

JMMB GROUP LIMITED

First Half Highlights

Six-month period ended 30 September 2019

(Expressed in Jamaican dollars unless otherwise indicated)

DIRECTORS' STATEMENT

PERFORMANCE HIGHLIGHTS

Net Operating Revenue	J\$11.71 billion, grew by 26%
Net Interest Income	J\$4.63 billion, up 6%
Net Profit	J\$2.80 billion, up 35%
Earnings per Stock Unit	J\$1.67, up by J\$0.42

The Directors are pleased to announce that the JMMB Group posted a net profit of J\$2.80 billion and earnings per share of J\$1.67 for the six months ended 30 September 2019.

GROUP CEO'S COMMENTARY

For the first half of the financial year, the JMMB Group continued on its growth trajectory as there was improved financial performance across most business lines. The Group made considerable progress with key initiatives under its focus areas of driving core revenue, managing capital, embedding financial partnership, improving client experience and increasing productivity. Notably, the Group launched its first integrated location in the Dominican Republic.

In line with our active capital management strategy, we successfully executed on the largest additional public offer (APO) in Jamaica's history. This reflected investor confidence in JMMB's ability to continue to create shareholders' value. This additional capital will strengthen the capital base of the Group by providing greater financial flexibility to quickly take advantage of changing economic, regulatory and market conditions.

During the next half of the financial year, we will be executing on the following strategic initiatives:

- The launch of Visa debit card services in Jamaica in the third quarter of the financial year
- Standardization of our core banking system across the Group
- The official launch of our 'SME Resource Center' as part of our commitment to deepen partnership with Small and Medium Enterprises in Jamaica
- The launch of private equity funds and additional structured product solutions

As a part of our growth strategy, we remain committed to expanding market share as well as consolidating and scaling our major business lines. Our regional integrated financial services business model build out continues in earnest and we expect to close the year strong maximizing value for all our stakeholders.

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GROUP FINANCIAL PERFORMANCE

Net Operating Revenue

The JMMB Group posted net operating revenue of J\$11.71 billion for the six months ended September 30, 2019. This represented a 26% growth or J\$2.39 billion when compared to the comparable period last year. This mainly resulted from increases in net gains on securities trading, FX trading gains, fees and commission income and net interest income.

Net gains on securities trading grew by 58% to J\$3.95 billion and was partly due to improved appetite for emerging market assets. Additionally, there was a tender offer by the Government of Jamaica for global bonds maturing in 2022, 2025 and 2028 bonds. This offer was oversubscribed and subsequently, global bonds maturing in 2045 were re-opened and an additional US\$815M issued.

Foreign exchange trading gains increased by 20% or J\$259.4 million to J\$1.53 billion because of increased trading volume and growth in regional markets.

Fees and commission income was 33% higher at J\$1.59 billion and was due to significant growth in managed funds and collective investment schemes across the Group.

Net interest income grew by 6% to J\$4.63 billion as there was strong growth in the loan and investment portfolios.

Segment Contribution

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

Net Operating Revenue	J\$'000	Contribution (%)
Financial & Related Services	7,774,886	66%
Banking & Related Services	3,840,166	33%
Other	99,877	1%
Total	11,714,930	100%

Financial and Related Services contributed J\$7.77 billion or 66% of net operating revenue. This reflected a 40% growth when compared to the prior period and was largely on account of improved trading activities as well as growth in our off balance sheet activities. The Banking & Related Services segment contributed J\$3.84 billion compared to J\$3.67 billion in the prior period. Even though, there was strong growth in the loan book which translated into increased net interest income as well as growth in FX trading gains, these were partially offset by a reduction in securities sold.

Operating Efficiency

Operating expenses for the reporting period amounted to J\$7.41 billion which was 16% higher than the prior period. This growth was attributed primarily to continued expansion of commercial banking services in Jamaica and JMMB Express in Trinidad and Tobago as well as project related activities centred on process optimization. Nevertheless, the Group's efficiency ratio improved to 63% compared to 68% in the prior period. The Group will continue to focus on extracting operational efficiency from all entities through the launch of its standardization and process improvements project.

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GROUP FINANCIAL POSITION

Total Assets

At the end of the reporting period, the JMMB Group's asset base totalled J\$391.68 billion, up J\$71.65 billion or 22% relative to the start of the financial year. This was mainly on account of a larger loan and investment portfolio as well as a higher cash balance. Both the investment portfolio as well as loans and notes receivable grew by 22% to J\$252.07 billion and J\$82.94 billion, respectively. The credit quality of the loan portfolio continued to be comparable to international standards.

