

**JMMB Bank (Jamaica) Limited**  
**Financial Statements**  
**31 March 2021**

# JMMB Bank (Jamaica) Limited

Index

31 March 2021

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## INDEPENDENT AUDITORS' REPORT

### **To the Members of JMMB BANK (JAMAICA) LIMITED**

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

We have audited the financial statements of JMMB Bank (Jamaica) Limited, ("the Bank") set out on pages 5 to 78, which comprise the statement of financial position as at 31 March 2021, the profit or loss account, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

#### *Basis for Opinion*

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

**To the Members of  
JMMB BANK (JAMAICA) LIMITED**

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

*Emphasis of Matter - comparative information*

*We draw attention to Note 36 to the financial statements which indicates that the comparative information presented as at and for the year ended March 31, 2020 has been restated. Our opinion is not modified in respect of this matter.*

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

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

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

*Auditors' Responsibilities for the Audit of the Financial Statements*

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

**To the Members of  
JMMB BANK (JAMAICA) LIMITED**

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

*Auditors' Responsibilities for the Audit of the Financial Statements (Continued)*

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank'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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

**To the Members of  
JMMB BANK (JAMAICA) LIMITED**

**Report on additional matters as required by the Jamaican Companies Act**

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

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

A handwritten signature of 'KPMG' in blue ink, written in a cursive, slightly slanted style.

Chartered Accountants  
Kingston, Jamaica

June 24, 2021

# JMMB BANK (JAMAICA) LIMITED

Profit or Loss Account

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 \$'000	2020 \$'000
<b>Net Interest Income and Other Revenue</b>			
Interest income calculated using the effective interest method	4(a)	5,721,015	4,242,888
Interest expense	4(a)	(1,939,173)	(1,525,497)
<b>Net Interest Income</b>	4(a)	<b><u>3,781,842</u></b>	<b><u>2,717,391</u></b>
<b>Other Revenue</b>			
Fee income	5	401,276	350,885
Foreign exchange gains on trading and translation	4(b)	768,926	1,319,142
Gains on sale of investments	4(b)	-	127,830
Other income		<u>154,208</u>	<u>117,968</u>
Total other operating revenue		<u>1,324,410</u>	<u>1,915,825</u>
<b>Net Interest Income and Other Revenue</b>		<b><u>5,106,252</u></b>	<b><u>4,633,216</u></b>
<b>Non-interest expenses</b>			
Impairment losses on financial assets	6	713,376	417,985
Staff costs	7	1,825,744	1,630,564
Bank charges		92,564	120,566
Property expenses		169,637	48,118
Depreciation and amortisation	17,18,25	166,092	158,233
Information technology costs		215,750	112,886
Marketing and corporate affairs		22,655	40,395
Professional fees		70,479	47,378
Management fees	32(b)	120,000	150,000
Regulatory costs		104,262	69,047
Irrecoverable General Consumption Tax		113,880	87,805
Asset tax		187,670	125,210
Other operating expenses		<u>165,854</u>	<u>190,573</u>
<b>Total non-interest Expenses</b>		<b><u>3,967,963</u></b>	<b><u>3,198,760</u></b>
<b>Profit before Taxation</b>	8	1,138,289	1,434,456
Taxation	9	( 30,521)	( 313,295)
<b>Profit for the Year</b>		<b><u>1,107,768</u></b>	<b><u>1,121,161</u></b>

The notes on pages 11 to 78 are an integral part of these financial statements.







**JMMB BANK (JAMAICA) LIMITED**

## Statement of Financial Position (Continued)

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

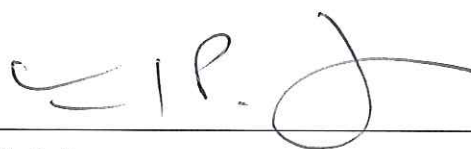
	Note	2021 \$'000	2020 \$'000 Restated*	2019 \$'000 Restated*
<b>Liabilities</b>				
Securities sold under repurchase agreements	20	2,233,492	2,750,773	6,375,816
Deposits	21	92,109,592	67,074,512	38,904,121
Due to other financial institutions	22	6,075,582	210,723	190,927
Accounts payable	23	997,070	1,016,711	1,037,090
Deferred tax liabilities	19	-	-	79,714
Promissory note	24	1,105,930	1,086,212	1,000,537
Lease liabilities	25	123,631	153,456	-
Taxation payable		<u>276,970</u>	<u>487,549</u>	<u>232,434</u>
<b>Total Liabilities</b>		<u>102,922,267</u>	<u>72,779,936</u>	<u>47,820,639</u>
<b>Stockholders' Equity</b>				
Share capital	26	4,432,888	2,932,888	1,732,888
Statutory reserve fund	27	1,390,254	1,224,089	1,055,915
Retained earnings reserve	28	5,715,442	4,815,442	3,715,442
Capital redemption reserve	29	85,488	85,488	85,488
Fair value reserve	30	290,187	( 97,293)	132,434
Loan loss reserve	15(c)	669,281	489,810	367,541
Retained earnings		<u>1,135,092</u>	<u>1,272,960</u>	<u>1,542,242</u>
		<u>13,718,632</u>	<u>10,723,384</u>	<u>8,631,950</u>
<b>Total Liabilities and Stockholders' Equity</b>		<u>116,640,899</u>	<u>83,503,320</u>	<u>56,452,589</u>

