

PROSPECTUS

JMMB GROUP LTD PREFERENCE SHARE OFFER

OFFER OPENS: FEBRUARY 28, 2018 AT 9:00 a.m.
CLOSES: MARCH 7, 2018 AT 3:30 p.m.

THE
JMMB
GROUP LTD.

A copy of this Prospectus, together with the documents specified in Section 18 entitled "Documents Available for Inspection," was delivered to the Companies Office of Jamaica pursuant to Section 40 (2) of the Companies Act, 2004 and was registered by the Companies Office of Jamaica on February 16, 2018. The Companies Office of Jamaica accepts no responsibility whatsoever for the contents of this Prospectus.

The Financial Services Commission registered this Prospectus on February 19, 2018 pursuant to Section 26 of the Securities Act. The Financial Services Commission has neither approved the offered securities nor has the Commission passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

**PROSPECTUS by
JMMB GROUP LIMITED**

for

**950,000,000 Cumulative Redeemable 7.25% Variable Rate JMD Preference Shares
with no par value at a fixed price of
J\$2.00 per 7.25% Variable Rate JMD Preference Share**

AND

**50,000,000 Cumulative Redeemable 7.00% Variable Rate JMD Preference Shares
with no par value at a fixed price of
J\$2.00 per 7.00% Variable Rate JMD Preference Share**

AND

**4,500,000 Cumulative Redeemable 5.75% Fixed Rate USD Preference Shares
with no par value at a fixed price of
US\$2.00 per 5.75% USD Preference Share**

AND

**500,000 Cumulative Redeemable 5.50% Fixed Rate USD Preference Shares
with no par value at a fixed price of
US\$2.00 per 5.50% Fixed Rate USD Preference Share**

Dated as of the 16th day of February, 2018

This Prospectus (herein Prospectus) is intended for use in Jamaica and is not to be construed as an offer of any of the Preference Shares outside of Jamaica.

The Directors whose names appear in Section 4 of this Prospectus accept full responsibility, collectively and individually, for all the information in this Prospectus relating to JMMB Group Limited, its subsidiaries and associated companies. The Directors have taken all reasonable care to ensure that, to the best of their knowledge and belief, the information given herein is in accordance with the facts and does not omit anything likely to affect, in a material way, the import of such information.

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained in this Prospectus.

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with no par value at a fixed price of
US\$2.00 per 5.75% Fixed Rate USD Preference Share**

AND

**500,000 Cumulative Redeemable 5.50% Fixed Rate USD Preference Shares
with no par value at a fixed price of
US\$2.00 per 5.50% Fixed Rate USD Preference Share**

payable in full on application

This Prospectus contains important information for prospective investors in the Company. All prospective investors should read this Prospectus carefully in its entirety before submitting an Application.

The application lists, with respect to the 7.25% Variable Rate JMD Preference Shares, the 7.00% Variable Rate JMD Preference Shares, the 5.75% Fixed Rate USD Preference Shares and the 5.50% Fixed Rate USD Preference Shares, will open at 9:00 a.m. on February 28, 2018 and will close at 3:30 p.m. on March 7, 2018. Applications submitted prior to the Opening Date will be received, but not processed until the Opening Date. The Company reserves the right to (i) close any application list at any time without notice if Applications have been received for the full amount of the respective Preference Shares offered, (ii) extend such closing beyond the above-mentioned date, or (iii) offer Preference Shares greater in number than originally offered. Applications for Preference Shares should be made on the original Application Forms provided at the end of this Prospectus or on the Application Forms available for download at www.jmmb.com and www.jamstockex.com.

Each Application for the 7.25% Variable Rate JMD Preference Shares must be for multiples of 1,000 such Preference Shares, subject to a minimum of 25,000 such Preference Shares.

Each Application for the 7.00% Variable Rate JMD Preference Shares must be for multiples of 1,000 such Preference Shares, subject to a minimum of 25,000 such Preference Shares.

Each Application for the 5.75% Fixed Rate USD Preference Shares must be for multiples of 500 such Preference Shares, subject to a minimum of 5,000 such Preference Shares.