Growth in the asset base over the six-month period was funded by increases in customer deposits and repos. Customer deposits increased by J\$21.12 billion or 33% to J\$85.07 billion, while repos grew by J\$35.10 billion or 21% to J\$199.01 billion.

Capital

Over the six-month period, shareholders' equity increased by 24% to J\$38.71 billion. This was on account of substantial net profit generated over the period as well as a rebound in emerging market bond prices. Thus, 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	30-Sep-19
Jamaica Money Market Brokers Limited	Regulatory capital to risk weighted assets ratio	10%	20.51%
JMMB Bank (Ja) Limited	Regulatory capital to risk weighted assets ratio	10%	13.84%
JMMB Bank (T&T) Limited	Regulatory capital to risk weighted assets ratio	10%	14.12%
JMMB Puesto de Bolsa, S.A.	Regulatory capital to risk weighted assets ratio	15.50%	91%

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 September 2019 stood at J\$138.30 billion compared to J\$126.48 billion as at end of September 2018.

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The JMMB Group in the Community

JMMB Group continues to establish genuine relationships with the wider society, in which it operates, in keeping with its commitment to help others to realize their greatness. As such, we are committed to being actively involved in the conservation, preservation and sustenance of our communities, by supporting entrepreneurial and educational initiatives, national development and community outreach efforts.

The JMMB Joan Duncan Foundation in **Jamaica**, during this period, focused primarily on educational development, youth entrepreneurial initiatives and transformational training. As such, the JMMB Joan Duncan Foundation spearheaded several corporate social responsibility initiatives, over the last quarter. For the new academic year, the Foundation contributed over J\$8 million dollars in scholarships and bursaries to 105 financially-challenged students, to offset their tuition and other school related expenses. Additionally, the Foundation provided support to over 20 summer camps during the period, to ensure the children were engaged and exposed to developmental activities in a safe environment. As part of its entrepreneurial thrust, the Foundation continues to support the Vincent HoSang/UWI Venture Competition, to strengthen the entrepreneurial spirit among young people, and encourage them to pursue this path as a viable career. In addition, 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 more than one hundred (100) schools island wide.

In **Trinidad & Tobago**, JMMB Group partnered with the National Centre for Persons with Disabilities, to provide bursaries, to assist young adults and disabled individuals in improving their employability, by accessing vocational training including: skills training, remedial education, computer literacy and life skills, at the Centre. Furthermore, JMMB provided financial support to facilitate approximately 500 students attending the **iCan Create 2019** Youth Tech Experience, where they were exposed to Robotics, Electronic Snap Circuits, Gaming and Digital Media. The event is organized by Arthur Lok Jack Global School of Business, Lok Jack GSB Youth Academy in partnership with IBM and the RSC Tech Clubs. JMMB also supported a range of community – based initiatives, namely: educational programmes at an early childhood institution; and an at-risk girls' empowerment session, through the Sapphire Miriam Foundation. This organization, aims to reduce vulnerabilities amongst young impoverished girls and expand their opportunities as they emerge as leaders, within their homes and communities.

In the **Dominican Republic**, the team remains committed to partnering with UNPHU Emprende, the Entrepreneur division of the Universidad Nacional Pedro Henríquez Ureña. Through this partnership, JMMB provides financial support for materials and financial advisory services to the top entrepreneur including a review of the business plan and marketing strategy, hosted by UNPHU every year. Additionally, JMMB Puesto de Bolsa continues to provide funding to select children's homes, so as to support the welfare of orphaned children and other community outreach initiatives. The JMMB Group team, in the DR, also supported scores of children in back-to-school preparation, by providing financial support towards school-related expenses.

