) | 18,243 |

The accompanying notes on pages 17 to 97 are an integral part of these financial statements.

**JMMB Investments (Trinidad and Tobago) Limited**
Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)
Year ended 31 March 2024
*(Expressed in thousands of Trinidad and Tobago dollars)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | $'000 | $'000 |
| **(Loss) Profit for the Year** | | (70) | 18,243 |
| **Other Comprehensive Income (Loss)** | | | |
| ***Items that are or may be reclassified subsequently to profit or loss*** | | | |
| Debt investments at FVOCI – reclassified to profit or loss | | 2,207 | 1,064 |
| Related tax | 16 | (662) | (320) |
| | | 1,545 | 744 |
| Change in fair value of debt instruments at FVOCI | | 15,284 | (16,783) |
| Related tax | 16 | (5,664) | 5,235 |
| | | 9,620 | (11,548) |
| ***Items that will not be reclassified subsequently to profit or loss*** | | | |
| Net (loss) gain on investments in equity instruments at FVOCI | | (1,461) | 586 |
| Related tax | 16 | 438 | (176) |
| Sale of equity investments at FVOCI | | 33 | - |
| | | (990) | 410 |
| **Total Other Comprehensive Income (Loss)** | | 10,175 | (10,394) |
| **Total Comprehensive Income for the year** | | 10,105 | 7,849 |

The accompanying notes on pages 17 to 97 are an integral part of these financial statements.

**JMMB Investments (Trinidad and Tobago) Limited**
Consolidated Statement of Financial Position
Year ended 31 March 2024
*(Expressed in thousands of Trinidad and Tobago dollars)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Assets** | | **$'000** | **$'000** |
| Cash and cash equivalents | 10 | 142,069 | 134,025 |
| Interest receivable | | 13,548 | 16,674 |
| Accounts receivable | 11 | 41,368 | 33,423 |
| Investment securities | 12 | 1,058,525 | 1,138,460 |
| Taxation recoverable | | 1,653 | - |
| Intangible assets | 14 | 620 | 620 |
| Property and equipment | 15 | 1,477 | 1,358 |
| Right of use asset | 24 | 587 | 731 |
| Deferred tax assets | 16 | 7,922 | 11,999 |
| **Total Assets** | | 1,267,769 | 1,337,290 |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Share capital | 17 | 100,764 | 100,764 |
| Investment revaluation reserve | 17 | 801 | (9,374) |
| Retained earnings | | 52,739 | 56,290 |
| **Total Equity** | | 154,304 | 147,680 |
| **Liabilities** | | | |
| Securities sold under agreements to repurchase | 18 | 569,969 | 710,265 |
| Secured notes payable | 19 | 130,961 | 130,999 |
| Other notes payable | 20 | 172,474 | 212,860 |
| Subordinated debt | 21 | 73,687 | 33,742 |
| Lease liability | 24 | 622 | 757 |
| Dividends payable | 23 | 20,875 | 17,394 |
| Interest payable | | 10,925 | 8,872 |
| Accounts payable | 22 | 132,488 | 70,041 |
| Taxation payable | | - | 2,778 |
| Deferred tax liabilities | 16 | 1,464 | 1,902 |
| **Total Liabilities** | | 1,113,465 | 1,189,610 |
| **Total Equity and Liabilities** | | 1,267,769 | 1,337,290 |

**Approved for issue by the Board of Directors on June 17, 2024 and signed on its behalf by:**

**Catherine Kumar** **Director**

**Amoy Van Lowe** **Director**

The accompanying notes on pages 17 to 98 are an integral part of these financial statements.

**JMMB Investments (Trinidad and Tobago) Limited**
Consolidated Statement of Changes in Equity
Year ended 31 March 2024
*(Expressed in thousands of Trinidad and Tobago dollars)*

| | Share Capital | Investment Revaluation Reserve | Retained Earnings | Total Equity |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Balance at 1 April 2022** | 100,764 | 1,020 | 41,532 | 143,316 |
| Profit for the year | - | - | 18,243 | 18,243 |
| *Other comprehensive income, net of tax* | | | | |
| Net change in fair value of debt and equity instruments at FVOCI | - | (11,138) | - | (11,138) |
| Debt instruments at FVOCI – reclassified to profit or loss | - | 744 | - | 744 |
| **Total comprehensive (loss) income for the year** | - | (10,394) | 18,243 | 7,849 |
| **Transactions with owners of the Company** | | | | |
| Dividends declared | - | - | (3,485) | (3,485) |
| **Balance at 31 March 2023** | 100,764 | (9,374) | 56,290 | 147,680 |
| **Balance at 1 April 2023** | 100,764 | (9,374) | 56,290 | 147,680 |
| Loss or the year | - | - | (70) | (70) |
| *Other comprehensive income, net of tax* | | | | |
| Net change in fair value of debt and equity instruments at FVOCI | - | 8,630 | - | 8,630 |
| Debt instruments at FVOCI – reclassified to profit or loss | - | 1,545 | - | 1,545 |
| **Total comprehensive (loss) income for the year** | - | 10,175 | (70) | 10,105 |
| **Transactions with owners of the Company** | | | | |
| Dividends declared | - | - | (3,481) | (3,481) |
| **Balance at 31 March 2024** | 100,764 | 801 | 52,739 | 154,304 |

The accompanying notes on pages 17 to 97 are an integral part of these financial statements.

## JMMB Investments (Trinidad and Tobago) Limited
Consolidated Statement of Cash Flows
Year ended 31 March 2024
*(Expressed in thousands of Trinidad and Tobago dollars)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | **$'000** | **$'000** |
| **Cash Flows from Operating Activities** | | | |
| (Loss) Profit for the year | | (70) | 18,243 |
| Adjustments for: | | | |
| Interest income | 4 | (56,252) | (58,101) |
| Interest expense | 5 | 37,838 | 33,646 |
| Taxation | 9 | (2,045) | 5,345 |
| Impairment losses on financial assets | 8 | 2,024 | 496 |
| Depreciation on property and equipment | 7 & 15 | 440 | 452 |
| Depreciation on right of use asset | 7 & 24 | 144 | 149 |
| Finance lease interest charge | 24 | 39 | 47 |
| Exchange loss on subordinated debt | | - | 30 |
| Net loss (gain) from financial instruments at fair value through profit or loss | | 1,216 | (5,479) |
| | | (16,666) | (5,172) |
| Changes in operating assets and liabilities | | | |
| Accounts receivable | | (7,945) | (16,463) |
| Securities sold under agreements to repurchase | | 63,871 | 127,082 |
| Accounts payable | | (140,296) | (10,750) |
| | | (101,036) | 94,697 |
| Interest received | | 59,378 | 57,612 |
| Interest paid | | (35,823) | (31,849) |
| Taxation paid | | (3,751) | (5,147) |
| **Net cash (used in) from operating activities** | | (81,232) | 115,313 |
| **Cash Flows from Investing Activities** | | | |
| Purchase of property and equipment | 15 | (559) | (483) |
| Purchase of investment securities | | (340,762) | (831,005) |
| Proceeds from sale or maturity of investment securities | | 471,158 | 699,083 |
| **Net cash from (used in) investing activities** | | 129,837 | (132,405) |
| **Cash Flows from Financing Activities** | | | |
| Repayment of secured notes payable | 19 | (80,280) | (94,041) |
| Proceeds from issuance of secured notes payable | 19 | 80,242 | 85,245 |
| Repayment of other notes payables | 20 | (135,230) | (138,095) |
| Proceeds from issuance of other notes payable | 20 | 94,844 | 142,645 |
| Payment of lease liabilities | 24 | (135) | (127) |
| **Net cash flows used in financing activities** | | (40,559) | (4,373) |

**JMMB Investments (Trinidad and Tobago) Limited**
Consolidated Statement of Cash Flows (continued)
Year ended 31 March 2024
*(Expressed in thousands of Trinidad and Tobago dollars)*

| | Note | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|---|
| **Net increase (decrease) in cash and cash equivalents** | | 8,044 | (21,465) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | 134,025 | 155,490 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 10 | 142,069 | 134,025 |

The accompanying notes on pages 17 to 97 are an integral part of these financial statements.

**JMMB Investments (Trinidad and Tobago) Limited**
Separate Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 March 2024
*(Expressed in thousands of Trinidad and Tobago dollars)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | **$'000** | **$'000** |
| **Net interest income** | | | |
| Interest income calculated using the effective interest method | 4 | 58,194 | 58,754 |
| Interest expense | 5 | (37,877) | (33,693) |
| | | 20,317 | 25,061 |
| **Other revenue** | | | |
| Gain on securities trading, (net) Fair Value through Other Comprehensive Income (FVOCI) | | 743 | 7,661 |
| Fees and commission income | | 5,382 | 4,865 |
| Foreign exchange losses | | (764) | (325) |
| | | 5,361 | 12,201 |
| **Revenue net of interest expense** | | 25,678 | 37,262 |
| **Operating expenses** | | | |
| Staff costs | 6 | (14,625) | (12,988) |
| Other expenses | 7 | (5,247) | (3,717) |
| | | (19,872) | (16,705) |
| **Profit before Impairment Losses and Taxation** | | 5,806 | 20,557 |
| Impairment losses on financial assets | 8 | (2,174) | (664) |
| **Profit before Taxation** | | 3,632 | 19,893 |
| Taxation | 9 | (192) | (4,793) |
| **Profit for the Year** | | 3,440 | 15,100 |

The accompanying notes on pages 17 to 97 are an integral part of these financial statements.

**JMMB Investments (Trinidad and Tobago) Limited**
Separate Statement of Profit or Loss and Other Comprehensive Income (continued)
Year ended 31 March 2024
*(Expressed in thousands of Trinidad and Tobago dollars)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | **$'000** | **$'000** |
| **Profit for the Year** | | 3,440 | 15,100 |
| **Other Comprehensive Loss** | | | |
| ***Items that are or may be reclassified subsequently to profit or loss*:** | | | |
| Debt instruments at FVOCI – reclassified to profit or loss | | 2,207 | 1,064 |
| Related tax | 16 | (662) | (320) |
| | | 1,545 | 744 |
| Change in fair value of debt instruments at FVOCI | | 15,284 | (16,783) |
| Related tax | 16 | (5,664) | 5,235 |
| | | 9,620 | (11,548) |
| **Total Other Comprehensive Income (Loss)** | | 11,165 | (10,804) |
| **Total Comprehensive Income for the year** | | 14,605 | 4,296 |

The accompanying notes on pages 17 to 97 are an integral part of these financial statements.

**JMMB Investments (Trinidad and Tobago) Limited**
Separate Statement of Financial Position
Year ended 31 March 2024
*(Expressed in thousands of Trinidad and Tobago dollars)*

| | Note | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 10 | 97,105 | 91,222 |
| Interest receivable | | 13,548 | 16,674 |
| Accounts receivable | 11 | 29,430 | 27,847 |
| Investment securities | 12 | 1,025,366 | 1,107,253 |
| Taxation recoverable | | 1,599 | - |
| Investment in subsidiary | 13 | 5,364 | 5,364 |
| Due from subsidiary | 23 | 49,483 | 28,374 |
| Property and equipment | 15 | 1,461 | 1,331 |
| Right of use asset | 24 | 587 | 731 |
| Deferred tax assets | 16 | 2,654 | 8,969 |
| **Total Assets** | | 1,226,597 | 1,287,765 |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Share capital | 17 | 100,764 | 100,764 |
| Investment revaluation reserve | 17 | 166 | (10,999) |
| Retained earnings | | 34,924 | 34,965 |
| **Total Equity** | | 135,854 | 124,730 |
| **Liabilities** | | | |
| Securities sold under agreements to repurchase | 18 | 569,969 | 710,265 |
| Secured notes payable | 19 | 130,961 | 130,999 |
| Other notes payable | 20 | 172,474 | 212,860 |
| Subordinated debt | 21 | 73,687 | 33,742 |
| Lease liability | 24 | 622 | 757 |
| Dividends payable | 23 | 20,875 | 17,394 |
| Interest payable | | 10,926 | 8,872 |
| Accounts payable | 22 | 111,229 | 45,367 |
| Taxation payable | | - | 2,779 |
| **Total Liabilities** | | 1,090,743 | 1,163,035 |
| **Total Equity and Liabilities** | | 1,226,597 | 1,287,765 |

**Approved for issue by the Board of Directors on June 17, 2024 and signed on its behalf by:**

**Catherine Kumar** **Director**

**Amoy Van Lowe** **Director**

The accompanying notes on pages 17 to 98 are an integral part of these financial statements.

**JMMB Investments (Trinidad and Tobago) Limited**
Separate Statement of Changes in Equity
Year ended 31 March 2024
*(Expressed in thousands of Trinidad and Tobago dollars)*

| | Share Capital | Investment Revaluation Reserve | Retained Earnings | Total Equity |
|---|---|---|---|---|
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Balance at 1 April 2022** | 100,764 | (195) | 23,350 | 123,919 |
| **Profit for the year** | - | - | 15,100 | 15,100 |
| *Other comprehensive income, net of tax* | | | | |
| Net change in fair value of debt and equity instruments at FVOCI | - | (11,548) | - | (11,548) |
| Debt securities at FVOCI – reclassified to profit or loss | - | 744 | - | 744 |
| **Total comprehensive (loss) income for the year** | - | (10,804) | 15,100 | 4,296 |
| **Transactions with owners of the Company** | | | | |
| Dividends declared | - | - | (3,485) | (3,485) |
| **Balance at 31 March 2023** | 100,764 | (10,999) | 34,965 | 124,730 |
| **Balance at 1 April 2023** | 100,764 | (10,999) | 34,965 | 124,730 |
| **Profit for the year** | - | | 3,440 | 3,440 |
| *Other comprehensive income, net of tax* | | | | |
| Net change in fair value of debt and equity instruments at FVOCI | - | 9,620 | - | 9,620 |
| Debt securities at FVOCI – reclassified to profit or loss | - | 1,545 | - | 1,545 |
| **Total comprehensive (loss) income for the year** | - | 11,165 | 3,440 | 14,605 |
| **Transactions with owners of the Company** | | | | |
| Dividends declared | - | - | (3,481) | (3,481) |
| **Balance at 31 March 2024** | 100,764 | 166 | 34,924 | 135,854 |

The accompanying notes on pages 17 to 97 are an integral part of these financial statements.

