

JMMB GROUP LIMITED

Consolidated Profit and Loss Account

Period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

DIRECTORS' STATEMENT

PERFORMANCE HIGHLIGHTS

Net Operating Revenue	J\$13.77 billion, grew by 12%
Net Interest Income	J\$6.68 billion, up 18%
Net Profit	J\$3.02 billion, up 17%
Earnings per Stock Unit	J\$1.82, up from J\$1.56

The Directors are pleased to announce that the JMMB Group posted net profit of J\$3.02 billion and earnings per share of J\$1.82 for the nine months ended 31 December 2018.

GROUP CEO'S COMMENTARY

We are encouraged by the achievements made by the Group generating credible net profits and solid returns for our shareholders as we advance the embedding of our regional integrated financial services model.

As a Group during the quarter, we continued our efforts to standardize the core operating platforms, systems and processes supporting our core business lines in an effort to yield efficiencies and improve client experience over the medium term.

Our Jamaica operations continues to perform credibly as we saw solid performance in all revenue segments, with particularly strong performance in our banking and related services segment, bolstered by an increasingly integrated experience across all business lines and channels. We continue to build the DR portfolio strategically and operationally and are encouraged that it is yielding the synergies specifically within our investment and banking business lines. In Trinidad and Tobago, JMMB Express Finance (T&T) Limited, since its launch in September 2018, continues to show positive growth in the loan portfolio and have expanded to three branches. We are excited by the prospect of bringing new and convenient channels to access non-traditional financial solutions which help clients in underserved markets to make payments and access cash, loans and remittances as well as other financial advisory services. We look forward to the continued growth of this business line.

We are committed to executing the Group's strategic initiatives which sees our continued focus on programmes to improve operational efficiency and grow core revenues.

JMMB GROUP LIMITED

Consolidated Statement of Comprehensive Income

Period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

GROUP FINANCIAL PERFORMANCE

Net Operating Revenue

The JMMB Group posted net operating revenue of J\$13.77 billion for the nine months ended December 31, 2018. This represented a 12% growth when compared to the comparable period last year, and mainly emanated from increases in net interest income, FX trading gains and fees and commission income.

Net interest income grew by 18% or J\$1.01 billion to J\$6.68 billion as there was strong growth in the loan and investment portfolios.

Fees and commission income was 40% higher at J\$1.84 billion due to significant growth in managed funds and collective investment schemes across the Group.

Foreign exchange trading gains increased by 113% or J\$1.01 billion to J\$1.90 billion because of increased volume trading activity and growth in regional markets.

Net gains on securities trading declined by 24% to J\$3.34 billion as trading activities reflected negative investor sentiments for emerging market.

Segment Contribution

The table below shows the contribution to net operating revenue by segments.

Net Operating Revenue	J\$'000	Contribution (%)
Financial & Related Services	8,286,489	60%
Banking & Related Services	5,351,828	39%
Other	133,997	1%
Total	13,772,314	100%

Financial and Related Services contributed J\$8.29 billion or 60% of net operating revenue. The contribution from the Banking & Related Services segment of J\$5.35 billion reflected a 39% increase, up from J\$3.86 billion in the prior period. This was due in part to strong growth in the loan book which translated into increased net interest income as well as growth in FX trading gains.

Operating Efficiency

Operating expenses for the reporting period amounted to J\$9.48 billion which was 9% higher than the prior period. This growth was attributed primarily to costs associated with our integrated Group sales and support framework coupled with the continued expansion of commercial banking services in Jamaica and project related activities towards operational efficiency. Despite the increase in expenses, the Group's efficiency ratio improved to 69% compared to 71% in the prior period as we strive to grow revenue faster than expenses. The Group will continue to focus on extracting operational efficiency from all entities through the launch of its standardization and process improvements project.

JMMB GROUP LIMITED

Consolidated Statement of Comprehensive Income

Period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

GROUP FINANCIAL POSITION

Total Assets

At the end of the reporting period, the JMMB Group's asset base totalled J\$310.76 billion, up J\$19.04 billion or 7% relative to the start of the financial year. This was mainly on account of a larger loan and investment portfolio. The investment portfolio increased by J\$12 billion or 6% to J\$207.99 billion, while loans and advances grew by J\$6.61 billion or 12% to J\$62.23 billion. The credit quality of the loan portfolio continued to be comparable to international standards.