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 Profit and Loss Account

Six-month period ended 30 September 2019

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30-Sep-19 \$000	Unaudited Three Months Ended 30-Sep-18 \$000	Unaudited Six Months Ended 30-Sep-19 \$000	Unaudited Six Months Ended 30-Sep-18 \$000
Net Interest Income and Other Revenue				
Interest income	4,979,349	4,435,058	9,575,513	8,671,809
Interest expense	(2,549,234)	(2,155,604)	(4,949,815)	(4,322,609)
Net Interest Income	2,430,115	2,279,454	4,625,698	4,349,200
Fees and commissions income	851,689	711,419	1,588,358	1,193,057
Gain on securities trading, net	1,789,404	906,865	3,951,285	2,503,645
Foreign exchange margins from cambio trading	783,729	754,383	1,528,401	1,269,028
Dividends	16,190	4,327	21,188	8,905
Operating Revenue Net of Interest Expense	5,871,127	4,656,448	11,714,930	9,323,835
Operating expenses	(3,563,945)	(3,032,328)	(7,407,929)	(6,376,624)
Impairment loss on financial assets	(141,694)	(59,113)	(295,272)	(172,053)
Operating Profit	2,165,488	1,565,007	4,011,729	2,775,158
Other income	114	23,287	216	28,626
Profit before Taxation	2,165,602	1,588,294	4,011,945	2,803,784
Taxation	(483,097)	(472,507)	(1,210,880)	(731,387)
Profit for the Period	1,682,505	1,115,787	2,801,065	2,072,397
Attributable to:				
Equity holders of the parent	1,612,536	1,097,842	2,724,157	2,033,746
Non-controlling interest	69,969	17,945	76,908	38,651
	1,682,505	1,115,787	2,801,065	2,072,397
Earnings per stock unit	\$0.99	\$0.67	\$1.67	\$1.25

JMMB GROUP LIMITED

Consolidated Statement of Comprehensive Income

Six-month period ended 30 September 2019

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30-Sep-19 \$000	Unaudited Three Months Ended 30-Sep-18 \$000	Unaudited Six Months Ended 30-Sep-19 \$000	Unaudited Six Months Ended 30-Sep-18 \$000
Profit for the Period	1,682,505	1,115,787	2,801,065	2,072,397
Other comprehensive income/ (loss)				
<i>Items that may be reclassified to profit or loss:</i>				
Net gain/(loss) on investment in debt instruments measured at FVOCI	3,473,999	65,929	4,437,415	(1,976,667)
Foreign exchange translation differences on translation of foreign subsidiaries	24,628	85,589	346,395	454,913
<i>Items that will not be reclassified to profit or loss:</i>				
Net gain/(loss) on investment in equity instruments designated at FVOCI	(55,882)	26,072	430,760	21,314
Total other comprehensive income/(loss), net of tax	3,442,745	177,590	5,214,570	(1,500,440)
Total comprehensive income/(loss) for period	5,125,250	1,293,377	8,015,635	571,957
Total comprehensive income attributable to:				
Owners of the parent	5,126,913	1,431,165	7,854,358	737,153
Non-controlling interest	(1,663)	(137,788)	161,277	(165,196)
	5,125,250	1,293,377	8,015,635	571,957

JMMB GROUP LIMITED

Consolidated Statement of Financial Position

Six-month period ended 30 September 2019

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 30-Sep-19 \$'000	Unaudited as at 30-Sep-18 \$'000	Audited as at 31-Mar-19 \$'000
ASSETS			
Cash and cash equivalents	39,775,730	27,886,630	30,726,396
Interest receivable	3,571,614	3,764,867	3,733,190
Income tax recoverable	314,428	760,334	238,441
Loans and notes receivable	82,943,638	60,521,284	67,947,268
Other receivables	6,713,971	4,199,389	5,314,152
Investments and resale agreements	252,069,709	221,302,868	205,972,359
Investment properties	514,412	489,616	489,616
Property, plant and equipment and intangible assets	5,278,051	4,893,481	5,040,900
Deferred income tax asset	189,748	303,679	360,893
Customers' liability under acceptances, guarantees and letters of credit as per contra	311,366	49,575	213,042
	391,682,667	324,171,723	320,036,257
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	6,931,989	(894,323)	2,114,147
Cumulative translation reserve	(186,656)	303,138	(499,014)
Retained earnings	19,251,318	15,799,659	16,981,202
	37,466,260	26,678,083	30,065,944
Non-controlling interest	1,245,147	913,189	1,038,332
Total equity	38,711,407	27,591,272	31,104,276
Liabilities			
Customer deposits	85,068,257	62,332,940	63,947,279
Due to other financial institutions	174,036	226,882	190,888
Securities sold under agreements to repurchase	199,007,792	174,478,608	163,907,891
Notes payable	39,175,994	34,726,735	37,036,156
Redeemable preference shares	17,132,422	17,125,526	16,348,615
Interest payable	1,521,403	1,780,329	1,602,491
Income tax payable	1,640,540	1,683,015	1,464,064
Other payables	7,798,394	3,573,700	4,046,375
Deferred income tax liabilities	1,141,056	603,141	175,180
Liability under acceptances, guarantees and letters of credit as per contra	311,366	49,575	213,042
	352,971,260	296,580,451	288,931,981
	391,682,667	324,171,723	320,036,257