**JMMB Investments (Trinidad and Tobago) Limited**
Separate Statement of Cash Flows
Year ended 31 March 2024
*(Expressed in thousands of Trinidad and Tobago dollars)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | **$'000** | **$'000** |
| **Cash Flows from Operating Activities** | | | |
| Profit for the year | | 3,440 | 15,100 |
| Adjustments for: | | | |
| Interest income | 4 | (58,194) | (58,754) |
| Interest expense | 5 | 34,899 | 33,646 |
| Taxation | 9 | 192 | 4,793 |
| Impairment losses on financial assets | 8 | 2,174 | 664 |
| Depreciation on property and equipment | 7 & 15 | 429 | 442 |
| Depreciation on right of use asset | 7 & 24 | 144 | 149 |
| Finance lease interest charge | 24 | 39 | 47 |
| Exchange loss on subordinated debt | | - | 30 |
| | | (13,939) | (3,883) |
| **Changes in operating assets and liabilities** | | | |
| Accounts receivable | | (1,582) | (25,897) |
| Securities sold under agreements to repurchase | | (140,296) | 127,082 |
| Accounts payable | | 65,862 | 13,064 |
| Due from subsidiary | | (21,109) | 3 |
| | | (111,064) | 110,369 |
| Interest received | | 61,320 | 58,265 |
| Interest paid | | (35,823) | (31,849) |
| Taxation paid | | (3,751) | (5,016) |
| **Net cash (used in) from operating activities** | | (89,318) | 131,769 |
| **Cash Flows from Investing Activities** | | | |
| Purchase of property and equipment | 15 | (559) | (483) |
| Purchase of investment securities | | (303,402) | (747,726) |
| Proceeds from sale or maturity of investment securities | | 439,721 | 606,322 |
| **Net cash from (used in) investing activities** | | 135,760 | (141,887) |

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

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | $'000 | $'000 |
| **Cash Flows from Financing Activities** | | | |
| Proceeds from issuance of secured notes payable | 19 | 80,242 | 85,245 |
| Repayment of secured notes payable | 19 | (80,280) | (94,041) |
| Proceeds from issuance of other notes payable | 20 | 94,844 | 142,645 |
| Repayment of other notes payable | 20 | (135,230) | (138,095) |
| Repayment of lease liability | 24 | (135) | (127) |
| **Net cash used in financing activities** | | (40,559) | (4,373) |
| **Net increase (decrease) in cash and cash equivalents** | | 5,883 | (14,491) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | 91,222 | 105,713 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 10 | 97,105 | 91,222 |

The accompanying notes on pages 17 to 97 are an integral part of these financial statements.

## 1. General Information

JMMB Investments (Trinidad and Tobago) Limited ("the Company") is a limited liability company, incorporated and domiciled in Trinidad and Tobago, with registered office at #169 Tragarete Road, Port of Spain, Trinidad and Tobago. The Company was incorporated on October 19, 2011. The Company is a fully owned subsidiary of Jamaica Money Market Brokers (Trinidad and Tobago) Limited, a company licenced to carry on the business of a financial holding company pursuant to Section 70 of the Financial Institutions Act, 2008. The ultimate parent, JMMB Group Limited, is incorporated and domiciled in Jamaica.

Effective 31 January 2024, the Trinidad and Tobago financial entities of the JMMB Group Limited (which includes the Company and its parent, Jamaica Money Market Brokers (Trinidad and Tobago) Limited are now indirectly controlled by JMMB Financial Holdings Limited, which is a financial holding company licensed by the Bank of Jamaica.

The ultimate parent remains JMMB Group Limited, a company listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

The Company is a licensed securities dealer and its principal activities are dealing in securities and stock broking. It has one subsidiary, as follows:

| **Name of Subsidiary** | **% Shareholding** | **Country of Incorporation** | **Principal Activities** |
|---|---|---|---|
| JMMB Securities (Trinidad and Tobago) Limited | 100 | Trinidad and Tobago | Stock broking |

The consolidated financial statements comprise the Company and its wholly owned subsidiary (together referred to as the Group). References to the Group also include the Company unless stated otherwise.

## 2. Statement of Compliance and Basis of Preparation

### (a) Statement of Compliance

These financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Details of the Group's materials accounting policies are included in Notes 28.

### (b) Basis of consolidation

#### (i) Subsidiary

A 'Subsidiary' is an investee controlled by the Group. The Group 'controls' an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiary are included in the Group's consolidated financial statements from the date that control commences until the date that control ceases.

2. **Statement of Compliance and Basis of Preparation** (continued)

(b) **Basis of consolidation** (continued)

(ii) **Transactions eliminated on consolidation**

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

(c) **Basis of preparation**

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

- financial instruments at fair value through profit or loss (FVTPL).
- financial assets at fair value through other comprehensive income (FVOCI).

(d) **Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operations ("the functional currency").

These financial statements are presented in Trinidad and Tobago dollars, which is the functional currency of the Company and its subsidiary, and the presentation currency of the Group, and are expressed in thousands of dollars unless otherwise stated.

(e) **Use of estimates and judgements**

The preparation of the financial statements in conformity with IFRS Accounting Standards 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.

Note 3 provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the consolidated and separate financial statements.

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

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

The areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effects on amounts recognised in the consolidated and separate financial statements, or which have a risk of material adjustment in the next financial year, are as follows:

### (a) Key sources of estimation uncertainty

#### (i) Impairment of financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers/issuers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 25 (a.ii), which also sets out key sensitivities of the ECL to changes in these elements.

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

- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios with the increased uncertainty due to geopolitical events for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

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

There are no quoted market prices for a significant portion of the Group's financial assets. Accordingly, fair values of several financial assets are estimated using prices derived from a yield curve. The yield curve is, in turn, obtained from a pricing source which uses indicative prices from the local market. There is significant uncertainty inherent in this approach. The fair values determined in this way are classified as Level 2 or 3 fair values.

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 12 and 27).

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

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

For the purpose of these consolidated and separate financial statements, prepared in accordance with IFRS Accounting Standards, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in the IFRS Accounting Standards.

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

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

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

**Impairment of financial assets**

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit losses (ECL) and selection and approval of models used to measure ECL require significant judgement [see notes 25(a.ii) and 28(a)(2(ii))].

**4. Interest Income Calculated Using the Effective Interest Method**

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Interest income from investment securities at FVOCI | 55,406 | 57,895 | 55,406 | 57,895 |
| Other interest income | 846 | 206 | 2,788 | 859 |
| | 56,252 | 58,101 | 58,194 | 58,754 |

**5. Interest Expense**

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Securities sold under agreements to repurchase | 19,103 | 17,986 | 19,103 | 17,986 |
| Subordinated debt | 1,907 | 2,250 | 1,907 | 2,250 |
| Secured notes | 5,442 | 5,121 | 5,442 | 5,121 |
| Other notes payable | 11,386 | 8,289 | 11,386 | 8,289 |
| Lease liability expense | 39 | 47 | 39 | 47 |
| | 37,877 | 33,693 | 37,877 | 33,693 |

The amounts above, calculated using the effective interest method, relate to the financial liabilities measured at amortised cost.

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

## 6. Staff Costs

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $'000 | $'000 | $'000 | $'000 |
| Salaries and wages | 15,684 | 13,604 | 12,897 | 11,269 |
| Statutory payroll contributions | 448 | 447 | 419 | 419 |
| Pension scheme contributions | 531 | 646 | 470 | 591 |
| Training and development | 185 | 13 | 167 | 13 |
| Other staff benefits | 742 | 734 | 672 | 696 |
| | 17,590 | 15,444 | 14,625 | 12,988 |

## 7. Other Expenses

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $'000 | $'000 | $'000 | $'000 |
| Bank charges | 16 | 6 | 11 | 6 |
| Depreciation on property and equipment | 440 | 452 | 429 | 442 |
| Depreciation on right of use asset | 144 | 149 | 144 | 149 |
| Legal and other professional fees | 1,424 | 840 | 1,104 | 541 |
| Auditors' remuneration | 514 | 304 | 257 | 173 |
| Stationery and printing | 28 | 31 | 13 | 19 |
| Utilities | 165 | 151 | 106 | 73 |
| Travel and entertainment | 120 | 90 | 107 | 90 |
| Equipment and motor vehicle rental | 46 | 38 | 23 | 38 |
| Information technology expenses | 1,093 | 983 | 892 | 792 |
| Repairs and maintenance | 181 | 262 | 141 | 141 |
| Directors' fees | 401 | 333 | 401 | 333 |
| Office rental | 1,179 | 1,173 | 505 | 479 |
| Security | 113 | 75 | 56 | 40 |
| Donations and subscriptions | 45 | 30 | 33 | 22 |
| Insurance | 38 | 95 | 9 | 4 |
| Advertising and promotion | 1,094 | 574 | 671 | 362 |
| Other | 669 | 316 | 345 | 13 |
| | 7,710 | 5,902 | 5,247 | 3,717 |

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

## 8. Impairment Losses on Financial Assets

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $'000 | $'000 | $'000 | $'000 |
| *Net impairment losses:* | | | | |
| Impairment (gain) loss on investment securities | (3,594) | 664 | (3,594) | 664 |
| Impairment on receivables | 5,618 | (168) | 5,768 | - |
| | 2,024 | 496 | 2,174 | 664 |

## 9. Taxation

Income tax is computed at 30% on the profit for the year adjusted for tax purpose. Business levy is calculated as 0.6% of gross revenue.

### *(i) Taxation charge*

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $'000 | $'000 | $'000 | $'000 |
| ***Current income tax:*** | | | | |
| Business levy | 387 | 131 | 386 | - |
| Provision for charge on current year's profit | - | 4,021 | - | 4,021 |
| Change in estimates relating to prior years | (183) | 70 | (183) | 70 |
| ***Deferred income tax relating to the origination and reversal of temporary differences*** | | | | |
| Current year | (2,250) | 1,528 | (12) | 743 |
| Change in estimate relating to prior year | 1 | (405) | 1 | (41) |
| | (2,045) | 5,345 | 192 | 4,793 |

**9. Taxation** (continued)

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

| | The Group | | | | The Company | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2024 | | 2023 | |
| | % | $'000 | % | $'000 | % | $'000 | % | $'000 |
| Profit before taxation | 100 | (2,115) | 100 | 23,588 | 100 | 3,632 | 100 | 19,893 |
| Tax calculated at statutory rates | 30 | (635) | 30 | 7,076 | 30 | 1,090 | 30 | 5,968 |
| Adjusted for the effects of: | | | | | | | | |
| Income not subject to tax | 92 | (1,953) | (7) | (1,734) | (39) | (1,431) | (7) | (1,376) |
| Tax losses recognized | - | - | - | - | - | - | - | - |
| Change in estimates relating to prior years | 9 | (182) | (1) | (335) | (5) | (182) | (1) | 29 |
| Business levy | (18) | 387 | 1 | 131 | 11 | 386 | 1 | - |
| Expenses not allowable | (16) | 337 | 1 | 206 | 9 | 329 | 1 | 172 |
| Other | - | 1 | - | 1 | - | - | - | - |
| | 97 | (2,045) | 23 | 5,345 | 6 | 192 | 24 | 4,793 |

As at the reporting date tax losses, subject to agreement of the Board of Inland Revenue available for set off against future taxable profits, amounted to $14,420 (2023: $8,113) for the Group and $474 (2023: NIL) for the Company. As at the reporting date tax losses, are subject to agreement of the Board of Inland Revenue available for set off against future taxable profits as at March 31, 2024.

**10. Cash and Cash Equivalents**

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $000 | $'000 | $'000 | $'000 |
| Balances held with related party | 68,738 | 85,114 | 26,608 | 46,985 |
| Balances held with other banks | 73,331 | 48,911 | 70,497 | 44,237 |
| | 142,069 | 134,025 | 97,105 | 91,222 |

## 11. Accounts Receivable

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **$000** | **$'000** | **$'000** | **$'000** |
| Receivable from related parties | 1,771 | 2,756 | 564 | - |
| Trade receivables | 42,870 | 30,575 | 34,403 | 27,646 |
| Prepayment and other receivables | 2,626 | 373 | 231 | 201 |
| | 47,267 | 33,704 | 35,198 | 27,847 |
| Impairment loss on receivables | (5,899) | (281) | (5,768) | - |
| | 41,368 | 33,423 | 29,430 | 27,847 |

## 12. Investment Securities

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| ***Investment securities at FVOCI*** | | | | |
| Government of Trinidad and Tobago Securities | 461,907 | 479,188 | 461,907 | 479,188 |
| Other sovereign bonds | 232,694 | 158,377 | 232,694 | 158,377 |
| Corporate bonds | 330,765 | 469,688 | 330,765 | 469,688 |
| Quoted and unquoted equities | 6,440 | 8,181 | - | - |
| | 1,031,806 | 1,115,434 | 1,025,366 | 1,107,253 |
| ***Investment securities at FVTPL*** | | | | |
| Equities | 25,087 | 21,481 | - | - |
| Bonds | 1,632 | 1,545 | - | - |
| | 26,719 | 23,026 | - | - |
| | 1,058,525 | 1,138,460 | 1,025,366 | 1,107,253 |

**12. Investment Securities** (continued)

Investment securities of $732,161 (2023: $882,175) are pledged under the Group's sale and repurchase agreements (Note 18) and secured notes payable (Note 19).

The Group has designated its equity holding in the Trinidad and Tobago Stock Exchange valued $6,245 (2023: $7,614) as well as other quoted shares valued $195 (2023: $567) as FVOCI as these are not intended for trading purposes.

During the year dividends from these equities at FVOCI of $203 were recognized in the profit or loss (2023: $200).