Each Application for the 5.50% Fixed USD Preference Shares must be for multiples of 500 such Preference Shares, subject to a minimum of 5,000 such Preference Shares.

The procedure for applying for the Preference Shares and the terms and conditions of the Offer are set out in Section 20 of this Prospectus and on the Application Form.

The Offer with respect to the 7.25% Variable Rate JMD Preference Shares and the 5.75% Fixed Rate USD Preference Shares are hereby made solely for the benefit of Clients (as defined in Section 1 of this Prospectus). Additionally, applications for the 7.25% Variable Rate JMD Preference Shares and the 5.75% Fixed Rate USD Preference Shares may be made by a Client as the primary applicant and jointly with applicants who are not Clients. The Offer with respect to the 7.00% Variable Rate JMD Preference Shares and the 5.50% Fixed Rate USD Preference Shares are hereby made solely for the benefit of persons who are not Clients.

Completed Application Forms must be received by 3:30 p.m. on March 7, 2018. Each Application Form must be accompanied/supported by payment for the full amount payable on subscription by an Approved Payment Method in the required currency and delivered to any one of the locations listed in Section 3 of this Prospectus entitled "Professional Advisors to the Offer And Locations Where Applications May Be Submitted".

Upon the issue of the Preference Shares, they shall be converted to Preference Stock Units. It is the intention of the Company to apply to the Jamaica Stock Exchange for all of the Preference Stock Units to be listed on the Exchange. The applications for listing with respect to any class of Preference Stock Units will be made as soon as conveniently possible following the closing of the Offer and the allocation of the Preference Shares. **However, these statements are not to be construed as a guarantee that any of the Preference Stock Units will be listed.**

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Email: info@jmmb.com • Web: www.jmmb.com

CHAIRMAN'S LETTER TO PROSPECTIVE INVESTORS

Dear Prospective Investor,

We are pleased to announce the offer of a new tranche of Preference Shares in JMMB Group Limited, the details of which are set out in this Prospectus. The JMMB Group celebrated some key milestones in the 2016/2017 financial year, our 25th year of operation. We continued the build-out of the Group's integrated financial services business model, marked by the launch of commercial banking operations in Jamaica and the introduction of a pensions fund management business in the Dominican Republic – JMMB Administradora de Fondos de Pensiones (JMMB AFP).

As the Group celebrates its 25th anniversary, we remain committed to providing high quality service to our clients and competitive returns to our shareholders. In so doing, we must continuously review and refine our strategic plans.

Our successes over the last 25 years are due to our clients' continued partnership and trust in us. Still, the journey continues and additional financing is now required to support the Group's strategic goals. The proceeds of this issue will therefore be used to support the Group's continuing expansion both locally and regionally, and to refinance existing debt.

We invite you to share in this opportunity as you diversify and grow your investment portfolio.

Yours sincerely,



Archibald Campbell
Chairman
JMMB Group Limited

1. DEFINITIONS

In this Prospectus, the following words and phrases shall, unless the context otherwise requires, be read and construed as having the following meanings ascribed thereto:

“Act”	The Companies Act of Jamaica
“Allotment”	The allocation and issuance of Preference Shares to successful Applicants
“Applicant” or “Applicants”	The person(s) or entity(ies) by whom an Application is made
“Application” or “Applications”	The Application Form(s) completed by the Applicant(s) for the subscription of Preference Shares, duly delivered to any of the locations listed at Section 3 of this Prospectus together with payment in full of the subscription price for the amount subscribed in the required currency, by an Approved Payment Method and otherwise in compliance with the application procedures set out at Section 20
“Application Form”	The prescribed form for the relevant class of Preference Shares as set out in Appendix 4 which shall also be available for download at www.jmmb.com and www.jamstockex.com
“Approved Payment Method”	Any of the methods described at paragraph 2 of Section 20 of this Prospectus
“Board”	The board of directors of the Company
“BOJ”	The Bank of Jamaica
“Business Day”	Any day which is not a Saturday, a Sunday, a bank holiday or a public holiday in Jamaica
“Client”	A person who is an account holder, ordinary shareholder, preference shareholder or who has purchased specific services (being insurance brokerage, remittance, or any other service as the Company in its sole discretion shall determine) from any company within the JMMB Group as at December 31, 2017 and who, in the case of an individual, is at least 18 years old
“Closing Date”	With respect to any class of Preference Shares, the time of closing of the Offer (subject to such early closure or extension as the Directors may determine)
“Company”	JMMB Group Limited
“Director” or “Directors”	The person(s) who is(are) a member(s) of the Board of Directors of the Company