Growth in the asset base over the nine-month period was funded by increases in repos, customer deposits and notes payable. Customer deposits increased by J\$8.93 billion or 17% to J\$61.09 billion; notes payable was 28% higher at J\$35.21 billion, while repos grew by J\$4.12 billion or 3% to J\$162.26 billion.

Capital

Over the nine-month period, shareholders' equity declined to J\$25.99 billion. Even though substantial net profit was generated over the period, shareholders' equity was impacted by the adoption of IFRS 9 as well as a decline in emerging market bond prices. Nevertheless, the Group continued to be adequately capitalized and all individually regulated companies within the Group continued to exceed their regulatory capital requirements. The performance of the major subsidiaries is shown in the table below.

Company	Regulatory Measure	Minimum Requirement	31-Dec-18
Jamaica Money Market Brokers Limited	Regulatory capital to risk weighted assets ratio	10%	23.76%
JMMB Bank (Ja) Limited	Regulatory capital to risk weighted assets ratio	10%	13.11%
JMMB Bank (T&T) Limited	Regulatory capital to risk weighted assets ratio	10%	17.35%
JMMB Securities Limited	Net free capital	J\$66.3 million	J\$499.9 million
JMMB Puesto de Bolsa, S.A.	Regulatory capital to risk weighted assets ratio	15.50%	130%

Off-Balance Sheet Funds under Management

In alignment with the Group's strategy to provide complete, customized financial solutions for each client, we experienced growth in our off-balance sheet products which include pension funds, unit trusts and money market funds. The total invested in off-balance sheet products as at the end of December 2018 stood at J\$126.92 billion compared to J\$117.91 billion as at end of December 2017.

JMMB GROUP LIMITED

Consolidated Statement of Comprehensive Income

Period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

The JMMB Group in the Community

In keeping with its mandate to be a responsible corporate citizen, the JMMB Group, continues to actively participate and support a range of initiatives focused on: education, entrepreneurship, transformational leadership and community outreach initiatives.

The JMMB Joan Duncan Foundation has continued to spearhead several corporate social responsibility projects in **Jamaica**, over the last quarter. As such, the Foundation has remained a sponsor of the Vincent HoSang UWI Venture Competition, providing financing to assist the top teams to transition their business ideas into viable businesses; in addition to providing a special Corporate Social Responsibility prize, to encourage this as a core part of each entrant's business model. This financial support provided, seeks to encourage the entrepreneurial spirit among young people. The Foundation's national project, *Conversations for Greatness*, which is designed to transform the mindset of education stakeholders has maintained traction, and is now rolled out in over one hundred schools islandwide, reaching over 60,000 students and almost 5000 teachers, support team and administrators. As evidence of the success of the project thus far, there has been a reduction in absenteeism, improvement in academic performance, changed behaviours and greater synergies among the teachers and administrators, at schools that have completed the programme. Additionally, JMMB Joan Duncan Foundation has continued to provide financial backing to the Child Resiliency Programme and several outreach efforts during the quarter.

In the **Dominican Republic**, the team remains committed to partnering with UNPHU Emprende, the Entrepreneur division of the Universidad Nacional Pedro Henriquez Ureña. JMMB has also undertaken a partnership to provide partial financial support for materials and financial advisory services to the top entrepreneur, hosted by UNPHU every year. Additionally, the company has established 1 of 4 national entrepreneurship centres with UNPHU, and will continue this partnership to institute another centre in the near future, as a joint initiative with the government, the education ministry and the private sector. In a bid to promote financial empowerment, Banco de Ahorra y Credito, S.A. (JMMB Bank) also participated in the Economic and Financial Week hosted by the Central Bank of the Dominican Republic, and hosted a conference promoting financial empowerment as part of the Global Money Week initiative. JMMB Puesto de Bolsa continues to provide funding to selected children's homes to support the welfare of orphaned children and other community outreach initiatives.

During the last quarter, the corporate social responsibility programme, in **Trinidad and Tobago**, was focused on providing funding for outreach and community-based activities.

General

The Directors thank and acknowledge all our loyal, supportive and valuable stakeholders who continue to contribute to our ongoing success.