Approved for issue by the Board of Directors on June 24, 2021 and signed on its behalf by:



Dennis Harris

Director



Keith P. Duncan

Director

\* See note 36

The notes on pages 11 to 78 are an integral part of these financial statements.





# JMMB BANK (JAMAICA) LIMITED

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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### 1. Identification and Activities

- (a) JMMB Bank (Jamaica) Limited (“the Bank”) is domiciled and incorporated in Jamaica and is a wholly owned subsidiary of JMMB Group Limited (“parent”) which is also domiciled and incorporated in Jamaica. The registered office of the Bank is located at 6 – 8 Grenada Way, Kingston 5.
- (b) The Bank’s main business is that of taking deposits, granting loans and trading in foreign currencies.
- (c) The Bank is licensed under the Banking Services Act (2014), and the Banking Services Regulations (2015). The Bank is regulated by the Bank of Jamaica (the Supervisor or regulator).

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

- (a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the provisions of the Jamaican Companies Act.

Details of the Bank’s accounting policies are included in notes 35.

- (b) Basis of preparation:

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

- (c) Functional and presentation currency:

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

- (d) Use of estimates and judgements:

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

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

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

### 3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Bank’s accounting policies which require the use of judgements in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are described below:

# JMMB BANK (JAMAICA) LIMITED

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

### (a) Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

#### (i) Fair value of financial assets

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

Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction [see notes 12 and 33(g)].

#### (ii) Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Bank recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### (iii) 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 defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit loss (ECL) is further detailed in notes 33(b) and 35(b)(vii), which also sets out key sensitivities of the ECL to changes in these elements.

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

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

### (b) Critical accounting judgments in applying the Bank's accounting policies

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

**JMMB BANK (JAMAICA) LIMITED**

Notes to the Financial Statements

**31 March 2021**

(expressed in Jamaican dollars unless otherwise indicated)

**3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)****(b) Critical accounting judgments in applying the Bank's accounting policies (continued)****(1) Classification of financial assets:**

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

**(2) Impairment of financial assets:**

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

It is reasonably probable, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

**4. Net Interest Income and Other Revenue from Financial Assets****(a) Net interest income**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Total interest income calculated using the effective interest method		
Government of Jamaica securities	230,064	131,035
US Government agencies	624	22,614
Bank of Jamaica Certificate of Deposit	33,110	26,852
Securities purchased under resale agreements	130,996	195,462
Other securities	<u>254,641</u>	<u>173,840</u>
Investment income	649,435	549,803
Loans and other receivables (including cash and cash equivalents)	<u>5,071,580</u>	<u>3,693,085</u>
	<u>5,721,015</u>	<u>4,242,888</u>
Interest expense		
Securities sold under repurchase agreements	64,857	144,053
Deposits	1,647,296	1,255,376
Other	<u>227,020</u>	<u>126,068</u>
	<u>1,939,173</u>	<u>1,525,497</u>
	<u>3,781,842</u>	<u>2,717,391</u>

**(b) Other revenue from financial assets**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign exchange gains on trading and translation	768,926	1,319,142
Gains on sale of investments	<u>-</u>	<u>127,830</u>
	<u>768,926</u>	<u>1,446,972</u>

**JMMB BANK (JAMAICA) LIMITED**

## Notes to the Financial Statements

**31 March 2021**

(expressed in Jamaican dollars unless otherwise indicated)

**5. Fee Income**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Loans processing fees	<u>401,276</u>	<u>350,885</u>

**6. Impairment Losses on Financial Assets**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Charged for the year on:		
Investment securities at FVOCI (note 30)	17,847	15,025
Loans and notes receivable (note 15)	695,534	434,587
Securities purchased under resale agreements (note 13)	<u>( 5)</u>	<u>( 31,627)</u>
	<u>713,376</u>	<u>417,985</u>

**7. Staff Costs**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	1,397,723	1,206,612
Statutory contributions	142,131	130,024
Pension contributions (note 31)	46,449	39,508
Other staff benefits	<u>239,441</u>	<u>254,420</u>
	<u>1,825,744</u>	<u>1,630,564</u>