“Dividend”	The annual dividend of the Preference Stock Units, being: (i) in relation to the 7.25% Variable Rate JMD Preference Shares, the rate of 7.25% during the Initial Fixed Rate Period and thereafter the Variable Rate all payable monthly; (ii) in relation to the 7.00% Variable Rate JMD Preference Shares, the rate of 7.00% during the Initial Fixed Rate Period and thereafter the Variable Rate all payable monthly; (iii) in relation to the 5.75% Fixed Rate USD Preference Shares, the rate of 5.75% payable quarterly; and (iv) in relation to the 5.50% Fixed Rate USD Preference Shares, the rate of 5.50% payable quarterly
“FSC”	The Financial Services Commission of Jamaica
“Government” or “GOJ”	The Government of Jamaica
“Initial Fixed Rate Period”	The period commencing on the Closing Date and ending on March 6, 2020
“Invitee”	A person or entity who has properly received this Prospectus for the purpose of evaluating an investment in the Offer
“J\$” or “JMD”	The lawful currency of Jamaica
“JMMB”	Jamaica Money Market Brokers Limited, a subsidiary of the Company
“JMMBGL”	JMMB Group Limited
“JMMB Group” or “the Group”	The group of companies comprised of JMMBGL and its subsidiaries and affiliates as shown in section 7 of this Prospectus – Corporate Structure
“JSE”	The Jamaica Stock Exchange
“Offer”	The offer of the Preference Shares for subscription made in this Prospectus
“Offer Price”	(i) J\$2.00 per 7.25% Variable Rate JMD Preference Share (ii) J\$2.00 per 7.00% Variable Rate JMD Preference Share (iii) US\$2.00 per 5.75% Fixed Rate USD Preference Share (iv) US\$2.00 per 5.50% Fixed Rate USD Preference Share
“Opening Date”	The time of opening of the Offer, as set forth in Section 5 of this Prospectus
“Preference Shares”	All or any of the four classes of Cumulative Redeemable Preference Shares, namely: <ul style="list-style-type: none"> • 950,000,000 of 7.25% Variable Rate JMD Preference Shares • 50,000,000 of 7.00% Variable Rate JMD Preference Shares • 4,500,000 of 5.75% Fixed Rate USD Preference Shares • 500,000 of 5.50% Fixed Rate USD Preference Shares or such greater number as may actually be offered with respect to any or all classes of Preference Shares, each with no par value in the capital of JMMBGL, the subject of the Offer

“Preference Stock Units”	All or any of the Preference Shares converted on issue to preference stock units
“Registrar”	The Registrar whose name is set out in Section 3 of this Prospectus or such other persons as may be appointed by the Company from time to time to provide the services of registrar for the Company in relation to the Offer
“Terms of Issue of the Preference Shares”	The terms of the issue of the respective Preference Shares set forth in Appendix 2 to this Prospectus
“US\$” or “USD”	The lawful currency of the United States of America

2. DISCLAIMER & NOTE ON FORWARD-LOOKING STATEMENTS

This Prospectus has been reviewed and approved by all of the members of the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, (i) the information is true and accurate in all material respects and is not misleading in any material respect, (ii) any opinions, predictions or intentions expressed herein on the part of JMMBGL are honestly held or made and are not deliberately misleading in any material respect, (iii) that insofar as reasonably possible, all proper inquiries have been made to ascertain and to verify the foregoing, and (iv) this Prospectus does not contain any untrue statement of a material fact or fails to state a material fact necessary in order to make the statements herein, in light of the circumstances under which they are made, not misleading.