Archibald Campbell

Chairman



Keith P. Duncan

Group Chief Executive Officer

JMMB GROUP LIMITED

Consolidated Statement of Comprehensive Income

Period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 31-Dec-18 \$000	Unaudited Three Months Ended 31-Dec-17 \$000	Unaudited Nine Months Ended 31-Dec-18 \$000	Unaudited Nine Months Ended 31-Dec-17 \$000
Net Interest Income and Other Revenue				
Interest income	4,440,401	3,901,806	13,112,210	11,734,437
Interest expense	(2,113,076)	(1,997,183)	(6,435,685)	(6,069,910)
Net Interest Income	2,327,325	1,904,623	6,676,525	5,664,527
Fees and commissions income	650,612	517,260	1,843,669	1,314,356
Gain on securities trading, net	836,393	1,379,027	3,340,038	4,392,498
Foreign exchange margins from cambio trading	630,034	346,923	1,899,062	891,626
Dividends	4,114	2,627	13,019	15,437
Operating Revenue Net of Interest Expense	4,448,478	4,150,460	13,772,313	12,278,444
Operating expenses	(3,108,147)	(2,874,146)	(9,484,771)	(8,708,626)
Impairment loss on financial assets	(62,563)	(143,981)	(234,616)	(143,981)
Operating Profit	1,277,768	1,132,333	4,052,926	3,425,837
Other income	8,213	10,871	36,839	67,498
Profit before Taxation	1,285,981	1,143,204	4,089,765	3,493,335
Taxation	(339,614)	(234,271)	(1,071,001)	(915,212)
Profit for the Period	946,367	908,933	3,018,764	2,578,123
Attributable to:				
Equity holders of the parent	939,061	871,139	2,972,807	2,544,096
Non-controlling interest	7,306	37,794	45,957	34,027
	946,367	908,933	3,018,764	2,578,123
Earnings per stock unit	\$0.58	\$0.53	\$1.82	\$1.56

JMMB GROUP LIMITED

Consolidated Statement of Comprehensive Income

Period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 31-Dec-18 \$000	Unaudited Three Months Ended 31-Dec-17 \$000	Unaudited Nine Months Ended 31-Dec-18 \$000	Unaudited Nine Months Ended 31-Dec-17 \$000
Profit for the Period	946,367	908,933	3,018,764	2,578,123
Other comprehensive income/ (loss)				
<i>Items that may be reclassified to profit or loss:</i>				
Unrealised gains on available for sale investments	-	232,162	-	1,508,935
Net loss on investment in debt instruments measured at FVOCI	(2,033,008)		(4,006,176)	
Foreign exchange translation differences on translation of foreign subsidiaries	(318,903)	(565,832)	136,010	(563,517)
<i>Items that will not be reclassified to profit or loss:</i>				
Net loss on investment in equity instruments designated at FVOCI	143,072	-	160,887	-
Total other comprehensive income/(loss), net of tax	(2,208,839)	(333,670)	(3,709,279)	945,417
Total comprehensive income/(loss) for period	(1,262,472)	575,263	(690,515)	3,523,540
Total comprehensive income attributable to:				
Owners of the parent	(1,258,944)	397,482	(521,791)	3,193,398
Non-controlling interest	(3,528)	177,781	(168,724)	330,142
	(1,262,472)	575,263	(690,515)	3,523,540