**8. Profit before Taxation**

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Directors' emoluments: fees	18,006	19,948
Auditors' remuneration	15,799	14,206
Depreciation and amortisation	<u>166,092</u>	<u>158,233</u>

**9. Taxation**

(a) The tax charge for the year comprises:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Taxation at 33⅓%	475,710	612,591
Prior year under accrual	<u>-</u>	<u>19,311</u>
	475,710	631,902
Deferred tax (note 19):		
Origination and reversal of temporary differences	<u>(445,189)</u>	<u>(318,607)</u>
Taxation recognised for the year	<u>30,521</u>	<u>313,295</u>



**JMMB BANK (JAMAICA) LIMITED**

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

**9. Taxation (continued)**

- (b) The tax on profit differs from the theoretical amount that would arise using the statutory rate of 33 $\frac{1}{3}$ % as follows:

	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Profit before tax	1,138,288	1,434,456
Tax at 33 $\frac{1}{3}$ %	379,429	478,152
Tax effect of:		
Expenses not deductible in determining taxable profit	118,381	84,981
Non-taxable income	( 466,783)	( 271,135)
Other adjustments	( 506)	1,986
Prior year under accrual	-	19,311
	<u>30,521</u>	<u>313,295</u>

**10. Dividends**

There was no dividend payment for the year \$Nil (2020: \$Nil).

**11. Cash and Cash Equivalents**

	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Cash and balances with banks including Bank of Jamaica	31,213,586	15,655,023
Securities purchased under resale agreements (note 13)	3,441,901	2,812,764
Cash deposit at investment brokers (note 16)	<u>2,861</u>	<u>5,578</u>
	34,658,348	18,473,365
Less:		
Statutory reserves with Bank of Jamaica (see below)	( 6,977,415)	( 6,884,104)
Cash and cash equivalents for statement of cash flows	<u>27,680,933</u>	<u>11,589,261</u>

Statutory reserves with Bank of Jamaica are held in compliance with Section 43 of the Banking Services Act, which requires that every licensee maintains a percentage of its prescribed liabilities as cash reserve with Bank of Jamaica of not less than 5% (2020: 5%) of its prescribed liabilities. The reserve for prescribed liabilities is held on a non-interest-earning basis. No portion of the cash reserve is available for investment, lending or other use by the Bank. The actual required ratio at year end was 5% (2020: 7%) for Jamaican dollar cash reserves and 13% (2020: 13%) for foreign currency cash reserves.

**JMMB BANK (JAMAICA) LIMITED**

## Notes to the Financial Statements

**31 March 2021**

(expressed in Jamaican dollars unless otherwise indicated)

**12. Investment in Securities**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Securities designated as FVOCI		
Government of Jamaica (GOJ) securities	1,142,846	111,479
US Government agencies	-	667,260
Bank of Jamaica certificates of deposit	2,324,400	5,201,190
Corporate bonds	7,242,442	5,673,980
Equity investments	<u>26,068</u>	<u>24,496</u>
	10,735,756	11,678,405
Interest receivable	<u>164,133</u>	<u>127,912</u>
	10,899,889	11,806,317
Pledged assets (see note 14)	( <u>1,120,415</u> )	( <u>1,419,526</u> )
	<u>9,779,474</u>	<u>10,386,791</u>

The maturity profile of investments as at the reporting date is as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Government of Jamaica securities:		
Within 3 months	543,781	-
From 3 months to 1 year	532,953	-
From 1 year to 5 years	-	45,599
Over 5 years	<u>66,112</u>	<u>65,880</u>
	<u>1,142,846</u>	<u>111,479</u>
Bank of Jamaica certificates of deposit:		
Within 3 months	-	5,201,190
From 1 year to 5 years	<u>2,324,400</u>	<u>-</u>
	<u>2,324,400</u>	<u>5,201,190</u>
US Government agencies:		
Within 3 months	<u>-</u>	<u>667,260</u>
Equity investments - no fixed maturity	<u>26,068</u>	<u>24,496</u>
Corporate and other securities:		
Within 3 months	1,495,886	-
From 3 months to 1 year	-	1,439,600
From 1 year to 5 years	3,682,683	2,989,960
Over 5 years	<u>2,063,873</u>	<u>1,244,420</u>
	<u>7,242,442</u>	<u>5,673,980</u>
	<u>10,735,756</u>	<u>11,678,405</u>

**JMMB BANK (JAMAICA) LIMITED**

Notes to the Financial Statements

**31 March 2021**

(expressed in Jamaican dollars unless otherwise indicated)