The maturity profile of investment securities from the reporting date is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $000 | $'000 | $'000 | $'000 |
| Government of Trinidad and Tobago securities: | | | | |
| Within 3 months | 16,103 | 7,925 | 16,103 | 7,925 |
| From 3 months to 1 year | 16,599 | 60,458 | 16,599 | 60,458 |
| From 1 year to 5 years | 188,627 | 214,348 | 188,627 | 214,348 |
| Over 5 years | 240,578 | 198,002 | 240,578 | 196,457 |
| | 461,907 | 480,733 | 461,907 | 479,188 |
| Other sovereign bonds: | | | | |
| Within 3 months | 119,502 | 111,677 | 119,502 | 111,677 |
| From 3 months to 1 year | 19,822 | 7,060 | 19,822 | 7,060 |
| From 1 year to 5 years | 25,926 | 3,531 | 25,926 | 3,531 |
| Over 5 years | 67,444 | 36,109 | 67,444 | 36,109 |
| | 232,694 | 158,377 | 232,694 | 158,377 |
| Corporate bonds: | | | | |
| Within 3 months | - | 10,000 | - | 10,000 |
| From 3 months to 1 year | 27,643 | 70,861 | 27,643 | 70,861 |
| From 1 year to 5 years | 144,818 | 225,380 | 144,818 | 225,380 |
| Over 5 years | 158,304 | 163,447 | 158,304 | 163,447 |
| | 330,765 | 469,688 | 330,765 | 469,688 |
| Equities | | | | |
| No fixed maturities | 33,159 | 29,662 | - | - |
| | 1,058,525 | 1,138,460 | 1,025,366 | 1,107,253 |
| Summary | | | | |
| Within 3 months | 135,605 | 129,602 | 135,605 | 129,602 |
| From 3 months to 1 year | 64,064 | 138,379 | 64,064 | 138,379 |
| From 1 year to 5 years | 359,371 | 443,259 | 359,371 | 443,259 |
| Over 5 years | 467,958 | 397,558 | 466,326 | 396,013 |
| No fixed maturities | 31,527 | 29,662 | - | - |
| | 1,058,525 | 1,138,460 | 1,025,366 | 1,107,253 |

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

## 13. Interest in subsidiary

Interest in subsidiary comprises equity shares at cost.

## 14. Intangible Assets

| | The Group | | | | |
|---|---|---|---|---|---|
| | Computer Software | Trade Mark | License | Customer List | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Cost** | | | | | |
| 31 March 2023 and 2024 | 4 | 12 | 620 | 483 | 1,119 |
| **Accumulated Amortisation** | | | | | |
| 1 April 2022 | 4 | 12 | - | 483 | 499 |
| Charge for the year | - | - | - | - | - |
| 31 March 2023 | 4 | 12 | - | 483 | 499 |
| Charge for the year | - | - | - | - | - |
| 31 March 2024 | 4 | 12 | - | 483 | 499 |
| **Net Book Value** | | | | | |
| 31 March 2024 | - | - | 620 | - | 620 |
| 31 March 2023 | - | - | 620 | - | 620 |

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

## 15. Property and Equipment

| | The Group | | | | |
|---|---|---|---|---|---|
| | Work in Progress | Leasehold Improvements | Furniture & Fixtures | Computer Equipment | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Cost** | | | | | |
| 1 April 2022 | - | 2,466 | 2,046 | 1,104 | 5,616 |
| Additions | - | 3 | - | 480 | 483 |
| Disposals | - | - | - | (37) | (37 |
| 31 March 2023 | - | 2,469 | 2,046 | 1,547 | 6,062 |
| Additions | 541 | 9 | - | 9 | 559 |
| 31 March 2024 | 541 | 2,478 | 2,046 | 1,556 | 6,621 |
| **Accumulated Depreciation** | | | | | |
| 1 April 2022 | - | 2,161 | 1,274 | 817 | 4,252 |
| Charge for the year | - | 109 | 158 | 185 | 452 |
| 31 March 2023 | - | 2,270 | 1,432 | 1,002 | 4,704 |
| Charge for the year | - | 46 | 213 | 181 | 440 |
| 31 March 2024 | - | 2,316 | 1,645 | 1,183 | 5,144 |
| **Net book Value** | | | | | |
| 31 March 2024 | 541 | 162 | 401 | 373 | 1,477 |
| 31 March 2023 | - | 199 | 614 | 545 | 1,358 |

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

**15. Property and Equipment** (continued)

| | The Company | | | | |
|---|---|---|---|---|---|
| | **Work in progress** | **Leasehold Improvements** | **Furniture & Fixtures** | **Computer Equipment** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Cost** | | | | | |
| 1 April 2022 | - | 2,466 | 2,036 | 1,064 | 5,566 |
| Additions | - | 3 | - | 480 | 483 |
| Disposals | - | - | - | (37) | (37) |
| 31 March 2023 | - | 2,469 | 2,036 | 1,507 | 6,012 |
| Additions | 541 | 9 | - | 9 | 559 |
| Disposal | - | - | - | - | - |
| 31 March 2024 | 541 | 2,478 | 2,036 | 1,516 | 6,571 |
| **Accumulated Depreciation** | | | | | |
| 1 April 2022 | - | 2,154 | 1,283 | 802 | 4,239 |
| Charge for the year | - | 109 | 158 | 175 | 442 |
| Adjustments | - | - | - | - | - |
| 31 March 2023 | - | 2,263 | 1,441 | 977 | 4,681 |
| Charge for the year | - | 46 | 213 | 170 | 429 |
| 31 March 2024 | - | 2,309 | 1,654 | 1,147 | 5,110 |
| **Net Book Value** | | | | | |
| 31 March 2024 | 541 | 169 | 382 | 369 | 1,461 |
| 31 March 2023 | - | 206 | 595 | 530 | 1,331 |

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

## 16. Deferred Taxes

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

| | The Group | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| **Deferred tax assets** | | |
| Property and equipment | 312 | 288 |
| Tax losses | 4,326 | 2,434 |
| Impairment losses on financial assets | 968 | 1,174 |
| Leases | 11 | 8 |
| Investment securities | 2,305 | 8,095 |
| | 7,922 | 11,999 |
| **Deferred tax liabilities** | | |
| Investment securities | (1,464) | (1,902) |
| Net deferred tax asset | 6,458 | 10,097 |

The movement in the deferred tax account is as follows:

| | The Group | | | |
|---|---|---|---|---|
| | | Recognised in | | |
| | **Balance at 1 April 2023** | **Profit or Loss** | **Other Comprehensive Income** | **Balance at 31 March 2024** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Deferred tax assets** | | | | |
| Property and equipment | 288 | 24 | - | 312 |
| Tax losses | 2,434 | 1,892 | - | 4,326 |
| Impairment losses on financial assets | 1,174 | (206) | - | 968 |
| Leases | 8 | 3 | - | 11 |
| Investment securities | 8,095 | 536 | (6,326) | 2,305 |
| | 11,999 | 2,249 | (6,326) | 7,922 |
| **Deferred tax liabilities** | | | | |
| Investment securities | (1,902) | - | 438 | (1,464) |

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

**16. Deferred Taxes** (continued)

| | The Group | | | |
|---|---|---|---|---|
| | | Recognised in | | |
| | Balance at 1 April 2022 | Profit or Loss | Other Comprehensive Income | Balance at 31 March 2023 |
| | $'000 | $'000 | $'000 | $'000 |
| **Deferred tax assets** | | | | |
| Property and equipment | 279 | 9 | - | 288 |
| Tax losses | 3,315 | (881) | - | 2,434 |
| Impairment losses on financial assets | 1,944 | (770) | - | 1,174 |
| Leases | - | 8 | - | 8 |
| Investment securities | 2,670 | 510 | 4,915 | 8,095 |
| | 8,208 | (1,124) | 4,915 | 11,999 |
| **Deferred tax liabilities** | | | | |
| Investment securities | (1,726) | - | (176) | (1,902) |
| Leases | (1) | 1 | - | - |
| | (1,727) | 1 | (176) | (1,902) |

| | The Company | |
|---|---|---|
| | 2024 | 2023 |
| | $'000 | $'000 |
| **Deferred tax assets** | | |
| Property and equipment | 313 | 286 |
| Tax losses | 142 | - |
| Impairment losses on financial assets | 929 | 1,090 |
| Leases | 11 | 8 |
| Investment securities | 1,259 | 7,585 |
| | 2,654 | 8,969 |

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

**16. Deferred Taxes** (continued)

| | The Company | | | |
|---|---|---|---|---|
| | | Recognised in | | |
| | Balance at 1 April 2023 | Profit or Loss | Other Comprehensive Income | Balance at 31 March 2024 |
| | $'000 | $'000 | $'000 | $'000 |
| **Deferred tax assets** | | | | |
| Property and equipment | 286 | 27 | - | 313 |
| Tax losses | - | 142 | - | 142 |
| Impairment losses on financial assets | 1,090 | (161) | - | 929 |
| Leases | 8 | 3 | - | 11 |
| Investment securities | 7,585 | - | (6,326) | 1,259 |
| | 8,969 | 11 | (6,326) | 2,654 |

| | The Company | | | |
|---|---|---|---|---|
| | | Recognised in | | |
| | Balance at 1 April 2022 | Profit or Loss | Other Comprehensive Income | Balance at 31 March 2023 |
| | $'000 | $'000 | $'000 | $'000 |
| **Deferred tax assets** | | | | |
| Property and equipment | 277 | 9 | - | 286 |
| Impairment losses on financial assets | 1,810 | (720) | - | 1,090 |
| Leases | - | 8 | - | 8 |
| Investment securities | 2,670 | - | 4,915 | 7,585 |
| | 4,757 | (703) | 4,915 | 8,969 |
| **Deferred tax liabilities** | | | | |
| Leases | (1) | 1 | - | - |

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

## 17. Share Capital and Reserves

### (i) Share capital

| | 2024 Number of shares | 2023 Number of shares | 2024 $'000 | 2023 $'000 |
|---|---|---|---|---|
| Authorised: | | | | |
| Ordinary shares | 100,763,490 | 100,763,490 | 100,764 | 100,764 |
| Issued and fully paid: | | | | |
| Ordinary shares | 100,763,490 | 100,763,490 | 100,764 | 100,764 |
| Stated capital | | | | |
| At beginning of year | 100,763,490 | 100,763,490 | 100,764 | 100,764 |
| Issued during the year | - | - | - | - |
| At end of year | 100,763,490 | 100,763,490 | 100,764 | 100,764 |

The Company has elected, under the Companies Act 1995, to maintain par value status for its ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings at the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### (ii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of debt and equity securities measured at FVOCI until the assets are derecognised or reclassified, 2024: $801 (2023: $9,374).

## 18. Securities Sold Under Agreements to Repurchase

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $'000 | $'000 | $'000 | $'000 |
| Denominated in Trinidad and Tobago dollars | 419,418 | 418,859 | 419,418 | 418,859 |
| Denominated in United States dollars | 150,551 | 291,406 | 150,551 | 291,406 |
| | 569,969 | 710,265 | 569,969 | 710,265 |

Repurchase agreements are collateralized by certain securities and other instruments held by the Group and the Company with a carrying value of $587,860 (2023: $736,695) (Note 12).

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

## 19. Secured Notes Payable

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Current portion | | | | |
| (i) Senior secured fixed rate TT$ notes | 107,380 | 60,000 | 107,380 | 60,000 |
| (ii) Senior secured fixed rate US$ notes | 23,581 | 20,245 | 23,581 | 20,245 |
| | 130,961 | 80,245 | 130,961 | 80,245 |
| Non-current portion | | | | |
| (i) Senior secured fixed rate TT$ notes | - | 47,380 | - | 47,380 |
| (ii) Senior secured fixed rate US$ notes | - | 3,374 | - | 3,374 |
| | - | 50,754 | - | 50,754 |
| | 130,961 | 130,999 | 130,961 | 130,999 |

New TT$ and US$ notes were issued during the financial year to replace those that matured (see Note (i) and (ii) below. These are secured by certain securities and other instruments held by the Group and the Company with a carrying value of $144,301 (2023: $145,480) (Note 12).

**(i)** This represents fixed rate TT$ debt issued in three tranches bearing interest from 3.05% to 3.75% per annum, payable on a semi-annual basis. The notes mature in November 2024 and November 2025 and are secured by investment securities (Note 12).

**(ii)** This represents fixed rate US$ debt issued in two tranches bearing interest from 3.4% to 5% per annum, payable on a semi-annual basis. The notes mature in November 2024 and are secured by investment securities (Note 12).

**Reconciliation of movements of liabilities to cashflow arising from financing activities:**

| | **2024** | **2023** |
|---|---|---|
| | **$'000** | **$'000** |
| Balance at 1 April | 130,999 | 139,801 |
| Repayment of debt securities | (80,280) | (94,047) |
| Proceeds from issue of debt securities | 80,242 | 85,245 |
| Balance at 31 March | 130,961 | 130,999 |

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

## 20. Other Notes Payable

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Current portion | | | | |
| (i) Due to related party | 82,413 | 97,646 | 82,413 | 97,646 |
| (ii) Unsecured fixed rate notes | 45,000 | 70,000 | 45,000 | 70,000 |
| | 127,413 | 167,646 | 127,413 | 167,646 |
| Non-current portion | | | | |
| (ii) Unsecured fixed rate notes | 45,061 | 45,214 | 45,061 | 45,214 |
| | 45,061 | 45,214 | 45,061 | 45,214 |
| | 172,474 | 212,860 | 172,474 | 212,860 |

(i) These are unsecured promissory notes which bear interest ranging from 2.4% to 8.75%. There are no specific conditions or terms attached to these related party balances.

(ii) New TT$ and US$ unsecured notes were issued during the financial year to replace those that matured bearing interest at 3.25% to 4.00% and maturing in May 2024.