JMMB GROUP LIMITED

Consolidated Statement of Financial Position

Nine-month period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 31-Dec-18 \$'000	Unaudited as at 31-Dec-17 \$'000	Audited as at 31-Mar-18 \$'000
ASSETS			
Cash and cash equivalents	24,428,526	21,914,827	27,837,273
Interest receivable	4,106,193	3,309,107	3,429,115
Income tax recoverable	763,787	1,060,154	999,611
Loans and notes receivable	62,231,054	53,707,675	55,625,743
Other receivables	5,351,368	2,855,423	2,055,252
Investments and resale agreements	207,992,015	182,092,599	196,025,869
Investment properties	489,616	448,720	489,616
Property, plant and equipment and intangible assets	4,906,507	4,818,966	4,820,390
Deferred income tax asset	295,386	34,197	115,130
Customers' liability under acceptances, guarantees and letters of credit as per contra	194,090	291,690	317,731
	310,758,542	270,533,358	291,715,730
STOCKHOLDERS' EQUITY			
Share capital	1,864,554	1,864,554	1,864,554
Retained earnings reserve	9,605,055	9,605,055	9,605,055
Investment revaluation reserve	(2,795,572)	3,369,052	1,752,810
Cumulative translation reserve	6,383	(205,388)	(87,147)
Retained earnings	16,396,182	13,765,058	14,776,222
	25,076,602	28,398,331	27,911,494
Non-controlling interest	909,661	1,218,771	1,092,253
Total equity	25,986,263	29,617,102	29,003,747
Liabilities			
Customer deposits	61,094,116	48,433,798	52,165,066
Due to other financial institutions	208,885	368,291	347,948
Securities sold under agreements to repurchase	162,285,199	172,506,259	158,167,289
Notes payable	35,212,194	4,388,349	27,561,706
Redeemable preference shares	16,501,595	8,665,035	17,843,757
Interest payable	2,916,911	1,254,268	1,385,823
Income tax payable	1,886,634	680,167	1,292,843
Other payables	4,321,014	2,550,781	3,178,736
Deferred income tax liabilities	151,641	1,777,618	451,084
Liability under acceptances, guarantees and letters of credit as per contra	194,090	291,690	317,731
	284,772,279	240,916,256	262,711,983
	310,758,542	270,533,358	291,715,730

Archibald Campbell
Chairman

Keith P. Duncan
Group Chief Executive Officer

JMMB GROUP LIMITED

Consolidated Statement of Changes in Stockholders' Equity

Nine-month period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Retained Earnings Reserve	Investment Revaluation Reserve	Cumulative Translation Reserve	Retained Earnings	Attributable to holders of the Parent	Non-Controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at March 31, 2017 (Audited)	1,864,554	9,605,055	2,202,115	312,246	11,922,100	25,906,070	888,629	26,794,699
Profit for the period	-	-	-	-	2,544,096	2,544,096	34,027	2,578,123
Other comprehensive income/(loss) for period	-	-	1,166,937	(517,634)	-	649,303	296,115	945,418
Total comprehensive income for period	-	-	1,166,937	(517,634)	2,544,096	3,193,399	330,142	3,523,541
Dividends paid	-	-	-	-	(701,138)	(701,138)	-	(701,138)
Balances at 31 December 2017 (unaudited)	1,864,554	9,605,055	3,369,052	(205,388)	13,765,058	28,398,331	1,218,771	29,617,102
Balances at March 31, 2018 (Audited)	1,864,554	9,605,055	1,752,810	(87,147)	14,776,222	27,911,494	1,092,253	29,003,747
Changes on initial application of IFRS 9 (note 2)	-	-	(960,255)	-	(570,060)	(1,530,315)	(13,868)	(1,544,183)
Balances at April 1, 2018 (unaudited)	1,864,554	9,605,055	792,555	(87,147)	14,206,162	26,381,179	1,078,385	27,459,564
Profit for the period	-	-	-	-	2,972,807	2,972,807	45,957	3,018,764
Other comprehensive income/(loss) for period	-	-	(3,588,127)	93,530	-	(3,494,597)	(214,681)	(3,709,278)
Total comprehensive income/loss for period	-	-	(3,588,127)	93,530	2,972,807	(521,790)	(168,724)	(690,514)
Dividends paid	-	-	-	-	(782,787)	(782,787)	-	(782,787)
Balances at 31 December 2018 (unaudited)	1,864,554	9,605,055	(2,795,572)	6,383	16,396,182	25,076,602	909,661	25,986,263

JMMB GROUP LIMITED

Consolidated Statement of Cash Flows

Nine-month period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Nine Months Ended 31-Dec-18 \$'000	Unaudited Nine Months Ended 31-Dec-17 \$'000
Cash Flows from Operating Activities		
Profit for the period	3,018,764	2,578,123
Adjustments for:		
Unrealised gains on trading securities	(50,675)	(69,080)
Depreciation and amortisation	492,803	417,183
	3,460,892	2,926,226
Changes in operating assets and liabilities	3,262,578	8,162,968
Net cash provided by operating activities	6,723,470	11,089,194
Cash Flows from Investing Activities		
Investment securities, net	(16,420,999)	(8,719,323)
Purchase of property, plant and equipment and computer software	(578,920)	(649,059)
Net cash used in investing activities	(16,999,919)	(9,368,382)
Cash Flows from Financing Activities		
Notes payable	7,650,489	-
Dividends paid	(782,787)	(701,138)
Net cash provided by/(used in) financing activities	6,867,702	(701,138)
Net (decrease)/increase in cash and cash equivalents	(3,408,747)	1,019,674
Cash and cash equivalents at beginning of year	27,837,273	20,895,153
Cash and cash equivalents at end of period	<u>24,428,526</u>	<u>21,914,827</u>