**13. Securities Purchased Under Resale Agreements**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Denominated in Jamaican dollars	-	300,481
Denominated in United States dollars	3,441,901	4,002,500
Interest receivable	<u>37,164</u>	<u>24,394</u>
	3,479,065	4,327,375
Less: allowance for impairment [note 33(b)(ii)]	( <u>22</u> )	( <u>27</u> )
	3,479,043	4,327,348
Pledged assets (note 14)	<u>(1,322,590)</u>	<u>(1,490,218)</u>
	<u>2,156,453</u>	<u>2,837,130</u>
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Allowance for impairment:		
Balance as at 1 April	27	31,654
Net measurement during the year (note 6)	( <u>5</u> )	( <u>31,627</u> )
Balance at 31 March	<u>22</u>	<u>27</u>

Resale agreements include balances with related parties as set out in note 32. All resale agreements mature within twelve months after the reporting date.

For the purpose of the statement of cash flows, an amount of \$3,441,901,000 (2020: \$2,812,764,000) is included in cash and cash equivalents (see note 11).

The securities that the Bank obtains as collateral under resale agreements may be used as collateral under repurchase agreements. Certain of these securities and interest accrued thereon are pledged as security for repurchase agreements (see note 14).

The fair value of collateral held for securities purchased under resale agreements amounted to \$5,053,620,000 (2020: \$5,711,976,000) at the reporting date.

**14. Pledged Assets**

At the reporting date, investment securities were pledged as collateral for repurchase agreements (note 20) as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment in securities (note 12)	1,120,415	1,419,526
Securities purchased under resale agreements (note 13)	<u>1,322,590</u>	<u>1,490,218</u>
	<u>2,443,005</u>	<u>2,909,744</u>

# JMMB BANK (JAMAICA) LIMITED

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 15. Loans and Notes Receivable

	2021 \$'000	2020 \$'000
Corporate	27,250,393	21,611,542
Financial institutions	2,792,889	802,720
Individuals	<u>40,044,467</u>	<u>28,346,925</u>
	70,087,749	50,761,187
Less: allowance for impairment [note 15(c)]	( <u>1,478,510</u> )	( <u>801,630</u> )
	68,609,239	49,959,557
Interest receivable	<u>437,423</u>	<u>210,567</u>
	<u>69,046,662</u>	<u>50,170,124</u>

- (a) Loans and notes receivable include an amount of \$1,131,673,000 (2020: \$476,975,000) receivable from employees.
- (b) The aggregate amount of non-performing loans on which interest is not being accrued is \$1,547,480,000 (2020: \$1,319,263,000).
- (c) The movement in the allowance for loan losses is as follows:

	2021 \$'000	2020 \$'000
<b>Specific impairment allowance for loan losses</b>		
Balance at 1 April	801,630	377,995
Charge for the year, net of recoveries (note 6)	695,534	434,587
Write-offs, net	( <u>18,654</u> )	( <u>10,952</u> )
Balance at 31 March [note 33(b) (i)]	<u>1,478,510</u>	<u>801,630</u>
<b>Regulatory provision (in excess of IFRS requirements)</b>		
Provision at 1 April	489,810	367,541
Transferred from retained earnings	<u>179,471</u>	<u>122,269</u>
Balance at end of year	<u>669,281</u>	<u>489,810</u>
Total provision for loan losses	<u>2,147,791</u>	<u>1,291,440</u>
Allowance based on IFRS 9 - see (i) below	1,478,510	801,630
Additional provision based on Bank of Jamaica regulations (see (ii) below)	<u>669,281</u>	<u>489,810</u>
	<u>2,147,791</u>	<u>1,291,440</u>

- (i) This is the requirement based on IFRS 9 *Financial Instruments*.
- (ii) This non-distributable loan loss reserve represents the additional reserve required to meet Bank of Jamaica loan loss provision requirements.

**JMMB BANK (JAMAICA) LIMITED**

## Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

**16. Accounts Receivable**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment brokers (note 11)	2,861	5,578
Withholding tax recoverable	60,560	54,626
Recoverable expenses	73,866	295,989
Fellow subsidiary	491	30
Other receivables	<u>260,118</u>	<u>102,720</u>
	397,896	458,943
Less: Allowance for impairment (including transfer from loan provision)	<u>( 8,014)</u>	<u>( 4,877)</u>
	<u><b>389,882</b></u>	<u><b>454,066</b></u>
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Aging of past due and impaired receivables</b>		
90 – 180 days	464	268
181 – 360 days	470	396
Over 360 days	<u>7,080</u>	<u>4,213</u>
	<u>8,014</u>	<u>4,877</u>
<b>(b) Movement in allowances for impairment:</b>		
Balance at beginning of year	4,877	2,833
Charged to profit for the year (i)	<u>3,137</u>	<u>2,044</u>
Balance at end of year	<u>8,014</u>	<u>4,877</u>

(i) Impairment charge for the year is included in other operating expenses.