Archibald Campbell
Chairman

Keith P. Duncan
Group Chief Executive Officer

JMMB GROUP LIMITED

Consolidated Statement of Changes in Stockholders' Equity

Six-month period ended 30 September 2019

(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, 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	-	-	(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	-	-	-	-	2,033,746	2,033,746	38,651	2,072,397
Other comprehensive income/(loss) for period	-	-	(1,686,878)	390,285	-	(1,296,593)	(203,847)	(1,500,440)
Total comprehensive income for period	-	-	(1,686,878)	390,285	2,033,746	737,153	(165,196)	571,957
Dividends paid	-	-	-	-	(440,249)	(440,249)	-	(440,249)
Balances at 30 September 2018 (unaudited)	1,864,554	9,605,055	(894,323)	303,138	15,799,659	26,678,083	913,189	27,591,272
Balances at March 31, 2019 (Audited)	1,864,554	9,605,055	2,114,147	(499,014)	16,981,202	30,065,944	1,038,332	31,104,276
Profit for the period	-	-	-	-	2,724,157	2,724,157	76,908	2,801,065
Other comprehensive income for period	-	-	4,817,842	312,358	-	5,130,200	84,370	5,214,570
Total comprehensive income for period	-	-	4,817,842	312,358	2,724,157	7,854,357	161,278	8,015,635
Paid in capital	-	-	-	-	-	-	45,537	45,537
Dividends paid	-	-	-	-	(454,041)	(454,041)	-	(454,041)
Balances at 30 September 2019 (unaudited)	1,864,554	9,605,055	6,931,989	(186,656)	19,251,318	37,466,260	1,245,147	38,711,407

JMMB GROUP LIMITED

Consolidated Statement of Cash Flows

Six-month period ended 30 September 2019

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Six Months Ended 30-Sep-19 \$'000	Unaudited Six Months Ended 30-Sep-18 \$'000
Cash Flows from Operating Activities		
Profit for the period	2,801,065	2,072,397
Adjustments for:		
Unrealised gains on trading securities	(188,335)	(40,519)
Depreciation and amortisation	364,373	329,677
	<u>2,977,103</u>	<u>2,361,555</u>
Changes in operating assets and liabilities	48,119,740	18,899,639
Net cash provided by operating activities	<u>51,096,843</u>	<u>21,261,194</u>
Cash Flows from Investing Activities		
Investment securities, net	(40,967,150)	(27,533,848)
Purchase of property, plant and equipment and computer software	(626,318)	(402,769)
Net cash used in investing activities	<u>(41,593,468)</u>	<u>(27,936,617)</u>
Cash Flows from Financing Activities		
Notes payable	-	7,165,029
Dividends paid	(454,041)	(440,249)
Net cash provided by financing activities	<u>(454,041)</u>	<u>6,724,780</u>
Net increase in cash and cash equivalents	9,049,334	49,357
Cash and cash equivalents at beginning of year	<u>30,726,396</u>	<u>27,837,273</u>
Cash and cash equivalents at end of period	<u><u>39,775,730</u></u>	<u><u>27,886,630</u></u>

JMMB GROUP LIMITED

Notes to the Financial Statements

Six-month period ended 30 September 2019

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Six-month period ended 30 September 2019				
	Financial & Related Services	Banking & Related Services	Others	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	11,592,295	4,970,811	101,855	-	16,664,961
Intersegment revenue	2,575,745	117,405	-	(2,693,150)	-
Total segment revenue	14,168,040	5,088,216	101,855	(2,693,150)	16,664,961
Profit before tax	3,215,284	775,068	21,593	-	4,011,945
Taxation					(1,210,880)
Profit for the period					2,801,065
Total segment assets	338,397,115	131,403,698	1,634,385	(79,643,843)	391,791,355
Total segment liabilities	301,177,710	117,094,976	1,560,075	(66,752,813)	353,079,948
Interest Income	6,097,014	3,474,694	3,805	-	9,575,513
Operating expenses	4,361,009	2,969,179	77,741	-	7,407,929
Depreciation & amortisation	231,700	127,463	5,210	-	364,373
Capital expenditure	475,477	115,469	35,372	-	626,318