JMMB GROUP LIMITED

Notes to the Financial Statements

Nine-month period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Nine-month period ended 31 December 2018				
	Financial & Related Services	Banking & Related Services	Others	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	13,418,894	6,691,946	133,997	-	20,244,837
Intersegment revenue	1,383,258	20,892	-	(1,404,150)	-
Total segment revenue	14,802,152	6,712,838	133,997	(1,404,150)	20,244,837
Profit before tax	2,343,689	1,724,009	22,067	-	4,089,765
Taxation					(1,071,001)
Profit for the period					<u>3,018,764</u>
Total segment assets	291,553,091	102,901,338	1,616,840	(85,312,727)	310,758,542
Total segment liabilities	265,829,881	89,725,059	1,561,257	(72,343,918)	284,772,279
Interest Income	8,681,897	4,425,898	4,415	-	13,112,210
Operating expenses	5,903,802	3,466,545	114,424	-	9,484,771
Depreciation & amortisation	318,400	165,894	8,509	-	492,803
Capital expenditure	312,820	206,362	59,738	-	578,920

JMMB GROUP LIMITED

Notes to the Financial Statements

Nine-month period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Nine-month period ended 31 December 2017				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	13,223,403	5,084,985	107,463	-	18,415,851
Inter-segment revenue	885,840	46,746	-	(932,586)	-
Total segment revenue	14,109,243	5,131,731	107,463	(932,586)	18,415,851
Profit before tax	2,734,449	760,826	(1,940)	-	3,493,335
Income tax expense					(915,212)
Profit for the period					<u>2,578,123</u>
Total segment assets	237,233,078	78,946,914	1,540,947	(47,187,581)	270,533,358
Total segment liabilities	209,362,223	66,147,641	1,491,838	(36,085,446)	240,916,256
Interest income	7,938,857	3,790,697	4,883	-	11,734,437
Operating expenses	5,497,924	3,101,297	109,403	-	8,708,626
Depreciation and amortisation	281,573	129,963	5,648	-	417,184
Capital expenditure	351,760	268,250	29,049	-	649,059

JMMB GROUP LIMITED

Notes to the Financial Statements

Nine-month period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

1. Identification

JMMB Group Limited (the “company”) is incorporated and domiciled in Jamaica. The registered office of the company is located at 6 Haughton Terrace, Kingston 10, Jamaica. The principal activity of the Company is that of holding equity investments in business enterprises.

JMMB Group Limited has interest in several subsidiaries which are listed below. The Company and its subsidiaries are collectively referred to as “Group”.

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

JMMB GROUP LIMITED

Notes to the Financial Statements

Nine-month period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The Group's condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The condensed consolidated financial statements should be read in conjunction with the accounting policies as set out in Note 2 and 34 of the audited financial statements for the year ended 31 March 2018.

All amounts are stated in Jamaican dollars unless otherwise indicated.

Effective April 1, 2018, the Group adopted IFRS 9 "*Financial Instruments*". Prior period amounts are in accordance with IAS 39 "*Financial Instruments: Recognition and Measurement*". IFRS 9 has resulted in changes in accounting policies related to the classification, measurement and impairment of financial assets and liabilities.

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 largely retains the existing requirement in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held-to-maturity, loans and receivables and available for sale.

(i) Classification and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income (FVOCI) – debt instruments; FVOCI – equity; or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

A debt investment is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest.

On initial recognition of an equity investment that is not held for trading, the group irrevocably elects on an investment-by-investment basis to present subsequent changes in the investment's fair value in other comprehensive income (OCI). All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

There was no effect on the measurement amounts of financial instruments as at April 1, 2018, consequent on the adoption of IFRS 9.

JMMB GROUP LIMITED

Notes to the Financial Statements

Nine-month period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

(ii) Impairment of financial assets

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

Under IFRS 9, loss allowances are measured on either of the following bases:

- (a) 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- (b) Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not.