**17. Intangible Assets**

	<b>Computer Software \$'000</b>
<b>Cost</b>	
At 31 March 2019	817,680
Additions	<u>152,741</u>
At 31 March 2020	970,421
Additions	<u>395,115</u>
At 31 March 2021	<u>1,365,536</u>
<b>Accumulated Amortisation</b>	
At 31 March 2019	474,847
Charge for the year	<u>76,440</u>
At 31 March 2020	551,287
Charge for the year	<u>81,198</u>
At 31 March 2021	<u>632,485</u>
<b>Net Book Value</b>	
31 March 2021	<u>733,051</u>
31 March 2020	<u>419,134</u>

Additions include cost to date on the development of card services application. The cost to complete the application is estimated at \$103,108,876 (2020: \$127,236,000) [note 34(d)].

# JMMB BANK (JAMAICA) LIMITED

## Notes to the Financial Statements

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### 18. Property, Plant and Equipment

	Freehold Land and Buildings	Equipment, Furniture and Fittings	Paintings and Artwork	Leasehold Improvement	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>						
At 31 March 2019	23,359	439,757	9,223	118,287	2,973	593,599
Additions	-	12,944	761	393	-	14,098
Disposal	-	-	-	-	(1,427)	( 1,427)
At 31 March 2020	23,359	452,701	9,984	118,680	1,546	606,270
Additions	-	41,316	-	-	-	41,316
Disposal	-	-	-	(393)	-	( 393)
At 31 March 2021	23,359	494,017	9,984	118,287	1,546	647,193
<b>Accumulated Depreciation</b>						
At 31 March 2019	7,775	280,970	-	91,783	2,973	383,501
Charge for the year	510	50,491	-	6,327	-	57,328
Disposal	-	-	-	-	(1,427)	( 1,427)
At 31 March 2020	8,285	331,461	-	98,110	1,546	439,402
Charge for the year	510	44,676	-	5,735	-	50,921
At 31 March 2021	8,795	376,137	-	103,845	1,546	490,323
<b>Net Book Value</b>						
At 31 March 2021	14,564	117,880	9,984	14,442	-	156,870
At 31 March 2020	15,074	121,240	9,984	20,570	-	166,868

### 19. Deferred Income Taxes

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

	2021	2020
	\$'000	\$'000
Deferred income tax assets	949,127	467,975
Deferred income tax liabilities	(343,921)	(114,218)
Net deferred income tax assets	605,206	353,757

Deferred tax is calculated using a tax rate of 33 $\frac{1}{3}$ %. The movement for the year in the net deferred tax is as follows:

	2021			
	Balance at Beginning of Year	Recognised in Income	Recognised in Other Comprehensive Income	Balance at End of Year
	\$'000	\$'000	\$'000	\$'000
Deferred income	-	3,823	-	3,823
Property, plant and equipment	30,196	3,945	-	34,141
Interest receivable	(114,219)	(84,609)	-	(198,828)
Interest payable	140,008	142,369	-	282,377
Accounts payable	5,891	-	-	5,891
Tax credit	1,000	-	-	1,000
Unrealised gains	188,021	339,599	-	527,620
Lease liability	924	1,382	-	2,306
Loans	53,291	38,680	-	91,971
Investments	48,645	-	(193,740)	(145,095)
	353,757	445,189	(193,740)	605,206

**JMMB BANK (JAMAICA) LIMITED**

## Notes to the Financial Statements

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**19. Deferred Income Taxes (Continued)**

Deferred tax is calculated using a tax rate of 33 $\frac{1}{3}$ %. The movement for the year in the net deferred tax is as follows (Continued):

	<b>2020</b>			
	<b>Balance at Beginning of Year</b>	<b>Recognised in Income</b>	<b>Recognised in Other Comprehensive Income</b>	<b>Balance at End of Year</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Property, plant and equipment	14,355	15,841	-	30,196
Interest receivable	(112,421)	( 1,798)	-	(114,219)
Interest payable	78,795	61,213	-	140,008
Accounts payable	4,875	1,016	-	5,891
Tax credit	1,000	-	-	1,000
Unrealised gains	( 99)	188,120	-	188,021
Lease liability	-	924	-	924
Loans	-	53,291	-	53,291
Investments	( 66,219)	-	114,864	48,645
	<u>( 79,714)</u>	<u>318,607</u>	<u>114,864</u>	<u>353,757</u>

**20. Securities Sold Under Repurchase Agreements**

	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Financial institutions	2,117,674	2,683,892
Interest payable	<u>115,818</u>	<u>66,881</u>
	<u>2,233,492</u>	<u>2,750,773</u>

Securities pledged to collateralise repurchase agreements are disclosed at note 14.