Each Applicant and Invitee acknowledges and agrees that (i) such Applicant or Invitee has been afforded a meaningful opportunity to review, and has received, all additional information considered by such Applicant or Invitee to be necessary to verify the accuracy of the information contained in this Prospectus, (ii) such Applicant or Invitee has not relied on JMMBGL nor any persons affiliated with JMMBGL or the legal or other professional advisors to JMMBGL in connection with their investigation of the accuracy of such information or their investment decision, and (iii) no person has been authorized to give information or to make any representation concerning JMMBGL or the Offer for subscription of the Preference Shares issued pursuant thereto or to provide information or to make any representation whatsoever in connection with this Prospectus other than as contained in this Prospectus, and information given by duly authorized officers

and employees of JMMBGL in connection with the Applicant's or Invitee's verification of the information contained in this Prospectus and that, if given or made, such other information or representation should not be relied upon as having been authorized by JMMBGL or any affiliate.

Neither the delivery of this Prospectus nor the offering, allotment or issue of any Preference Shares hereunder shall, under any circumstances, imply that there has been no change in the business, results of operations, financial condition or prospects of JMMBGL since the date of this Prospectus.

This Prospectus is not a recommendation by the Company that Invitees should submit Applications for Preference Shares. In making an investment decision, Applicants and Invitees are expected to make their own assessment of JMMBGL and the terms of the Offer herein, including the merits and risks involved.

Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination on the accuracy or adequacy of this Prospectus.

No representation or warranty, expressed or implied, is made by any affiliate of JMMBGL or by the legal or professional advisors to JMMBGL as to the accuracy or completeness of the information set forth herein including, without limitation, information with respect to JMMBGL, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation, whether as to the past or future.

This Prospectus contains summaries believed to be accurate with respect to certain terms of certain documents, but reference should be made to the actual documents (copies of which will be available to prospective investors upon request made to JMMBGL) for complete information with respect thereto, and all such summaries are qualified in their entirety by such complete information.

Each Applicant and Invitee should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of subscribing for the Preference Shares. Neither JMMBGL, nor any of its respective representatives, is making any representation to any Applicant or Invitee regarding legal, tax, business, financial or related aspects concerning subscription for Preference Shares, and Applicants and Invitees should not consider this Prospectus as a recommendation by JMMBGL that they should subscribe for or purchase any Preference Shares. Each Applicant and Invitee must make his or her own investigation and evaluation of JMMBGL and this Prospectus.

This Prospectus is intended for use in Jamaica only and is not to be construed as making an offer to persons outside of Jamaica to subscribe for any of the Preference Shares. The distribution or publication of this Prospectus and the offering of the Preference Shares outside of Jamaica is prohibited by law. JMMBGL requires that anyone who receives this Prospectus shall inform himself/herself about, and observe, such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, any offer to, or solicitation by, anyone in any jurisdiction other than Jamaica.

FORWARD-LOOKING STATEMENTS

Except for the historical information concerning the Company contained in this Prospectus, certain matters discussed in this Prospectus, including without limitation, the discussions of future plans and financial projections, contain forward-looking statements. Forward-looking statements are statements made based on assumptions or predictions of the future which may not necessarily come true. Although JMMBGL believes that in making any such statement its expectations are based on reasonable assumptions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Applicants

and Invitees are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

When used in this Prospectus, the words “anticipates”, “believes”, “expects”, “intends” and similar expressions, as they relate to the JMMB Group and its businesses, are intended to identify those forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of JMMBGL, JMMBGL undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in JMMBGL’s financial or regulatory position, or to reflect the occurrence of unanticipated events. There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond JMMBGL’s control. These factors include, without limitation, the following:

- economic, social and other conditions in Jamaica and any other jurisdiction in which the JMMB Group may operate, including actual rates of growth of such economies, instability, interest rate changes or exchange rate volatility
- adverse climatic events and natural disasters
- unavailability of regulatory approval to launch new financial products, or unfavourable market receptiveness to new products
- changes in regulatory policy adversely affecting the revenues or expenses of JMMBGL or other companies within the JMMB Group
- any other factor(s) negatively impacting on the realisation of the assumptions on which JMMBGL’s financial projections are based
- other factors identified in this Prospectus

3. PROFESSIONAL ADVISORS TO THE OFFER AND LOCATIONS WHERE APPLICATIONS MAY BE SUBMITTED

LEGAL ADVISORS

Harrison & Harrison

Attorneys-at-law
16 Hope Road, Suite 1
Kingston 10

REGISTRAR

KPMG Regulatory & Compliance

The Victoria Mutual Building
6 Duke Street
Kingston

BROKER

JMMB Securities Limited

6 Haughton Terrace
Kingston 10

SELLING AGENTS

Jamaica Money Market Brokers Limited

6 Haughton Terrace
Kingston 10

JMMB Bank (Jamaica) Limited

6-8 Grenada Way
Kingston 5

LOCATIONS WHERE APPLICATIONS MAY BE SUBMITTED

JAMAICA MONEY MARKET BROKERS LIMITED

HAUGHTON

5 Haughton Avenue
Kingston 10
Tel: (876) 998-5662
Fax: (876) 920-7281/998-9380

KNUTSFORD

11 Knutsford Boulevard
Kingston 5
Tel: (876) 998-5662
Fax: (876) 960-3927/960-4455

PORTMORE

47- 48 West Trade Way
Portmore Town Centre
Portmore, St. Catherine
Tel: (876) 998-5662
Fax: (876) 939-3207

MANDEVILLE

23 Ward Avenue
Mandeville, Manchester
Tel: (876) 998-5662
Fax: (876) 625-2352

MONTEGO BAY

Suite 1, Fairview Office Park
Alice Eldemire Drive
Montego Bay, St. James
Tel: (876) 998-5662
Fax (876) 979-8985

MAY PEN

Shop 28B
Bargain Village Plaza
35 Main Street
May Pen, Clarendon
Tel: (876) 998-5662
Fax: (876) 786-3660

OCHO RIOS

Guardian Life Building
2 Graham Street
Ocho Rios, St. Ann
Tel: (876) 998-5662
Fax: (876) 795- 3886

SANTA CRUZ

Shop #2, Oasis Plaza
Coke Drive
Santa Cruz, St. Elizabeth
Tel: (876) 998-5662
Fax (876) 966-9816

JUNCTION AGENCY

Shop 2, Roye's Plaza
Main Street, Junction
St. Elizabeth
Tel: (876) 998-5662

JMMB CORPORATE SOLUTIONS

6-8 Grenada Way
Kingston 5
Tel: (876) 998-5662
Fax: (876) 908-3184

JMMB BANK (JAMAICA) LIMITED

KNUTSFORD

11 Knutsford Boulevard
Kingston 5
Tel: (876) 998-5662
Fax: (876) 960-3927/960- 4455

OCHO RIOS

Guardian Life Building
2 Graham Street
Ocho Rios, St. Ann
Tel: (876) 998-5662
Fax: (876) 795-3886

HAUGHTON

5 Haughton Avenue
Kingston 10
Tel: (876) 998-5662
Fax: (876) 920-7281

PORTMORE

47- 48 West Trade Way
Portmore Town Centre
Portmore, St. Catherine
Tel: (876) 998-5662
Fax: (876) 939-3207

MONTEGO BAY

25 Church Street
Montego Bay, St. James
Tel: (876) 998-5662
Fax: (876) 952-4647

MANDEVILLE

23 Ward Avenue
Mandeville, Manchester
Tel: (876) 998-5662
Fax: (876) 625-2352

4. BOARD OF DIRECTORS PROFILES

ARCHIBALD CAMPBELL - CHAIRMAN

Archibald is the Chairman of JMMBGL and most of its subsidiaries, and is Chairman of the Board of Trustees of the JMMB Pension Fund. He is a director of JMMB Bank (Jamaica) Limited and sits on its Board Credit Committee. He is a past president of the Institute of Chartered Accountants of Jamaica and has served as an accounting expert in arbitration as well as a Director of several companies.