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Six-month period ended 30 September 2019

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Six-month period ended 30 September 2018				
	Financial & Related Services	Banking & Related Services	Others	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	9,036,602	4,552,861	85,606	-	13,675,069
Intersegment revenue	849,906	8,785	-	(858,691)	-
Total segment revenue	9,886,508	4,561,646	85,606	(858,691)	13,675,069
Profit before tax	1,469,941	1,321,225	12,618	-	2,803,784
Taxation					(731,387)
Profit for the period					2,072,397
Total segment assets	311,972,143	98,082,596	1,587,679	(87,470,695)	324,171,723
Total segment liabilities	284,278,863	84,739,529	1,536,689	(73,974,630)	296,580,451
Interest Income	5,758,866	2,910,246	2,697	-	8,671,809
Operating expenses	4,060,934	2,241,257	74,433	-	6,376,624
Depreciation & amortisation	213,472	110,505	5,700	-	329,677
Capital expenditure	242,847	100,968	58,954	-	402,769

JMMB GROUP LIMITED

Notes to the Financial Statements

Six-month period ended 30 September 2019

(Expressed in Jamaican dollars unless otherwise indicated)

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 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 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 GROUP LIMITED

Notes to the Financial Statements

Six-month period ended 30 September 2019

(Expressed in Jamaican dollars unless otherwise indicated)

1. 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 2019.

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.

JMMB GROUP LIMITED

Notes to the Financial Statements

Six-month period ended 30 September 2019

(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.

(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 of an investee, where there is exposure to variability of returns and the Company can use its power to influence the returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are no longer consolidated from the date that control ceases.

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

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

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

JMMB GROUP LIMITED

Notes to the Financial Statements

Six-month period ended 30 September 2019

(Expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (continued)

(b) Basis of consolidation (continued)

(i) Non-controlling interests

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

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

(ii) Loss of control

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

(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\$2,724,157,398 (2018 – J\$2,033,746,348) by the number of stock units in issue during the period, numbering 1,630,552,532 (2018 – 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 30 September 2019, funds managed in this way amounted to J\$138,297,690,809 (2018 – J\$126,483,592,542).

(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 30 September 2019

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	
	48,438,366	CONCISE E.I. LTD
	40,311,674	JVF E.I. LTD
	846,745	ESOP
V. Andrew Whyte	NIL	
Wayne Sutherland	NIL	
	28,540,838	CONCISE R.I. LTD
Dennis Harris	366,277	
Dr. Anne Crick	5,234	
Hugh Duncan	4,828	
Reece Kong	NIL	
Audrey Welds	100,000	
Audrey Deer Williams	NIL	
Andrew Cocking	10,000,000	
H. Wayne Powell	57,800	
Patricia Dailey 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
	48,438,366	CONCISE E.I. LTD
	40,311,674	JVF E.I. LTD
Carolyn DaCosta	135,944	
	74,640	ESOP
	3,357	CRAIG DACOSTA
	127,169	DERMOTT DACOSTA
	4,795	MERLINE DACOSTA
	5,237	AMANDA DACOSTA
Paul Gray	80	
	763,731	ESOP
Julian Mair	239,711	ESOP
	1,400	Raymond and Herma Mair
Patrick Ellis	239,872	ESOP
Janet Patrick	854,461	ESOP
	18,432	
Hugh Duncan	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	ESOP

JMMB GROUP LIMITED

Top 10 Largest Shareholders of the JMMB Group

Period ended 30 September 2019

Name of Shareholder	Number of Shares	Percentage Ownership
PROVEN INVESTMENTS	326,277,325	20.010
TRUSTEES JMMB ESOP	159,076,085	9.756
COLONIAL LIFE INSURANCE CO (TRINIDAD) LTD	103,453,776	6.345
PANJAM INVESTMENTS LIMITED	80,571,220	4.941
NATIONAL INSURANCE FUND	79,672,997	4.886
SJIML A/C 3119	55,872,550	3.427
CONCISE E.I. LTD	48,438,366	2.971
JVF O.E. LTD	44,300,000	2.717
JVF E.I. LTD	40,311,674	2.472
SAGICOR POOLED EQUITY FUND	37,864,378	2.322
Total	975,838,371	59.85