**Reconciliation of movements of liabilities to cashflow arising from financing activities:**

| | **2024** | **2023** |
|---|---|---|
| | **$'000** | **$'000** |
| Balance at 1 April | 212,860 | 208,310 |
| Repayment of debt securities | (135,230) | (138,095) |
| Proceeds from issue of debt securities | 94,844 | 142,645 |
| Balance at 31 March | 172,474 | 212,860 |

## 21. Subordinated Debt

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| JMMB Group Limited | 33,687 | - | 33,687 | - |
| Other TT$ Subordinated Debt | 40,000 | 33,742 | 40,000 | 33,742 |
| | 73,687 | 33,742 | 73,687 | 33,742 |

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

## 21. Subordinated Debt (continued)

Effective 14 January 2023, the Company refinanced its subordinated debt (previously redeemable preference shares). This debt held by JMMB Group Limited matures on 14 January 2029 and bears interest at rate of 9.5%.

In June 2023 the Company issued subordinated debt of $30 million with a 6 year tenor at 6.5% interest rate. Additionally, in July 2023 the Company issued a further $10 million at the same terms.

## 22. Accounts Payable

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $'000 | $'000 | $'000 | $'000 |
| Trade payables | 14,446 | 17,330 | - | - |
| Other payables | 49,326 | 5,275 | 43,945 | 4,448 |
| Related party balances | 68,716 | 47,436 | 67,284 | 40,919 |
| | 132,488 | 70,041 | 111,229 | 45,367 |

## 23. Related Party Transactions and Balances

**(a)** A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the "reporting entity") in this case, "the Group".

(i) A person or a close member of that person's family is related to a reporting entity if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Company or of a parent of the Group.

(ii) An entity is related to the Group and Company if any of the following conditions applies:

(1) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third

(5) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the Group.

(6) The entity is controlled, or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a Group of which it is a part, provides key management personnel services to the group or to the parent of the Group.

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

**23. Related Party Transactions and Balances** (continued)

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

**(b) Identity of related parties**

Related parties include the Company's subsidiary, the Group's fellow subsidiaries (also called affiliated companies) and ultimate parent company, as well as their directors and executive management.

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

| | Note | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2024 | 2023 | 2024 | 2023 |
| | | $'000 | $'000 | $'000 | $'000 |
| **Due from related parties:** | | | | | |
| *Affiliated companies* | | | | | |
| Accounts Receivable | | 1,771 | 2,756 | 564 | - |
| Cash and cash equivalents | 10 | 68,738 | 85,113 | 26,608 | 46,985 |
| *Subsidiary* | | | | | |
| Accounts Receivable | | - | - | 5,087 | 2,144 |
| Loan to subsidiary | | - | - | 49,483 | 28,374 |
| | | 70,509 | 87,869 | 81,742 | 77,503 |
| **Due to related parties:** | | | | | |
| *Affiliated companies* | | 56,983 | 38,217 | 55,390 | 31,458 |
| Securities sold under agreements to repurchase | 18 | - | 15,155 | - | 26,974 |
| Other notes payable | 20 | 27,625 | 46,843 | 27,625 | 46,843 |
| Guarantees and commitments | | 12,900 | 17,700 | 8,000 | 8,000 |
| *Ultimate parent company* | | | | | |
| Accounts Payable | 22 | 11,733 | 9,219 | 11,733 | 9,219 |
| Subordinated debt | 21 | 33,687 | 33,742 | 33,687 | 33,742 |
| Other notes payable | 20 | 54,788 | 50,803 | 54,788 | 50,803 |
| Dividends payable | | 20,875 | 17,394 | 20,875 | 17,394 |
| *Subsidiary* | | | | | |
| Accounts payable | | - | - | 161 | 242 |
| *Directors, key management personnel and their close family members* | | | | | |
| Securities sold under agreements to repurchase | | 669 | 269 | 669 | 269 |
| | | 219,260 | 229,342 | 212,928 | 224,944 |

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

**23. Related Party Transactions and Balances** (continued)

For related party transactions, accounts payable and accounts receivable have no specific condition or terms attached to the transactions.

With regard to the loan to subsidiary, the interest rate ranges from 1% to 3.3% while the original tenor ranges from 1 year to 2 years.

For securities sold under agreements to repurchase and other notes payable, interest rates range from 2.3% to 8.75% while tenors range from 30 days to 365 days.

**(d)** The statement of profit or loss includes amounts arising in the normal course of business, with related parties, as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **$'000** | **$'000** | | **$'000** |
| Interest income | | | | |
| *Subsidiary* | - | - | 2,305 | 859 |
| | - | - | 2,305 | 859 |
| Interest expense: | | | | |
| Subordinated debt | | | | |
| *Ultimate parent company* | 3,206 | 2,250 | 3,206 | 2,250 |
| Securities sold under agreements to repurchase | | | | |
| *Affiliated companies* | 371 | 715 | 371 | 715 |
| *Directors, key management personnel and their close family members* | 17 | 6 | 17 | 6 |
| Other notes payable | | | | |
| *Affiliated companies* | 656 | 2,007 | 656 | 2,007 |
| *Ultimate parent company* | 3,414 | 2,793 | 3,414 | 2,793 |
| | 7,664 | 7,771 | 7,664 | 7,771 |

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

**23. Related Party Transactions and Balances** (continued)

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Directors fees | 401 | 333 | 401 | 333 |
| Short-term employee benefits | 6,074 | 1,747 | 6,074 | 1,747 |
| Post-employment benefits | 429 | 118 | 429 | 118 |
| | 6,904 | 2,198 | 6,904 | 2,198 |

The Group has determined that there is no Expected Credit Loss (ECL) on related party balances as at 31 March 2024 (2023: NIL). No balances were written off during the year (2023: NIL)

## 24. Leases

The Group leases properties for office space and other uses. These leases run for a period of 3 to 15 years. Certain leases have the option to renew the lease after the lease term. Lease payments are renegotiated periodically to reflect market rentals. Some leases, in accordance with the lease terms and conditions provide for additional rental payments that are based on changes in local prices indices.

Due to termination options a portion of the Group's leases for office space are classified as short term leases and no right of use assets or lease liabilities has been recognized.

The Group holds short term leases (one to three years) and/or leases of low value items (less that USD$1,000) and has elected not to recognise right-of-use assets and lease liabilities for these leases.

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

**24. Leases** (continued)

**(i) Right of use asset**

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

| | The Group/Company Land and Building | |
|---|---|---|
| | 2024 | 2023 |
| | $'000 | $'000 |
| Balance at 1 April | 731 | 880 |
| Depreciation charge for the year | (144) | (149) |
| Balance at 31 March | 587 | 731 |

**(ii) Lease liability**

| | The Group/Company Land and Building | |
|---|---|---|
| | 2024 | 2023 |
| | $'000 | $'000 |
| Balance at 1 April | 757 | 884 |
| Interest expense | 39 | 47 |
| Lease payments | (174) | (174) |
| Balance at 31 March | 622 | 757 |

**Lease liability maturity analysis**

| | The Group/Company | |
|---|---|---|
| | 2024 | 2023 |
| | $'000 | $'000 |
| Less than 1 year | 162 | 168 |
| Between 1 and 5 years | 534 | 696 |
| Interest | (74) | (107) |
| | 622 | 757 |
| Less than 1 year | 130 | 135 |
| Between 1 and 5 years | 492 | 622 |
| | 622 | 757 |

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

**24. Leases** (continued)

**(iii) Amounts recognised in profit or loss**

| | The Group | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Interest on lease liability | 39 | 47 |
| Expenses relating to short-term and low value lease | 1,250 | 1,347 |

| | The Company | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Interest on lease liability | 39 | 47 |
| Expenses relating to short-term and low value lease | 544 | 854 |

**(iv) Amounts recognised in statement of cashflows**

| | The Group/Company | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Cash outflow on principal payments to lessor | 135 | 127 |
| Cash outflow on interest due to lessor | 39 | 47 |
| Total cash outflow for leases | 174 | 174 |

## 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.

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

- Credit Risk
- Settlement Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital.

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board has delegated responsibilities to various sub committees for the areas of Market Risk Management, Audit and Compliance and Enterprise Risk Management. These Board sub committees currently employ an integrated Enterprise Risk Management Framework supported by several Management Committees in order to ensure the maximization of shareholders' value within the Group's risk appetite.

The Group's Asset and Liability Committee (ALCO) is responsible for the development and monitoring of the Group's risk management policies, which are approved by the Board of Directors. All Board committees have non-executive members and report regularly to the Board.

The Group's Risk Management policies, establish a framework for identification, analysis and measurement of the risks faced by the Group, setting of appropriate risk limits and controls, as well as the monitoring of risks and adherence to limits through Risk reports and dashboard. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to continuously develop a disciplined and constructive control environment, in which all team members understand their roles and obligations.

The Group's Board of Directors and Board Audit and Compliance Committee are responsible for monitoring compliance with the Group's Risk Management policies and procedures and for reviewing the adequacy of the Risk Management Framework in relation to the risks faced by the Group in keeping with the risk appetite. The Board Risk Committee of the ultimate parent regularly reviews and monitors compliance with the Group's risk management policies. The Group Audit and Compliance and Risk Committees are assisted in these functions by Internal Audit, Compliance and Risk Departments. Internal Audit undertakes both planned and special reviews of risk management controls and procedures, the results of which are reported quarterly to the Board Audit and Compliance Committee. The Risk Management and Compliance Units ensure adherence to internal policies and procedures, and regulatory rules and guidelines.

**25. Financial Risk Management** (continued)

**(a) Credit risk**

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

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

**Management of credit risk**

The credit risks on key financial assets are managed as follows;

**(i) Securities purchased under agreements to resell**

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

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

**(ii) Cash and cash equivalents**

A significant portion of the Group's cash and cash equivalents is held with related parties. Any other cash and cash equivalent balances are held in financial institutions which management regards as possessing acceptable credit quality and there is no significant concentration in any particular financial institution. The strength of these financial institutions is continually reviewed by Risk Management Committees.

**(iii) Accounts receivable**

Generally, equity transactions are settled within three business days after the trade date. However, in instances where this is not adhered to by clients, the Trinidad and Tobago Stock Exchange allows for liquidation of the equities by the broker in settlement of the outstanding amounts. In this regard, the Group analyses all outstanding amounts in comparison to the market value of equity securities in the particular client's portfolio. The client's payment history, relationship with the Company and the age of the balances are also factors considered in determining the expected credit loss. Full provision is made for any balance where there is potential loss.

**(iv) Investment securities**

For debt securities, external rating agency credit grades are used. These published grades are continuously monitored and updated. Where debt securities are not rated by external rating agencies the Group Risk function determines internal credit ratings for investment counterparties in accordance with its investment risk rating methodology. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency

**25. Financial Risk Management** (continued)

**(a) Credit risk**

**Management of credit risk** (continued)

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

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

The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to Note 28 (a.ii)(4) for more details.

*Credit risk grading*

The Group uses internal credit risk grading that reflects its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model. In addition, exposure to credit risk is managed in part by obtaining investing in liquid securities with counterparties that have high credit quality.

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

The Group recognises loss allowances for ECL on financial assets that are debt instruments at FVOCI.

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. A description of how the Group determines when a significant increase in credit risk has occurred is detailed below.

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A description of inputs, assumptions and estimation techniques used in measuring the ECL is detailed in Note 25(a.ii)(4).

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information. An explanation of how the Group has incorporated this in its ECL models is included in Note 25(a.ii)(5).

- Purchased or originated credit-impaired financial assets are those financial assets that are credit- impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

**25. Financial Risk Management** (continued)

**(a) Credit risk**

**Management of credit risk** (continued)

**(1) Significant increase in credit risk**

***Determining when credit risk as increased significantly***

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

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

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

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

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 ranging from immediate to twelve months, depending on the nature of the portfolio, during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently.

**(2) Definition of default**

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

These include:
- The borrower is more than 90 days past due on its obligation to the Group.
- A decrease in internal rating beyond specific rating thresholds.
- The borrower is unlikely to pay its obligation to the Group in full, without recourse by the Group to actions such as realizing security. This may arise from instances such as bankruptcy, long-term forbearance, insolvency, breach of financial covenants, death and restructuring.
- Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

**25. Financial Risk Management** (continued)

**(2) Definition of default** (continued)

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

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

**(2) (i) Credit-impaired financial assets**

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that it would not consider otherwise;
- 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 is overdue for 90 days or more is considered credit-impaired

**25. Financial Risk Management** (continued)

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

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

**(3) Presentation of allowance for ECL in the statement of financial position**

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

**(4) Computation of the expected credit loss**

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

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

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

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

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

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

The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation.

**25. Financial Risk Management** (continued)

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

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

**(4) Computation of the expected credit loss** (continued)

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

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 commitment or guarantee.

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

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

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

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

The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

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

The Group formulates three scenarios: a base case, which is the median scenario and assigned a 75% probability of occurring and two less likely scenarios; being best, assigned a rating of 10% and worst, assigned a rating of 15%. The base case is aligned with information used by the Group for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecast published by government bodies, monetary bodies and supranational organisations such as International Monetary Fund. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement.

As with any economic 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.