**21. Deposits**

	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Personal	26,761,911	21,028,738
Financial institutions	21,382,065	14,362,415
Commercial and business enterprises	<u>43,302,392</u>	<u>31,344,867</u>
	91,446,368	66,736,020
Interest payable	<u>663,224</u>	<u>338,492</u>
	<u>92,109,592</u>	<u>67,074,512</u>

**22. Due to Other Financial Institutions**

	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Development Bank of Jamaica (a)	432,350	148,334
National Housing Trust (b)	523,674	62,271
Inter-American Investment Corporation (c)	<u>5,070,800</u>	-
	6,026,824	210,605
Interest payable	<u>48,758</u>	<u>118</u>
	<u>6,075,582</u>	<u>210,723</u>

**JMMB BANK (JAMAICA) LIMITED**

## Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

**22. Due to Other Financial Institutions (continued)**

- (a) The above balance consist of \$432,350,650 (2020 - \$148,334,000) due to Development Bank of Jamaica (DBJ), at interest rates of 5% to 7% per annum for periods up to 7 years (2020: 5% to 7% per annum for periods up to 8 years). The loans are for on-lending to customers to finance development and agricultural projects within the terms and conditions specified by the DBJ and are repayable in monthly instalments.
- (b) The balance due to National Housing Trust (NHT) consists of \$523,674,000 (2020: \$62,271,000) at interest rates of 0.50% to 2.5% per annum for periods of 25 years. The loan is for on-lending to customers to finance home acquisition within the terms and conditions specified by the NHT and are repayable in monthly instalments.
- (c) The above balance consist of US\$35,000,000 (2020:\$Nil) due to Inter-American Investment Corporation (IDB Invest), at an interest rate of 4.4375% per annum for a period up to 5 years. The loan is for on-lending to SME'S within the terms and conditions specified by the IDB Invest and are repayable in semi-annual instalments.

**23. Accounts Payable**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Items in the process of settlement	124,427	255,727
Owed to related parties [note 32(a)]	74,870	107,512
Payroll taxes	27,965	27,756
General Consumption Tax payable	23,809	9,006
Accrued expenses	236,836	157,930
Customers' loan settlement	410,421	347,126
Other payables	<u>98,742</u>	<u>111,654</u>
	<u>997,070</u>	<u>1,016,711</u>

**24. Promissory Note**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Principal	1,086,600	1,071,680
Interest payable	<u>19,330</u>	<u>14,532</u>
	<u>1,105,930</u>	<u>1,086,212</u>

This represents a short-term unsecured funding facility from Citibank, N.A. of US\$7,500,000 at an interest rate of 4.51% (2020: 4.32%) for the period 10 November 2020 to 7 May 2021.



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**25. Leases**

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

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

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Right-of-use assets-buildings:		
Balance at 1 April	150,683	-
Recognition of right-of-use assets on transition to IFRS 16	-	32,530
Additions	-	142,618
Depreciation/charge for the year	( 33,973)	( 24,465)
Balance at 31 March	<u>116,710</u>	<u>150,683</u>
Lease liabilities:		
Current	32,480	29,826
Non-current	<u>91,151</u>	<u>123,630</u>
	<u>123,631</u>	<u>153,456</u>

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation charge on right-of-use assets	<u>33,973</u>	<u>24,465</u>
Interest expense on lease liabilities	<u>7,925</u>	<u>6,923</u>
Expense relating to short-term and low-value leases (including in property expenses)	<u>19,517</u>	<u>12,666</u>
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease expenses – operating leases (included in property expenses)	<u>-</u>	<u>37,824</u>

(iii) Amounts recognised in the statement of cash flows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Total cash out flows for leases	<u>37,751</u>	<u>27,125</u>

# JMMB BANK (JAMAICA) LIMITED

Notes to the Financial Statements

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## 25. Leases (Continued)

### (iv) Extension options

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

The Bank has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of \$196,385,000.

## 26. Share Capital

	2021 '000	2020 '000
Authorised -		
1,800,000,000 ordinary shares at no par value	1,800,000	1,800,000
100,000,000 convertible preference shares at no par value	<u>100,000</u>	<u>100,000</u>
	<b>\$'000</b>	<b>\$'000</b>
Issued and fully paid -		
998,675,497 (2020 - 800,000,000) ordinary shares of no-par value	<u>4,432,888</u>	<u>2,932,888</u>

On January 28, 2021, the Bank issued 198,675,497 ordinary shares at a price of \$7.55 to the existing shareholder, JMMB Group Limited, based on a resolution approved by the Board. The shares were fully settled at the year end.