The company has determined that the application of IFRS 9 impairment requirements at April 1, 2018 results in impairment allowance of \$1,544,183,000 on financial assets as follows:

	\$'000
Investment securities and resale agreements	990,302
Loans and notes receivable	553,881
	<u><u>1,544,183</u></u>

(b) Basis of consolidation

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

Subsidiaries are all entities over which the company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity. Subsidiaries are consolidated from the date on which control is attained by the Group. They are no longer consolidated from the date that control ceases.

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

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

JMMB GROUP LIMITED

Notes to the Financial Statements

Nine-month period ended 31 December 2018

(Expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (continued)

(c) Earnings per stock unit

Earnings per stock unit ("EPS") is computed by dividing profit attributable to the equity holders of the parent of J\$2,972,807,725 (2017 – J\$2,544,095,882) by the number of stock units in issue during the period, numbering 1,630,552,532 (2017 – 1,630,552,532).

(d) Managed funds

The Group acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. At 31 December 2018, funds managed in this way amounted to J\$126,919,579,146 (2017 – J\$117,909,969,464).

(e) Comparative Information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

JMMB GROUP LIMITED

Share Ownership of the Directors and Executive Team Leaders Period ended 31 December 2018

Directors	Ordinary Shareholding	Connected Parties
Donna Duncan-Scott	7,678,110	ESOP
	36,776,951	JVF O.N. LTD
	37,530,103	CONCISE O.N. LTD
Archibald Campbell	18,400	
	344,827	ODETTE CAMPBELL
Keith P. Duncan	20,591	
	58,438,366	CONCISE E.I. LTD
	40,311,674	JVF E.I. LTD
V. Andrew Whyte	846,745	ESOP
	Nil	
	Nil	
Wayne Sutherland	28,540,838	CONCISE R.I. LTD
	364,277	
Dennis Harris	5,234	
Dr. Anne Crick	4,828	
Hugh Duncan	Nil	
Reece Kong	100,000	
Audrey Welds	Nil	
Audrey Deer Williams	10,000,000	
Andrew Cocking	57,800	
Hugh W. Powell	Nil	
Patricia Daley Smith	Nil	
Patria-Kaye Aarons	Nil	
Executive Team Leaders	Ordinary Shareholding	Connected Parties
Donna Duncan-Scott	7,678,110	ESOP
	36,776,951	JVF O.N. LTD
	37,530,103	CONCISE O.N. LTD
Keith Duncan	20,591	
	846,745	ESOP
	58,438,366	CONCISE E.I. LTD
Carolyn DaCosta	40,311,674	JVF E.I. LTD
	235,944	
	74,640	ESOP
Kisha Anderson	3,357	CRAIG DACOSTA
	127,169	DERMOTT DACOSTA
	4,795	MERLINE DACOSTA
	5,237	AMANDA DACOSTA
	536,948	
Paul Gray	73,381	ESOP
	25,000	ELIZABETH THOMPSON
	10,000	REBEKAH HOILETT
	1,500	GAIL BARRETT
Julian Mair	80	
	763,731	ESOP
	554,866	TEVERLY GRAY
Patrick Ellis	239,711	ESOP
Janet Patrick	239,872	ESOP
Hugh Duncan	18,432	
	854,461	ESOP
	4,828	
Damion Brown	210,677	ESOP
Kerry Ann Stimpson	780,032	ESOP
Claudine Tracey	908,000	ESOP
Peta-Gaye Bartley	847,260	ESOP
Gregory Hines	Nil	

JMMB GROUP LIMITED

Top 10 Largest Shareholders of the JMMB Group

Period ended 31 December 2018

Name of Shareholder	Number of Shares	Percentage Ownership
NCB CAPITAL MARKETS (IN ESCROW)	325,648,545	19.97%
TRUSTEES JMMB ESOP	149,076,085	9.14%
COLONIAL LIFE INSURANCE CO (TRINIDAD) LTD	103,453,776	6.34%
PANJAM INVESTMENTS LIMITED	99,579,383	6.11%
NATIONAL INSURANCE FUND	79,672,997	4.89%
CONCISE E.I. LTD	58,438,366	3.58%
SJIML A/C 3119	56,372,550	3.46%
JVF O.E. LTD	44,400,000	2.72%
JVF E.I. LTD	40,311,674	2.47%
CONCISE O.N. LTD	37,530,103	2.30%
Total	994,483,479	60.99%