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

**25. Financial Risk Management** (continued)

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

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

**(5) Incorporation of forward-looking information models** (continued)

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.

| 2024 | | | |
|---|---|---|---|
| **Measure** | **Base Scenario** | **Upside Scenario** | **Downside Scenario** |
| Debt/GDP ratio | 70% to 75% - Stable outlook | Less than 70% - Stable outlook | Greater than 75% - Stable outlook |
| GDP annual growth rate | 2% to 4% - Positive outlook | Greater than 4% - Positive outlook | Less than 2% - Negative outlook |
| Inflation rate | 2% to 4% - Positive outlook | Greater than 4% - Positive outlook | Less than 2% - Negative outlook |
| Current account/GDP ratio | 2% to 6% - Positive outlook | Greater than 6% - Positive outlook | Less than 2% - Negative outlook |
| Net international Reserves | USD11B to USD13B - Stable outlook | Greater than USD13B - Positive outlook | Less than USD11B - Stable outlook |
| Interest rates | Increase - Negative outlook | Flat/Marginal Decrease - Stable outlook | Increase - Negative outlook |
| Unemployment rate | 4% to 5% - Positive outlook | Less than 4% - Positive outlook | Greater than 5% - Negative outlook |

| 2023 | | | |
|---|---|---|---|
| **Measure** | **Base Scenario** | **Upside Scenario** | **Downside Scenario** |
| Debt/GDP ratio | 70% to 75%- stable outlook | Less than 70%- stable outlook | Greater than 75%- negative outlook |
| GDP annual growth rate | 2% to 4%- positive outlook | Greater than 4%- positive outlook | Less than 2%- negative outlook |
| Inflation rate | 3.5% to 5%- positive outlook | Less than 3.5%- positive outlook | Greater than 5%- negative outlook |
| Current account/GDP ratio | 2% to 6%- positive outlook | Greater than 6%- positive outlook | Less than 2%- negative outlook |
| Net international Reserves | USD11 to USD13 billion dollars- stable outlook | Greater than $13 billion US dollars- stable outlook | Less than $11 billion US dollars- stable outlook |
| Interest rates | Increase- negative outlook | Remain flat to marginal decrease- stable outlook | Increase- negative outlook |
| Unemployment rate | 7% to 9%-positive outlook | Less than 7%- positive outlook | Greater than 9%- negative outlook |

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

**25. Financial Risk Management** (continued)

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

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

**(5) Incorporation of forward-looking information models** (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.

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

**(a.iii) Maximum exposure to credit risk**

**Financial instruments not subject to impairment**

The following table contains an analysis of the maximum exposure from financial assets not subject to impairment under IFRS 9 (e.g. FVTPL):

| | The Group | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Financial assets designated at fair value through profit and loss (FVTPL): | | |
| Equities | 25,087 | 21,481 |
| Financial assets at fair value through other comprehensive income (FVOCI) | | |
| Equities | 6,440 | 8,181 |
| | 31,527 | 29,662 |

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

**25. Financial Risk Management** (continued)

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

**(a.iii) Maximum exposure to credit risk**

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

**The Group and the Company**

| | 2024 | | | |
|---|---|---|---|---|
| | ECL Staging | | | |
| **Investment Securities** | **Stage 1 12 month ECL** | **Stage 2 Lifetime ECL** | **Stage 3 Lifetime ECL** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Credit grade** | | | | |
| Investment grade | 199,496 | - | - | 199,496 |
| Watch | 779,693 | 46,171 | - | 825,864 |
| Default | - | - | 6 | 6 |
| **Carrying amount** | 979,189 | 46,171 | 6 | 1,025,366 |

| | 2023 | | | |
|---|---|---|---|---|
| | ECL Staging | | | |
| **Investment Securities** | **Stage 1 12 month ECL** | **Stage 2 Lifetime ECL** | **Stage 3 Lifetime ECL** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Credit grade** | | | | |
| Investment grade | 214,706 | - | - | 214,706 |
| Watch | 821,994 | 70,446 | - | 892,440 |
| Default | - | - | 107 | 107 |
| **Carrying amount** | 1,036,700 | 70,446 | 107 | 1,107,253 |

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

**25. Financial Risk Management** (continued)

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

**(a.iii) (1) Maximum exposure to credit risk** (continued)

**The Group**

**Client Receivables**

| | 2024 | | | |
|---|---|---|---|---|
| | ECL Staging | | | |
| | Stage 1 12 month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| | $'000 | $'000 | $'000 | $'000 |
| **Credit grade** | | | | |
| Standard monitoring | 5,133 | - | - | 5,133 |
| Watch listed | - | - | 5,768 | 5,768 |
| **Gross carrying amount** | 5,133 | - | 5,768 | 10,901 |

| | 2023 | | | |
|---|---|---|---|---|
| | ECL Staging | | | |
| | Stage 1 12 month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| | $'000 | $'000 | $'000 | $'000 |
| **Credit grade** | | | | |
| Standard monitoring | 2,565 | - | - | 2,565 |
| Watch listed | - | 281 | - | 281 |
| **Gross carrying amount** | 2,565 | 281 | - | 2,846 |

**25. Financial Risk Management** (continued)

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

**(a.iii) (1) Maximum exposure to credit risk** (continued)

The Group has determined there is no expected credit loss on other financial assets, such as cash and cash equivalents, broker balances, sundry debtors and related party balances due to the short maturities and the financial strengths of the various entities as evidenced by the credit ratings and financial strength of the entities.

Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in Note 25(a.ii)(4) 'Expected credit loss measurement'.

**(a.iii) (2) Collateral and other credit enhancements**

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral to secure exposure. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

Collateral held as security for financial assets depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period.

**(a.iv) Loss allowance**

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

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

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

**25. Financial Risk Management** (continued)

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

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

There were no purchased or originated credit-impaired financial assets during the year (2023: NIL). The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

**The Group and the Company**

| | ECL Staging | | | |
|---|---|---|---|---|
| | 2024 | | | |
| **Investment Securities** | **Stage 1 12 month ECL** | **Stage 2 Lifetime ECL** | **Stage 3 Lifetime ECL** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Loss allowance at 1 April 2023** | 1,780 | 1,851 | 3,067 | 6,698 |
| **Movements with P&L impact** | | | | |
| - Transfer from Stage 1 to Stage 2 | | | | |
| - Transfer from Stage 2 to Stage 1 | | | | |
| New financials assets originated or purchased | 225 | - | 2* | 227 |
| FX and other movements | 145 | (223) | - | (78) |
| Financial assets derecognized during the period | (633) | (49) | (3,067) | (3,749) |
| Total net profit or loss change during the period | (263) | (272) | (3,065) | (3,600) |
| **Loss allowance at 31 March 2024** | 1,517 | 1,579 | 2 | 3,098 |

* All new financial assets that were originated or purchased during the current period were classified as stage 1 and may have subsequently moved to stage 2 or stage 3 during the current period.

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

**25. Financial Risk Management** *(continued)*

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

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

| | ECL Staging | | | |
|---|---|---|---|---|
| | 2023 | | | |
| **Investment Securities** | **Stage 1 12 month ECL** | **Stage 2 Lifetime ECL** | **Stage 3 Lifetime ECL** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Loss allowance at 1 April 2022** | 2,045 | 3,989 | 1 | 6,035 |
| **Movements with P&L impact** | | | | |
| - Transfer from Stage 1 to Stage 2 | - | - | - | - |
| - Transfer from Stage 2 to Stage 1 | - | - | - | - |
| New financials assets originated or purchased | 401 | - | 3,066* | 3,467 |
| Changes in PDs/LGDs/EADs | - | - | - | - |
| Modification of contractual cashflows of financial assets | - | - | - | - |
| FX and other movements | (445) | (415) | - | (860) |
| Financial assets derecognized during the period | (221) | (1,723) | - | (1,944) |
| Total net profit or loss change during the period | (265) | (2,138) | 3,066 | 663 |
| **Loss allowance at 31 March 2023** | 1,780 | 1,851 | 3,067 | 6,698 |

* All new financial assets that were originated or purchased during the current period were classified as stage 1 and may have subsequently moved to stage 2 or stage 3 during the current period.

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

**25. Financial Risk Management** (continued)

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

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

**The Group**

**Client Receivables**

| | ECL Staging 2024 | | | |
|---|---|---|---|---|
| | **Stage 1 12 month ECL** | **Stage 2 Lifetime ECL** | **Stage 3 Lifetime ECL** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Loss allowance at 1 April 2023** | - | 281 | - | 281 |
| Movements with P&L impact | | | | |
| - Transfer from Stage 1 to Stage 2 | - | - | - | - |
| - Transfer from Stage 1 to Stage 3 | - | - | - | - |
| - Transfer from Stage 2 to Stage 1 | - | - | - | - |
| - New financial assets recognized during year | - | - | 5,768* | 5,768 |
| - Financial assets derecognized during the year | - | (150) | - | (150) |
| Total net P&L charge during the period | - | (150) | 5,768 | 5,618 |
| **Loss allowance at 31 March 2024** | - | 131 | 5,768 | 5,899 |

| | ECL Staging 2023 | | | |
|---|---|---|---|---|
| | **Stage 1 12 month ECL** | **Stage 2 Lifetime ECL** | **Stage 3 Lifetime ECL** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Loss allowance at 1 April 2022** | - | 449 | - | 449 |
| Movements with P&L impact | | | | |
| - Transfer from Stage 1 to Stage 2 | - | - | - | - |
| - Transfer from Stage 1 to Stage 3 | - | - | - | - |
| - Transfer from Stage 2 to Stage 1 | - | - | - | - |
| - New financial assets recognized during year | - | - | | |
| - Financial assets derecognized during the year | - | (168) | - | (168) |
| Total net P&L charge during the period | - | (168) | - | (168) |
| **Loss allowance at 31 March 2023** | - | 281 | - | 281 |

* All new financial assets that were originated or purchased during the current period were classified as stage 1 and may have subsequently moved to stage 2 or stage 3 during the current period.

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

**25. Financial Risk Management** (continued)

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

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

The following table further explains changes in the gross carrying amount of the investment securities portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

**The Group and the Company**

| | ECL Staging | | | |
|---|---|---|---|---|
| | 2024 | | | |
| **Investment Securities** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Balance at 1 April 2023** | 1,036,700 | 70,446 | 107 | 1,107,253 |
| **Movements with P&L impact** | | | | |
| New financial assets originated or purchased | 281,048 | - | 6 | 281,054 |
| FX and other movements | (16,002) | 6,532 | - | (9,470) |
| Financial assets derecognized during the period | (322,557) | (30,807) | (107) | (353,471) |
| **Balance at 31 March 2024** | 979,189 | 46,171 | 6 | 1,025,366 |

| | ECL Staging | | | |
|---|---|---|---|---|
| | 2023 | | | |
| **Investment Securities** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Balance at 1 April 2022** | 862,499 | 112,232 | 3 | 974,734 |
| **Movements with P&L impact** | | | | |
| New financial assets originated or purchased | 279,715 | - | 104 | 279,819 |
| FX and other movements | (29,179) | (2,845) | - | (32,024) |
| Financial assets derecognized during the period | (76,335) | (38,941) | - | (115,276) |
| **Balance at 31 March 2023** | 1,036,700 | 70,446 | 107 | 1,107,253 |

The total amount of undiscounted expected credit losses at initial recognition for purchased or originated credit-impaired financial assets recognised during the period was NIL.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 March 2024 was NIL (2023: $2). The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

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

**25. Financial Risk Management** (continued)

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

**(a.vi) Concentration of credit risk**

Concentration by location for investment securities is measured based on the location of the issuer of the security.

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | Investment Securities | | Investment Securities | |
| | 2024 | 2023 | 2024 | 2023 |
| | $'000 | $'000 | $'000 | $'000 |
| **Concentration by sector:** | | | | |
| Corporate/commercial | 348,144 | 485,083 | 330,764 | 469,688 |
| Sovereign | 696,233 | 639,110 | 694,602 | 637,565 |
| Bank | 14,148 | 14,267 | - | - |
| | 1,058,525 | 1,138,460 | 1,025,366 | 1,107,253 |
| **Concentration by location:** | | | | |
| Trinidad | 810,413 | 879,383 | 779,816 | 850,281 |
| Regional | 103,440 | 139,396 | 103,202 | 138,782 |
| Other | 144,672 | 119,681 | 142,348 | 118,190 |
| | 1,058,525 | 1,138,460 | 1,025,366 | 1,107,253 |

**(b) Settlement risk**

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed.

Settlement limits form part of the credit approval/limit monitoring process. Acceptance of settlement risk on trades requires transaction specific or counterparty specific assessments and limit determination with any additional positions over and above established limits requiring approval from the Risk Management Unit.

**25. Financial Risk Management** (continued)

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

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

*Management of liquidity risk*

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

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

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

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

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

**25. Financial Risk Management** (continued)

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

Liquidity limits

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

Liquidity ratios

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

Market triggers

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

Liquidity Stress Testing

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

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

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

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

There was no change in the Group's approach to managing its liquidity risk during the year.