## 27. Statutory Reserve Fund

Under Section 41 of the Banking Services Act, the Bank is required to transfer a minimum of 15% of the profit each year to a reserve fund until the amount to the credit of the reserve fund is equal to 50% of the paid-up capital. Thereafter, 10% of the net profit each year is to be transferred to the reserve fund until the amount at the credit of the reserve fund is equal to the paid-up capital. The transfer for the year was at the prescribed rate of 15% (2020 - 15%).

## 28. Retained Earnings Reserve

Section 42 of the Banking Services Act permits the transfer of net profits to a retained earnings reserve. Such transfers are made at the discretion of the Bank's directors and must be notified to the Bank of Jamaica.

The amount transferred to retained earnings reserve from unappropriated profits during the year was \$900,000,000 (2020: \$1,100,000,000).

## 29. Capital Redemption Reserve

Capital redemption reserve is based on the redemption of 42,744,000 cumulative redeemable preference shares at a value of \$85,488,000 in 2011. In conformity with the provisions of the Jamaican Companies Act, an amount equal to the value of the preference shares redeemed was transferred from retained earnings to the Capital Redemption Reserve.

# JMMB BANK (JAMAICA) LIMITED

## Notes to the Financial Statements

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### 30. Fair Value Reserve

Fair value reserve represents the excess or shortfall of the fair value of securities classified as FVOCI at the year-end over the amortised cost, net of expected credit losses on such securities, and deferred tax.

Movement in fair value reserve is as follows:

	2021 \$'000	2020 \$'000
Balance at beginning of year	( 97,293)	132,434
Expected credit loss for the year (note 6)	17,847	15,025
Unrealised gains/(losses) on investments	563,373	(223,597)
Realised gains on sale of investments transferred to profit or loss account	-	(136,019)
Deferred tax adjustment (note 19)	(193,740)	114,864
Other comprehensive income/(loss) for the year	387,480	(229,727)
Balance at end of year	<u>290,187</u>	<u>( 97,293)</u>

### 31. Post-employment Benefits

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

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

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

The contributions for the year amounted to \$46,449,000 (2020: \$39,508,000) [see note 7].

### 32. Related Party Transactions and Balances

- (a) The statement of financial position includes balances, in the ordinary course of business, with the parent company, fellow subsidiaries, key management personnel (directors and senior executives) and other related parties as follows:

	2021 \$'000	2020 \$'000
Cash and cash equivalents		
Fellow subsidiaries	<u>566,070</u>	<u>194,275</u>
Securities purchased under resale agreements:		
Fellow subsidiaries	<u>3,479,066</u>	<u>4,327,375</u>
Loans and notes receivable:		
Other related parties	79,583	132,629
Key management personnel, including directors	<u>599,317</u>	<u>557,051</u>
	<u>678,900</u>	<u>689,680</u>

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**32. Related Party Transactions and Balances (Continued)**

- (a) The statement of financial position includes balances, in the ordinary course of business, with the parent company, fellow subsidiaries, key management personnel (directors and senior executives) and other related parties as follows (continued)

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Accounts receivable:		
Fellow subsidiaries	<u>491</u>	<u>30</u>
Deposits:		
Parent company	45,221	22,909
Fellow subsidiaries	25,595,018	15,775,043
Other related parties	2,452,076	2,404,600
Key management personnel including directors	<u>137,706</u>	<u>138,281</u>
	<u>28,230,021</u>	<u>18,340,833</u>
Accounts payable:		
Fellow subsidiary (note 23)	74,870	107,512
Other related parties	170	928
Key management personnel including directors	<u>1,478</u>	<u>1,539</u>
	<u>76,518</u>	<u>109,979</u>
Securities sold under repurchase agreements:		
Other related parties (i)	<u>886,231</u>	<u>814,852</u>

- (i) This amount represents repurchase agreements with JMMB Save Smart and JMMB Smart Investor.

- (b) The profit or loss account includes transactions, in the ordinary course of business, with the parent company, fellow subsidiaries, key management personnel (directors and senior executives) and other related parties as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest earned:		
Other related party	10,244	12,970
Fellow subsidiary	119,410	193,930
Key management personnel including directors	<u>41,794</u>	<u>32,145</u>
	<u>171,448</u>	<u>239,045</u>
Other income:		
Parent company	-	36
Fellow subsidiary	402,877	142,393
Other related parties	35,895	91,569
Key management personnel including directors	<u>1,681</u>	<u>421</u>
	<u>440,453</u>	<u>234,419</u>
Management fees:		
Fellow subsidiary	<u>120,000</u>	<u>150,000</u>
Interest expense:		
Parent company	146	300
Fellow subsidiary	542,994	483,976
Other related parties	52,122	75,612
Key management personnel including directors	<u>1,602</u>	<u>2,216</u>
	<u>596,864</u>	<u>562,104</u>
Other expenses:		
Fellow subsidiaries	162,582	307,359
Other related parties	102	-
Key management personnel including directors	<u>-</u>	<u>2,128</u>
	<u>162,684</u>	<u>309,487</u>