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

**25. Financial Risk Management** (continued)

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

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

**The Group**

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | **Within 3 Months** | **3 to 12 Months** | **1 to 5 Years** | **Over 5 Years** | **Nominal Cash Flows** | **Carrying Amount** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Cash and cash equivalents | 142,069 | - | - | - | 142,069 | 142,069 |
| Interest receivable | - | 13,548 | - | - | 13,548 | 13,548 |
| Investment securities | 137,325 | 66,503 | 432,332 | 467,959 | 1,104,119 | 1,058,525 |
| Accounts receivable | - | 41,368 | - | - | 41,368 | 41,368 |
| | 279,394 | 121,420 | 432,332 | 467,959 | 1,312,571 | 1,255,510 |
| Securities sold under agreements to repurchase | 228,644 | 317,548 | 32,352 | - | 578,544 | 569,969 |
| Dividends payable | 20,875 | - | - | - | 20,875 | 20,875 |
| Subordinated debt | 2,899 | 2,917 | 56,904 | 41,296 | 104,016 | 73,687 |
| Secured notes payable | - | 126,383 | 5,018 | - | 131,401 | 130,961 |
| Other notes payable | - | 127,666 | 45,312 | - | 172,978 | 172,474 |
| Lease liability | 44 | 130 | 522 | - | 696 | 622 |
| Interest payable | 10,925 | - | - | - | 10,925 | 10,925 |
| Accounts payable | 132,488 | - | - | - | 132,488 | 132,488 |
| | 395,876 | 574,644 | 140,108 | 41,296 | 1,151,924 | 1,112,001 |

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

**25. Financial Risk Management** (continued)

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

**The Group**

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | **Within 3 Months** | **3 to 12 Months** | **1 to 5 Years** | **Over 5 Years** | **Nominal Cash Flows** | **Carrying Amount** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Cash and cash equivalents | 134,025 | - | - | - | 134,025 | 134,025 |
| Interest receivable | - | 16,674 | - | - | 16,674 | 16,674 |
| Investment securities | 131,378 | 144,066 | 540,422 | 427,219 | 1,243,085 | 1,138,460 |
| Accounts receivable | - | 33,423 | - | - | 33,423 | 33,423 |
| | 265,403 | 194,163 | 540,422 | 427,219 | 1,427,207 | 1,322,582 |
| Securities sold under agreements to repurchase | 339,558 | 345,173 | 32,642 | - | 717,373 | 710,265 |
| Dividends payable | 17,394 | - | - | - | 17,394 | 17,394 |
| Redeemable preference shares | 790 | 2,415 | 12,831 | 36,956 | 52,992 | 33,742 |
| Secured notes payable | - | 80,502 | 50,912 | - | 131,414 | 130,999 |
| Other notes payable | 70,921 | 70,270 | 72,358 | - | 213,549 | 212,860 |
| Lease liability | 44 | 124 | 696 | - | 864 | 757 |
| Interest payable | 8,872 | - | - | - | 8,872 | 8,872 |
| Accounts payable | 70,041 | - | - | - | 70,041 | 70,041 |
| | 507,620 | 498,484 | 169,439 | 36,956 | 1,212,499 | 1,184,930 |

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

**25. Financial Risk Management** (continued)

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

**The Company**

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | **Less than 3 Months** | **3 to 12 Months** | **1 to 5 Years** | **Over 5 Years** | **Nominal Cash Flows** | **Carrying Amount** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Cash and cash equivalents | 97,105 | - | - | - | 97,105 | 97,105 |
| Interest receivable | - | 13,548 | - | - | 13,548 | 13,548 |
| Investment securities | 137,325 | 66,503 | 432,332 | 466,327 | 1,102,487 | 1,025,366 |
| Accounts receivable | 29,430 | - | - | - | 29,430 | 29,430 |
| Due from subsidiary | 9,483 | - | 40,000 | - | 49,483 | 49,483 |
| | 273,343 | 80,051 | 472,332 | 466,327 | 1,292,053 | 1,214,932 |
| Securities sold under agreements to repurchase | 228,644 | 317,548 | 32,352 | - | 578,544 | 569,969 |
| Dividends payable | 20,875 | - | - | - | 20,875 | 20,875 |
| Redeemable preference shares | 2,899 | 2,917 | 56,904 | 41,296 | 104,016 | 73,687 |
| Secured notes payable | - | 126,383 | 5,018 | - | 131,401 | 130,961 |
| Other notes payable | - | 127,666 | 45,312 | - | 172,978 | 172,474 |
| Lease liability | 44 | 130 | 522 | - | 696 | 622 |
| Interest payable | 10,926 | - | - | - | 10,926 | 10,926 |
| Accounts payable | 111,229 | - | - | - | 111,229 | 111,229 |
| | 374,618 | 574,644 | 140,108 | 41,296 | 1,130,666 | 1,090,743 |

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

**25. Financial Risk Management** (continued)

**(d) Liquidity risk** (continued)

**The Company**

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | **Less than 3 Months** | **3 to 12 Months** | **1 to 5 Years** | **Over 5 Years** | **Nominal Cash Flows** | **Carrying Amount** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Cash and cash equivalents | 91,222 | - | - | - | 91,222 | 91,222 |
| Interest receivable | - | 16,674 | - | - | 16,674 | 16,674 |
| Investment securities | 131,378 | 144,066 | 540,422 | 396,013 | 1,211,879 | 1,107,253 |
| Accounts receivable | 27,847 | - | - | - | 27,847 | 27,847 |
| Due from subsidiary | 3,374 | - | 25,000 | - | 28,374 | 28,374 |
| | 253,821 | 160,740 | 565,422 | 396,013 | 1,375,996 | 1,271,370 |
| Securities sold under agreements to repurchase | 339,558 | 345,173 | 32,642 | - | 717,373 | 710,265 |
| Dividends payable | 17,394 | - | - | - | 17,394 | 17,394 |
| Subordinate debt | 790 | 2,415 | 12,831 | 36,956 | 52,992 | 33,742 |
| Secured notes payable | - | 80,502 | 50,912 | - | 131,414 | 130,999 |
| Other notes payable | 70,921 | 70,270 | 72,358 | - | 213,549 | 212,860 |
| Lease liability | 44 | 124 | 696 | - | 864 | 757 |
| Interest payable | 8,872 | - | - | - | 8,872 | 8,872 |
| Accounts payable | 45,367 | - | - | - | 45,367 | 45,367 |
| | 482,946 | 498,484 | 169,439 | 36,956 | 1,187,825 | 1,160,256 |

**25. Financial Risk Management** (continued)

**(d) Market risk**

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

The Board reviews and approves the risk policies recommended by management. Overall management of market risk is vested in the Asset Liability Committee (ALCO). The Group's Risk Unit is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

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

There has been no change to the management of market risk since during this year.

**Value at Risk (VaR)**

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

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

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

The Group uses VaR limits for its overall portfolio and for sub-portfolios. The overall structure of VaR limits is subject to review and approval by the Group Board. 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.

**25. Financial Risk Management** (continued)

**(d) Market risk** (continued)

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

| | 31 March | Average for Year | Maximum during Year | Minimum during Year |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| 2024 Overall VaR | 47,882 | 29,509 | 62,779 | 12,775 |
| 2023 Overall VaR | 14,094 | 15,042 | 20,003 | 10,981 |

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

***(i) Foreign currency risk***

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is primarily exposed to such risk arising from its United States dollar transactions and its United States denominated assets and liabilities.

There was no change in the Group's approach to managing its foreign currency risk during the year.

At the reporting date the Trinidad and Tobago dollar equivalents of net foreign currency assets/ (liabilities) were as follows:

| | 2024 | 2023 |
|---|---|---|
| | $000 | $000 |
| Net position | 250,653 | 244,484 |

**Sensitivity to exchange rate movements**

The following table indicates the currency to with the Group had significant exposure on its monetary assets and liabilities and the estimated effect of the changes in rate 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:

| | 2024 | 2023 |
|---|---|---|
| Change US$ Currency Rate % | 6% | 6% |

The currency shock was determined at the Group level and applied at the subsidiary level across all operating jurisdictions.

| | 2024 | 2023 |
|---|---|---|
| Pre-tax effect on profit $'000 | 2,232 | 2,174 |
| Post-tax effect on profit $'000 | 1,563 | 1,522 |

**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 operation to cash flow interest risk, whereas fixed interest rate instruments expose the operation to fair value interest risk. The primary form of interest rate risk encountered by the Group occurs due to the timing differences in the maturity (for fixed rate) and repricing (for floating rate) of bank assets, liabilities and off-balance positions.

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

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

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

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

**25. Financial Risk Management** (continued)

**(d) Market risk** (continued)

***(ii) Interest rate risk*** (continued)

**The Group**

| | 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Within 3 Months** | **3 to 6 Months** | **6 to 12 Months** | **1 to 5 Years** | **Over 5 Years** | **Non-Interest Bearing** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Financial assets** | | | | | | | |
| Cash and cash equivalents | 142,069 | - | - | - | - | - | 142,069 |
| Interest receivable | - | - | - | - | - | 13,548 | 13,548 |
| Investment securities | 135,605 | 34,108 | 29,956 | 359,371 | 466,327 | 33,158 | 1,058,525 |
| Accounts receivable | | - | - | - | - | 41,368 | 41,368 |
| **Total financial assets** | 277,674 | 34,108 | 29,956 | 359,371 | 466,327 | 88,074 | 1,255,510 |
| **Financial liabilities** | | | | | | | |
| Securities sold under agreements to repurchase | 225,239 | 106,778 | 206,503 | 31,449 | - | - | 569,969 |
| Dividends payable | - | - | - | - | - | 20,875 | 20,875 |
| Interest payable | - | - | - | - | - | 10,925 | 10,925 |
| Redeemable preference shares | - | - | - | 73,687 | - | - | 73,687 |
| Secured notes payable | - | - | 125,961 | 5,000 | - | - | 130,961 |
| Other notes payable | - | - | 127,333 | 45,141 | - | - | 172,474 |
| Lease liability | 35 | 35 | 60 | 492 | - | - | 622 |
| Accounts payable | - | - | - | - | - | 132,488 | 132,488 |
| **Total financial liabilities** | 225,274 | 106,813 | 459,857 | 155,769 | - | 164,288 | 1,112,001 |
| **Total interest sensitivity gap** | 52,400 | (72,705) | (429,901) | 203,602 | 466,327 | (76,214) | 143,509 |
| **Cumulative interest sensitivity gap** | 52,400 | (20,305) | (450,206) | (246,604) | 219,723 | 143,509 | - |

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

**25. Financial Risk Management** (continued)

**(d) Market risk** (continued)

***(ii) Interest rate risk*** (continued)

**The Group**

| | 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Within 3 Months** | **3 to 6 Months** | **6 to 12 Months** | **1 to 5 Years** | **Over 5 Years** | **Non-Interest Bearing** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Financial assets** | | | | | | | |
| Cash and cash equivalents | 134,025 | - | - | - | - | - | 134,025 |
| Interest receivable | - | - | - | - | - | 16,674 | 16,674 |
| Investment securities | 129,603 | 52,089 | 86,290 | 443,259 | 396,011 | 31,208 | 1,138,460 |
| Accounts receivable | - | - | - | - | - | 33,423 | 33,423 |
| **Total financial assets** | 263,628 | 52,089 | 86,290 | 443,259 | 396,011 | 81,305 | 1,322,582 |
| **Financial liabilities** | | | | | | | |
| Securities sold under agreements to repurchase | 336,609 | 149,938 | 191,640 | 32,078 | - | - | 710,265 |
| Dividends payable | - | - | - | - | - | 17,394 | 17,394 |
| Interest payable | - | - | - | - | - | 8,872 | 8,872 |
| Subordinated debt | - | - | - | - | 33,742 | - | 33,742 |
| Secured notes payable | - | - | 80,245 | 50,754 | - | - | 130,999 |
| Other notes payable | 97,646 | 25,000 | 45,000 | 45,214 | - | - | 212,860 |
| Lease liability | 33 | 34 | 68 | 622 | - | - | 757 |
| Accounts payable | - | - | - | - | - | 70,041 | 70,041 |
| **Total financial liabilities** | 434,288 | 174,972 | 316,953 | 128,668 | 33,742 | 96,307 | 1,184,930 |
| **Total interest sensitivity gap** | (170,660) | (122,883) | (230,663) | 314,591 | 362,269 | (15,002) | 137,652 |
| **Cumulative interest sensitivity gap** | (170,660) | (293,543) | (524,206) | (209,615) | 152,654 | 137,652 | - |

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

**25. Financial Risk Management** (continued)

**(d) Market risk** (continued)

***(ii) Interest rate risk*** (continued)

**The Company**

| | 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Within 3 Months** | **3 to 12 Months** | **6 to 12 Months** | **1 to 5 Years** | **Over 5 Years** | **Non-Interest Bearing** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Financial assets** | | | | | | | |
| Cash and cash equivalents | 97,105 | - | - | - | - | - | 97,105 |
| Interest receivable | - | - | - | - | - | 13,548 | 13,548 |
| Investment securities | 135,605 | 34,108 | 29,956 | 359,371 | 466,326 | - | 1,025,366 |
| Accounts receivable | - | - | - | - | - | 29,430 | 29,430 |
| Due from subsidiary | 5,329 | - | - | 44,154 | - | - | 49,483 |
| **Total financial assets** | 238,039 | 34,108 | 29,956 | 403,525 | 466,326 | 42,977 | 1,214,932 |
| **Financial liabilities** | | | | | | | |
| Securities sold under agreements to repurchase | 225,239 | 106,778 | 206,503 | 31,449 | - | - | 569,969 |
| Dividend payable | - | - | - | - | - | 20,875 | 20,875 |
| Interest payable | - | - | - | - | - | 10,926 | 10,926 |
| Subordinated debt | - | - | - | 73,687 | - | - | 73,687 |
| Secured notes payable | - | - | 125,961 | 5,000 | - | - | 130,961 |
| Other notes payable | - | - | 127,333 | 45,141 | - | - | 172,474 |
| Lease liability | 35 | 35 | 60 | 492 | - | - | 622 |
| Accounts payable | - | - | - | - | - | 111,229 | 111,229 |
| **Total financial liabilities** | 225,274 | 106,813 | 459,857 | 155,769 | - | 143,030 | 1,090,743 |
| **Total interest sensitivity gap** | 12,765 | (72,705) | (429,901) | 247,756 | 466,326 | (100,052) | 124,189 |
| **Cumulative interest sensitivity gap** | 12,765 | (59,940) | (489,841) | (242,085) | 224,241 | 124,189 | - |

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

**25. Financial Risk Management** (continued)

**(d) Market risk** (continued)

***(ii) Interest rate risk*** (continued)

**The Company**

| | 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Within 3 Months** | **3 to 12 Months** | **6 to 12 Months** | **1 to 5 Years** | **Over 5 Years** | **Non-Interest Bearing** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Financial assets** | | | | | | | |
| Cash and cash equivalents | 91,222 | - | - | - | - | - | 91,222 |
| Interest receivable | - | - | - | - | - | 16,674 | 16,674 |
| Investment securities | 129,602 | 52,089 | 86,290 | 443,259 | 396,011 | 2 | 1,107,253 |
| Accounts receivable | - | - | - | - | - | 27.847 | 27.847 |
| Due from subsidiary | 3,374 | - | - | 25,000 | - | - | 28,374 |
| **Total financial assets** | 224,198 | 52,089 | 86,290 | 468,259 | 396,011 | 44,523 | 1,271,370 |
| **Financial liabilities** | | | | | | | |
| Securities sold under agreements to repurchase | 336,609 | 149,938 | 191,640 | 32,078 | - | - | 710,265 |
| Dividend payable | - | - | - | - | - | 17.394 | 17,394 |
| Interest payable | - | - | - | - | - | 8,872 | 8,872 |
| Subordinated debt | - | - | - | - | 33,742 | - | 33,742 |
| Secured notes payable | - | - | 80,245 | 50,754 | - | - | 130,999 |
| Other notes payable | 97,646 | 25,000 | 45,000 | 45,214 | - | - | 212,860 |
| Lease liability | 33 | 34 | 68 | 622 | - | | 757 |
| Accounts payable | - | - | - | - | - | 45,367 | 45,367 |
| **Total financial liabilities** | 434,288 | 174,972 | 316,953 | 128,668 | 33,742 | 71,633 | 1,160,256 |
| **Total interest sensitivity gap** | (210,090) | (122,883) | (230,663) | 339,591 | 362,269 | (27,110) | 111,114 |
| **Cumulative interest sensitivity gap** | (210,090) | (332,973) | (563,636) | (224,045) | 138,224 | 111,114 | - |

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

**25. Financial Risk Management** (continued)

**(d) Market risk** (continued)

***(ii) Interest rate risk*** (continued)

***Interest sensitivity of financial assets and financial liabilities***

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group profit or loss and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net profit based on floating rate financial assets and revaluing fixed rate financial assets at fair value through other comprehensive income (FVOCI) for the effects of the assumed changes in interest rates. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in a variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

| | The Group | | | |
|---|---|---|---|---|
| **Change in basis points TT/USD** | **Effect on Profit 2024** | **Effect on Equity 2024** | **Effect on Profit 2023** | **Effect on Equity 2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| -100/-100 | - | 45,659 | - | 45,436 |
| + 100/+100 | - | (41,933) | - | (38,898) |

| | The Company | | | |
|---|---|---|---|---|
| **Change in basis points TT/USD** | **Effect on Profit 2024** | **Effect on Equity 2024** | **Effect on Profit 2023** | **Effect on Equity 2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| -100/-100 | - | 45,659 | - | 45,436 |
| + 100/+100 | - | (41,933) | - | (38,898) |

***(iii) Equity price risk***

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

The Group's equity securities include both quoted and unquoted securities. Quoted equities are listed on local, regional and international stock exchanges. A 5% (2023: 5%) increase in quoted bid prices as at the reporting date would result in an increase of $0.32 million (2023: $0.41 million) and $1.25 million (2023: $1.07 million) in equity and profit respectively. A 5% (2023: 5%) decrease in quoted bid prices would result in a decrease of $0.32 million (2023: $0.41 million) and $1.25 million (2023: $1.07 million) in equity and profit respectively.

**25. Financial Risk Management** (continued)

**(e) Operational risk**

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

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

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

**(i) Cyber Risk and IT Governance Security**

A significant component of operational risk that have become increasingly prevalent in the business environment and that affects the operations of the Group, is technology and information security risk.

The Group acknowledges that the constantly evolving nature of technology and its importance in the conduct of financial transactions globally, have increased the risk of attacks on the networks and systems that support electronic and digital information and transactions flow. The impact of any such attack on the Group's technology and information systems includes, among others, unauthorised access to these systems, loss, misappropriation and destruction of data including that of customers and other stakeholders, critical system unavailability, increased costs of operations, potential fines and penalties for breaches of privacy laws, reputational damage and financial loss.

The Trinidad and Tobago JMMB entities have implemented appropriate processes and controls across all its critical electronic interfaces and touch points to continuously monitor, manage and mitigate the impact of this risk on its networks, systems and other technology infrastructure in order to safeguard its information and other assets and by extension those of its customers and other stakeholders. This is monitored via an IT risk dashboard risk and Cybersecurity Response Plan is in place to manage cyber-attacks. This is supported by ongoing updates to its technology infrastructure, system vulnerability assessments, training of IT team members and sensitisation of customers and other stakeholders to any new and emerging threats.

Compliance with the Group's standards is supported by a programme of periodic reviews undertaken by Internal Audit.

**25. Financial Risk Management** (continued)

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

**(ii) Business continuity**

The Group's Business Continuity Plan (BCP) encompasses a defined set of planning, preparatory and related activities which are intended to ensure that the critical business functions will either continue to operate despite serious incidents or disasters that might otherwise have interrupted its operations, or will be recovered to an operational state within a reasonably short period. The oversight of Business Continuity falls largely within the sphere of Risk Management.

The objectives of the Group's BCP are to:

1. Protect human life.
2. Identify processes critical to the operations of the Group and safe guard the Group's assets.
3. Provide tested plans which, when executed, will permit timely and efficient recovery and resumption of the Group's critical business functions.
4. Minimize the inconvenience and potential disruption of service to internal and external customers.
5. Describe the organizational structure necessary for executing the plan.
6. Identify the equipment, procedures and activities for recovery.
7. Ensure that the reputation and financial viability of the Group is maintained at all times.
8. Ensure compliance with regulatory requirements.

The BCP is focused on minimizing the down time and data loss within the thresholds identified by the Group. The plan is meant to minimize the loss to the Group and or negative impact to customer service as a result of serious incidents or disasters that may occur for some time.

Group standards are supported by periodic reviews undertaken by the Internal Audit department.

## 26. Capital management

The Group's lead regulator, the Trinidad and Tobago Securities Exchange Commission (TTSEC), monitors the capital requirements for the Group as a whole.

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

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

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

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

(iv) To positively impact the capital of its holding company and ultimate parent.

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

The regulated authorities require each regulated entity to:

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

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

The Rules of the Trinidad and Tobago Securities Exchange Commission states that the minimum capital requirement is $15,000 for the Company and $6,000 for its subsidiary JMMB Securities (T&T) Limited. The actual capital at the reporting date was $100,764, for the Company and $12,909 for the subsidiary. The Company and the subsidiary were in compliance with requirements throughout the year.

## 27. Fair Value of Financial Instruments

The fair value of financial instruments that are recognised on the statement of financial position and the fair value of financial instruments that are not recognised on the statement of financial position are based on the valuation methods and assumptions set out in the material accounting policies Note 28.

### (a) Valuation models

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

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

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

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

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

### (b) Financial instruments measured at fair value- fair value hierarchy

The following table shows the classification of financial assets and financial liabilities and their carrying amounts. Where the carrying amounts are measured at fair value, their levels in the fair value hierarchy are also shown. Where the carrying amounts 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.

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

## 27. Fair Value of Financial Instruments (continued)

### (b) Financial instruments measured at fair value- fair value hierarchy (continued)

**The Group**

| | 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Amortised Cost | Investments a FVOCI | Investments at FVTPL | Total | Level 1 | Level 2 | Level 3 | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Financial assets measured at fair value** | | | | | | | | |
| Government of Trinidad and Tobago securities | | 461,907 | - | 461,907 | - | 461,907 | - | 461,907 |
| Other sovereign securities | - | 232,694 | - | 232,694 | 139,324 | 93,370 | - | 232,694 |
| Corporate bonds | - | 330,765 | - | 330,765 | - | 330,765 | - | 330,765 |
| Quoted and unquoted equities | - | 6,440 | 26,719 | 33,159 | 26,914 | - | 6,245 | 33,159 |
| | - | 1,031,806 | 26,719 | 1,058,525 | 166,238 | 886,042 | 6,245 | 1,058,525 |
| **Financial assets not measured at fair value** | | | | | | | | |
| Cash and cash equivalents | 142,069 | - | - | 142,069 | | | | |
| Interest receivable | 13,548 | - | - | 13,548 | | | | |
| Accounts receivable | 41,368 | - | - | 41,368 | | | | |
| | 196,985 | - | - | 196,985 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Securities sold under agreements to repurchase | 569,969 | - | | 569,969 | | | | |
| Subordinated debt | 73,687 | - | - | 73,687 | | | | |
| Secured notes payable | 130,961 | - | - | 130,961 | | | | |
| Other notes payable | 172,474 | - | - | 172,474 | | | | |
| Interest payable | 10,925 | - | - | 10,925 | | | | |
| Lease liability | 622 | - | - | 622 | | | | |
| Dividend payable | 20,875 | - | - | 20,875 | | | | |
| Accounts payable | 132,488 | - | - | 132,488 | | | | |
| | 1,112,001 | - | - | 1,112,001 | | | | |

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

**27. Fair Value of Financial Instruments** (continued)

**(b) Financial instruments measured at fair value- fair value hierarchy** (continued)

**The Group**

| | 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Amortised Cost** | **Investments at FVOCI** | **Investments at FVTPL** | **Total** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Financial assets measured at fair value** | | | | | | | | |
| Government of Trinidad and Tobago securities | - | 479,188 | 1,545 | 480,733 | - | 480,733 | - | 480,733 |
| Other sovereign securities | - | 158,377 | - | 158,377 | 111,677 | 46,700 | - | 158,377 |
| Corporate bonds | - | 469,688 | - | 469,688 | - | 469,688 | - | 469,688 |
| Quoted and unquoted equities | - | 8,181 | 21,481 | 29,662 | 22,048 | - | 7,614 | 29,662 |
| | - | 1,115,434 | 23,026 | 1,138,460 | 133,725 | 997,121 | 7,614 | 1,138,460 |
| **Financial assets not measured at fair value** | | | | | | | | |
| Cash and cash equivalents | 134,025 | - | - | 134,025 | | | | |
| Interest receivable | 16,674 | - | - | 16,674 | | | | |
| Accounts receivable | 33,423 | - | - | 33,423 | | | | |
| | 184,122 | - | - | 184,122 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Securities sold under agreements to repurchase | 710,265 | - | - | 710,265 | | | | |
| Subordinated debt | 33,742 | - | - | 33,742 | | | | |
| Secured notes payable | 130,999 | - | - | 130,999 | | | | |
| Other notes payable | 212,860 | - | - | 212,860 | | | | |
| Interest payable | 8,872 | - | - | 8,872 | | | | |
| Lease liability | 757 | - | - | 757 | | | | |
| Dividend payable | 17,394 | - | - | 17,394 | | | | |
| Accounts payable | 70,041 | - | - | 70,041 | | | | |
| | 1,184,930 | - | - | 1,184,930 | | | | |

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

## 27. Fair Value of Financial Instruments (continued)

### (b) Financial instruments measured at fair value- fair value hierarchy (continued)

**The Company**

| | 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Amortised Cost $'000 | Investments at FVOCI $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Financial assets measured as fair value** | | | | | | | |
| Government of Trinidad and Tobago securities | - | 461,907 | 461,907 | - | 461,907 | - | 461,907 |
| Other sovereign bonds | - | 232,694 | 232,694 | 139,324 | 93,370 | - | 232,694 |
| Corporate bonds | - | 330,765 | 330,765 | - | 330,765 | - | 330,765 |
| | - | 1,025,366 | 1,025,366 | 139,324 | 886,042 | - | 1,025,366 |
| **Financial assets not measured at fair value** | | | | | | | |
| Cash and cash equivalents | 97,105 | - | 97,105 | | | | |
| Interest receivable | 13,548 | - | 13,548 | | | | |
| Due from subsidiary | 49,483 | - | 49,483 | | | | |
| Accounts receivable | 29,430 | - | 29,430 | | | | |
| | 189,566 | - | 189,566 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | |
| Securities sold under agreements to repurchase | 569,969 | - | 569,969 | | | | |
| Subordinated debt | 73,687 | - | 73,687 | | | | |
| Secured notes payable | 130,961 | - | 130,961 | | | | |
| Other notes payable | 172,474 | - | 172,474 | | | | |
| Interest payable | 10,926 | - | 10,926 | | | | |
| Lease liability | 622 | - | 622 | | | | |
| Accounts payable | 111,229 | - | 111,229 | | | | |
| Dividends payable | 20,875 | - | 20,875 | | | | |
| | 1,090,743 | - | 1,090,743 | | | | |

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

## 27. Fair Value of Financial Instruments (continued)

### (b) Financial instruments measured at fair value- fair value hierarchy (continued)

**The Company**

| | 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Amortised Cost | Investments at FVOCI | Total | Level 1 | Level 2 | Level 3 | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Financial assets measured as fair value** | | | | | | | |
| Government of Trinidad and Tobago securities | - | 479,188 | 479,188 | - | 479,188 | - | 479,188 |
| Other sovereign bonds | - | 158,377 | 158,377 | 111,677 | 46,700 | - | 158,377 |
| Corporate bonds | - | 469,688 | 469,688 | - | 469,688 | - | 469,688 |
| | - | 1,107,253 | 1,107,253 | 111,677 | 995,576 | - | 1,107,253 |
| **Financial assets not measured at fair value** | | | | | | | |
| Cash and cash equivalents | 91,222 | - | 91,222 | | | | |
| Interest receivable | 16,674 | - | 16,674 | | | | |
| Due from subsidiary | 28,374 | - | 28,374 | | | | |
| Accounts receivable | 27,847 | - | 27,847 | | | | |
| | 164,117 | - | 164,117 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | |
| Securities sold under agreements to repurchase | 710,265 | - | 710,265 | | | | |
| Subordinated debt | 33,742 | - | 33,742 | | | | |
| Secured notes payable | 130,999 | - | 130,999 | | | | |
| Other notes payable | 212,860 | - | 212,860 | | | | |
| Interest payable | 8,872 | - | 8,872 | | | | |
| Lease liability | 757 | - | 757 | | | | |
| Accounts payable | 45,367 | - | 45,367 | | | | |
| Dividends payable | 17,394 | - | 17,394 | | | | |
| | 1,160,256 | - | 1,160,256 | | | | |

**27. Fair Value of Financial Instruments** (continued)

**Financial instruments not measured at fair value**

The following financial instruments are not measured at fair value. An assessment of fair value is disclosed below:

*(1) Short-term financial assets and financial liabilities*

The carrying amount of short term financial assets and financial liabilities comprising cash and cash equivalents, amounts due by affiliated companies, customer deposits and amounts due to parent and affiliated companies are a reasonable estimate of their fair values because of the short maturity of these instruments.

*(2) Lease liabilities*

The fair value is approximate to the carrying value which is determined using the discounted cash flow analysis. The discount rate used to present value the cash flows is based on current market rates for the Group's debt instruments.