# JMMB BANK (JAMAICA) LIMITED

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

- (c) Key management includes directors and senior executives of the Bank. The compensation paid or payable to key management for employee services is as shown below:

	2021 \$'000	2020 \$'000
Staff costs - (included in staff costs - note 7)	<u>235,808</u>	<u>229,328</u>

## 33. Financial Risk Management

### (a) Introduction and overview

The Bank's activities result in exposure to credit, market, liquidity and operational risks. An enterprise-wide risk management approach is adopted which involves employees on all levels. This framework is supported by sound risk management practices which include the establishment of enterprise-wide policies, procedures and limits, monitoring and measurement of exposure against established limits, ongoing realignment of business strategies and activities and the reporting of significant exposures to senior management and the Board of Directors.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board's risk management mandate is principally carried out through the following committees.

#### (i) Risk Committee

The Group's Board Risk Committee is responsible for the oversight of the overall risk management functions of the Bank. The committee decides the policies and strategy for integrated risk management of the various risk exposures of the Bank.

#### (ii) Board Credit Committee

The Board Credit Committee is responsible for approving all credit requests above a specified threshold and ensuring that all lending facilities conform to standards agreed by the Board and embodied in the Credit Risk Policy. The committee is ultimately responsible for determining the composition and management of the credit portfolio.

#### (iii) Audit Committee

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

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

#### (iv) Investment Committee

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

# JMMB BANK (JAMAICA) LIMITED

## Notes to the Financial Statements

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### 33. Financial Risk Management (Continued)

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

##### (v) Asset and Liability Committee (ALCO)

ALCO is the management committee that monitors and adjusts the overall profile of assets and liabilities to increase the probability of achieving strategic business results within the context of Board approved risk appetite, relevant policies and applicable regulations.

#### Impact of Covid-19

The World Health Organisation declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. As the global economy continues to weather the impact of the COVID-19 pandemic, nations around the world have taken extraordinary steps to mitigate the impact of the dual public health and financial crisis. We anticipate continued disruption to daily commerce, depressed travel/tourism, entertainment and other related sectors and a reduction in demand for exported goods such as bauxite, alumina and energy related products. These have materially impacted the countries in which the JMMB Group operates with a slow recovery expected in the short to medium term.

Given the economic fallout, personal and corporate income will continue to be materially impacted with rising unemployment and corporate clients, including SMEs, expected to experience significant declines in their revenue. This impact may include potential closure particularly in those sectors directly affected by the pandemic and the measures taken to combat the spread including restrictions on movement, travel and gatherings. Economies globally have been faced with reduced economic activity and consequently reduced revenue inflows, increased expenditure to support the vulnerable and therefore widening fiscal deficits. In most cases, the countries in which JMMB operates, have faced increased debt/GDP levels. Some countries in the Latin America region (Latam) have actually defaulted (Suriname) and others (Costa Rica) face mounting challenges and a negative outlook. On the positive side however, all of the countries, in which JMMB operates, have fiscal room to absorb the effects of the pandemic, at least in the short term with Jamaica and the Dominican Republic in particular, experiencing reduced debt levels, improved sovereign credit ratings and increased and/or consistent growth in the immediate years prior to the pandemic. We highlight further that Trinidad and Tobago maintains its border line investment grade rating as assigned by S&P despite being downgraded during the year.

In response to the challenges, governments globally and regionally, have reduced borrowing / interest rates to unprecedented lows and have increased direct cash transfers to members of their society. The result has been an increase in liquidity levels in the financial markets with some assets experiencing historically low yields. That said, financial markets have also responded with risk aversion, a flight to quality and some level of volatility and trepidation. While these risks have been mitigated to some extent by the actions of governments and regulators in the various jurisdictions, there is the risk that a resurgence in the spread of the virus and/or slow rollout or lack of effectiveness of the vaccines can cause market conditions to deteriorate.

The JMMB Group operates in multiple segments of the financial sector in territories that faces unique challenges and are highly susceptible to the impacts of the COVID-19 pandemic. The Group continues to monitor its exposures to systemic risk and increase its focus on active management of capital, liquidity and operational risks across the Group.

There is a framework in place to ensure that all entities within the Group are adequately capitalized through the Internal Capital Adequacy Assessment Process (ICAAP) and that these entities have sufficient liquid assets and ready access to financing to support business operations and growth. Furthermore, the Group has developed contingency plans for such scenarios to ensure that the impact on the JMMB Group would be manageable and to facilitate timely responses.















































































