*(3) Securities sold under agreements to repurchase*

Due to the short term nature of these instruments the fair value is approximate to the carrying value which is determined using the discounted cash flow analysis. The discount rate used to present value the cash flows is based on current market rates for the Group's debt instruments.

*(4) Debt instruments*

The fair value of debt instruments including notes payable and subordinated debt approximates $303,448 (2023:$279,956) which is determined using the discounted cash flow analysis. The discount rate used to present value the cash flows is based on current market rates.

**(c) Valuation techniques for investment securities classified as Level 2**

The following table shows the valuation techniques used in measuring the fair value of financial assets including the methods and assumptions that have been used to estimate fair values:

| | **Financial Instrument** | **Fair value estimation technique** |
|---|---|---|
| (i) | Non-Trinidad and Tobago sovereign bonds and corporate bonds | Estimated using bid-prices published by major overseas brokers |
| (ii) | Government of Trinidad and Tobago securities | Estimated using bid-prices published by major overseas brokers. |

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

**27. Fair Value of Financial Instruments** (continued)

**(d) Level 3 fair value measurements**

*(i) Reconciliation*

The following table presents the changes in Level 3 instruments (equities) for the year ended 31 March.

| | 2024<br>$,000 | 2023<br>$'000 |
|---|---|---|
| Opening balance | 7,614 | 14,444 |
| Additions | - | 696 |
| Disposals | (7,526) | - |
| Total gains or losses: - in OCI | (1,369) | - |
| Closing Balance | 6,245 | 7,614 |

**The Company 2023**

| | Equities<br>$'000 | Total<br>$'000 |
|---|---|---|
| Opening balance | 7,526 | 7,526 |
| Disposals | (7,526) | (7,526) |
| Total gains or losses: - in OCI | - | - |
| Closing balance | - | - |

There were no level 3 financial assets in the Company for the year ended March 31, 2024.

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

**27. Fair Value of Financial Instruments** (continued)

**(d) Level 3 fair value measurements** (continued)

*(ii) Unobservable inputs used in measuring fair value*

The following table set out information about unobservable inputs used at year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

| Type of Financial Instrument | Fair Values at March 31, 2024 | Valuation Technique | Significant Unobservable Input | (1) Range | (2) Weighted Average |
|---|---|---|---|---|---|
| | $'000 | | | | |
| Equities | $6,245<br>(2023: $7,614) | Discounted cashflow | Revenue growth<br>Cost of equity<br>Volatility of earnings<br>Capex assumptions | 5% above and below | 68.97-100 per share |

Significant unobservable inputs are developed as follows:

1) The ranges of values shown in the above table represent the highest and lowest levels used in the valuation of the Company's Level 3 financial instruments as March 31, 2024. The ranges of values used are reflective of the underlying characteristics of these Level 3 financial instruments based on the market conditions at the balance sheet date. However, these ranges of values may not represent the uncertainty in fair value measurements of the Company's Level 3 financial instruments.

2) Weighted average has been calculated by weighting inputs by the relative fair value.

**(e) Fair value measurement**

The following methods and assumptions have been used to estimate fair values:

| | Financial Instrument | Fair value estimation technique |
|---|---|---|
| (i) | Cash and cash equivalents, other receivables, accounts payable, and repurchase agreements | Considered to approximate their carrying values, due to their short-term nature and are classified as level 1 |
| (ii) | Quoted equities | Quoted market bid prices. |
| (iii) | Non-Trinidad and Tobago sovereign bonds and corporate bonds | Estimated using bid-prices published by major overseas brokers |
| (iv) | Government of Trinidad and Tobago securities: | |
| | • Eurobonds | Estimated using bid-prices published by major overseas brokers. |
| | • Other | Estimated using model valuation |
| (v) | Interest in money market funds | Considered to be the carrying value because of the short-term nature and variable interest rate. |
| (vi) | Funding and other liabilities maturing after one year | Discounting future cash flows using reporting date yields of similar investments. |

## 28. Material Accounting Policies

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) effective January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and removed those that were no longer applicable. The information disclosed in this Note 28 Material Accounting Policies (2023: Significant accounting policies) is in line with the amendments.

The Group has consistently applied the following accounting policies to all period presented in these financial statements.

### (a) Financial instruments

#### (1) The Group's financial instruments fall under the following categories:

**(a) Cash and cash equivalents**

Cash and equivalents include cash on hand, deposits held with other financial institutions and short term balances with brokers. Cash equivalents are short-term, highly liquid financial assets with less than 90 days to maturity from the date of acquisition, are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(b) Repurchase and reverse 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.

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.

**(c) Investment securities**

The Group's investment securities comprise both debt and equity instruments. These instruments are classified and measured according to the business model for managing each asset as well as based on the cashflow characteristics of each instrument as detailed below.

**28. Material Accounting Policies** (continued)

**(a) Financial instruments** (continued)

**(1) The Group's financial instruments fall under the following categories: (continued)**

**(d) Debt securities in issue**

The Group also uses debt securities as a source of funding. Debt securities in issue are initially measured at fair value which equates to the agreed terms at the issue date minus incremental direct transaction costs and are subsequently measured at amortised cost using the effective interest rate method according to the business model for managing these instruments.

**(e) Accounts payable**

Accounts payable are recognised on trade date, that is, the date the transactions are contracted with counterparties and are measured at amortised cost.

**(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. Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(g) Receivables**

Receivables are recognised on trade date, that is, the date the transactions are contracted with counterparties. Receivables are measured at amortised cost less impairment. The expected credit loss impairment is determined as outlined in Note 25 (aii) (4).

**(2) Measurement methods**

*Amortised cost and effective interest rate*

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees that are integral to the effective interest rate, such as origination fees.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

**28. Material Accounting Policies** (continued)

**(a) Financial instruments** (continued)

**(1) The Group's financial instruments fall under the following categories:** (continued)

*Presentation*

Interest income calculated using effective interest method presented in the statement of profit or loss and OCI includes:

- Interest on financial assets and financial liabilities measured at amortised cost;
- Interest on debt instruments measured at FVOCI and FVTPL

*Initial recognition and measurement*

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

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets (i.e. Level 2), the difference is recognised as a gain or loss.

**(i) Financial assets**

*Classification and subsequent measurement*

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

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

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

*Debt instruments*

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

**28. Material Accounting Policies** (continued)

**(a) Financial instruments** (continued)

**(2) Measurement methods** (continued)

Classification and subsequent measurement of debt instruments depend on:
(i) the Group's business model for managing the asset; and
(j) the cash flow characteristics of the asset.

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in (Note 25. (a.ii)(4). Interest income from these financial assets is included in interest using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in 'Gains on securities trading'. Interest income from these financial assets is included in interest income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within gain/loss from financial assets at FVTPL in the period in which it arises. Interest income from these financial assets is included in interest income using the effective interest rate method.

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

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

**28. Material Accounting Policies** (continued)

**(a) Financial instruments** (continued)

**(2) Measurement methods** (continued)

Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. An example is the liquidity portfolio of assets, which is held by the Group as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

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

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.

*Equity instruments*

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

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

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

**28. Material Accounting Policies** (continued)

**(a) Financial instruments** (continued)

**(2) Measurement methods** (continued)

**(i) Impairment**

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI and accounts receivable. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 25.(a.(ii))(4) provides more detail of how the expected credit loss allowance is measured.

**(ii) Derecognition other than on a modification**

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

**28. Material Accounting Policies** (continued)

**(a) Financial instruments** (continued)

**(iii) Financial liabilities**

*Classification and subsequent measurement*

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

*Derecognition*

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

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

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

**(b) Revenue recognition**

Revenue is income that arises in the course of the ordinary activities of the Group, and is accounted for as follows:

*(i) Interest income and expense*

Interest income are recognised on the accruals basis in profit or loss for all interest bearing instruments using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investment and trading securities as well as accrued discount and premium on treasury bills and other instruments.

**28. Material Accounting Policies** (continued)

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

*(i) Interest income and expense (continued)*

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

*(ii) Gains on securities trading (net)*

Gains on sale of investment securities classified as FVOCI (net of any losses incurred) are recognized in the statement of profit or loss and other comprehensive income on trade date.

*(iii) Fees and commissions*

Unless included in the effective interest calculation in accordance with IFRS 9, the majority of the Group's fees are transactional in nature and are recognised on an accrual basis as the service is provided. These fees include:

- Equity brokerage commissions - Revenue is recognised at the point in time the service is provided.
- Capital market fees- Revenue is recognised at the point in time when the transaction has been successfully executed.

*(iv) Net income from financial instruments at FVTPL*

Net income from financial instruments at FVTPL represents both realised gains and losses on the sale these instruments as well as fair value changes in the subsequent measurement. These are recognised in the statement of profit or loss and other comprehensive income on trade date or valuation date as applicable.

**Other Income**

*Dividends*

Dividend income is recognized when the right to receive payment is irrevocably established. Usually this is the ex-dividend date for quoted equity securities and is reflected in other income.

**28. Material Accounting Policies** (continued)

**(c) Foreign currency**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

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

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in profit or loss (applicable for trading securities), or within other comprehensive income.

**(d) Property and equipment**

Property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

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

| | | |
|---|---|---|
| - | Computer equipment | 25% |
| - | Leasehold improvements | 33 1/3% |
| - | Furniture and fixtures | 10% |

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

**(e) Share capital**

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(f) Taxation**

Taxation expense in the profit and loss account comprises current and deferred income tax.

Current tax charges are based on taxable profits for the period, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The group's liability for current tax is calculated at tax rates that have been enacted at the date of the statement of financial position.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

**28. Material Accounting Policies** (continued)

**(f) Taxation** (continued)

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Current and deferred taxes are recognised in profit or loss, except where they relate to items recorded in other comprehensive income, in which case they are also recognised in other comprehensive income.

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

**(g) Leases**

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

(i) As a lessee

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

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

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

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

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

**28. Material Accounting Policies** (continued)

**(g) Leases** (continued)

(i) As a lessee (continued)

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

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

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

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

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

(ii) *Short-term leases and leases of low-value assets*

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

**(h) Right of set-off**

Financial assets and financial liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legally enforceable right to set off the amounts. In the case of client balances once these are held in separately named client accounts there is no legal right of set off in accordance with the rules of the Trinidad and Tobago Stock Exchange as each account is managed separately.

**(i) Employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group operates a defined contribution pension plan (the Plan) which covers all employees. The Group's contribution expense in relation to this Plan for the year amounted to $531 thousand (2023 $646 thousand).

**28. Material Accounting Policies** (continued)

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

Certain new amended standards that came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements.

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

  The key amendments to IAS 1 include:
  – requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  – clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  – clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments are consistent with the refined definition of material:

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

  See impact on page 85.

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

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

  Developing an accounting estimate includes both:

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

  The adoption of IAS 8 Accounting Policies did not result in any changes to the financial statements.

**28. Material Accounting Policies** (continued)

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

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

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

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

  The adoption of IAS 12 Income Taxes did not result in any changes to the financial statements.

***(k) New standards, amendments and interpretations not yet effective***

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Group has not early-adopted. The Group has assessed them with respect to its operations and has determined that the following are relevant:

- Amendments to IAS 1 Presentation of Financial Statements, will apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

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

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

**GLOSSARY**

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| IFRS | International Financial Reporting Standards | Standardized accounting standards across international boundaries |
| IASB | International Accounting Standards Board | Independent account standard-setting body of the IFRS Foundation |
| FVOCI | Fair value through other comprehensive income | Comprising items of income and expense that are not recognised in profit or loss |
| FVTPL | Fair value through profit or loss | Comprising items of income and expense that are recognised in profit or loss |
| ECL | Expected Credit Losses | Measurement of expected credit losses that result from default of financial assets e.g. loans and investments |
| SICR | Significant increase in credit risk | Significant change in estimated default risk |
| PD | Probability of default | The likelihood of failure by borrower to repay debt |
| EAD | Exposure at default | The total value a bank is exposed to when a counterparty defaults |
| IG | Investment grade | A level of credit rating for counterparties and issues regarded as carrying a minimal risk to investors |
| LGD | Loss given default | The loss incurred by a financial institution when a borrower defaults on a loan |
| VaR | Value at Risk | Tool used to measure and control market risk exposures within a firm, portfolio or position over a specified time |
| Bp | Basis point | Used in expressing differences of interest rates |
| BCP | Business continuity plan | Process involved in creating a system of prevention and recovery from potential threats to a company |
| POCI | Purchased or originated credit-impaired | Assets that are credit impaired at initial recognition/purchase |
| SPPI | Solely payments of principal and interest | Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest |
| ROU | Right of Use Asset | The lessees right to use an asset over the life of a lease |
| - | Standard Monitoring | This classification applies to financial assets that are current and whose original source of repayment is adequate. It has adequate collateral support and does not carry more than a normal risk of loss. |
| - | Watch listed | This classification applies to financial assets that are of acceptable quality. However, due to particular weaknesses, it requires more than usual management attention to prevent deterioration. |

**GLOSSARY** (continued)

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| - | Credit Grades | Credit grades refer to the credit quality of an issuer and/or a specific debt investment security. The JMMB Group categorizes credit grades as either 'investment grade', 'watch', 'speculative' or 'default'. |
| - | Investment Grade | Investment grade refers to a credit grade. The JMMB Group considers a debt investment security to be 'investment grade' when its credit risk rating is 'BBB-' or better on JMMB Group's internal rating scale. |
| - | Watch | Watch refers to a credit grade. The JMMB Group considers a debt investment security as 'watch' when its credit risk rating is 'B-' or better but worse than 'BBB-' on JMMB Group's internal rating scale. |
| - | Speculative | Speculative refers to a credit grade. The JMMB Group considers a debt investment security as 'speculative' when its credit risk rating is 'C' or better but worse than 'B-' on JMMB Group's internal rating scale. |
| - | Default | 'Default' refers to a credit grade. The JMMB Group considers a debt investment security as 'Default' when its credit risk rating is 'D' or 'SD' on JMMB Group's internal rating scale. |