Archibald read for both his Bachelor and Masters of Science degrees in Accounting at the University of the West Indies. He served as a faculty member at his alma mater and was the Chief Financial Officer and University Bursar with regional oversight of the institution.

KEITH DUNCAN - EXECUTIVE DIRECTOR & GROUP CEO

Keith is the Group Chief Executive Officer and has served in this capacity since 2005. A true visionary and strategist, he built one of the strongest trading teams in Jamaica. His financial expertise has not only benefited the JMMB Group, but also the Jamaican financial sector. A former president of the Jamaica Securities Dealers' Association, he was involved in the partnership with the FSC in designing and implementing new structures and models to enhance the effectiveness of Jamaica's market players.

Keith served as a Vice-President of the Private Sector Organization of Jamaica during the period 2012 to 2014 and continues to contribute to Jamaica through various roles including co-chair of the Economic Programme and Oversight Committee (EPOC). He holds the Chartered Financial Analyst designation as well a B.A. (Economics) from the University of Western Ontario in Canada.

PATRIA-KAYE AARONS

Patria-Kaye brings over 15 years' experience in launching and successfully marketing brands and products to her role as a director of JMMBGL. She has also made a celebrated impact in Fortune 500 companies namely Western Union and Sharp Corporation, and was integral in the shaping of two of Jamaica's biggest brands, Digicel and GraceKennedy, in Jamaica and abroad.

This experienced communications practitioner is also the chief executive officer of Sweetie Confectionery (Jamaica) Limited. Her entrepreneurial prowess has seen her being recognized as the 2017 Entrepreneur of the Year by the Jamaica Chamber of Commerce.

Patria-Kaye holds a Bachelor of Arts in Media and Communications from The University of the West Indies, Mona and a Master of Science in Management from University of Edinburgh.

ANNE CRICK, PhD

Anne chairs JMMBGL's Board Nominations and Corporate Governance Committee and sits as a member on its Culture and Human Development Board Committee. She serves on the advisory council of the Jamaica Customer Service Association and is a member of the Board of Studies for the College of Insurance and Professional Studies. She is also an Honorary Fellow of the Jamaica Institute of Management.

Anne is also a Senior Lecturer at the University of the West Indies and a former Associate Dean of the Faculty of Social Sciences and former Head of Department for the Centre of Hospitality and Tourism Management (Nassau) and the Department of Management Studies (Mona) respectively.

Anne holds a B.Sc. in Hotel Management from the University of the West Indies, a M.Sc. with Honours from Pennsylvania State University and a Ph.D. in Organizational Management from Rutgers the State University of New Jersey.

ANDREW COCKING

Andrew spends time pursuing his own personal interest outside of his board responsibilities. His professional career includes a career start in banking at Citibank, Jamaica in Treasury Management and Corporate Banking, Managing Director of Pan Caribbean Merchant Bank, President of the Merchant Bankers Association, and at Capital & Credit Financial Group (CCFG) where he served on the Board, in senior management and was one of the founders of the business.

A trained engineer, he received a Bachelor of Science degree in Civil Engineering from Howard University in 1981, and in 1983 a Master of Science degree in Management and Public Policy from the Heinz College of Information Systems. Public Policy Management at Carnegie Mellon University.

Andrew has served as a director on numerous boards in both the Public and Private Sectors including Cable & Wireless Jamaica Limited, Heart Trust NTA, and Students' Loans Bureau and is now active on the Boards of JMMB Money Transfer and Kidney Kids Foundation. Andrew is also a member of JMMBGL's Finance Committee.

PATRICIA DAILEY-SMITH

Patricia has over twenty-five (25) years of experience in professional auditing and accounting spanning several industries, including financial services, public sector, hospitality and tourism, telecommunications, higher education, health care and manufacturing. She has a breadth of local and international experience, having held senior positions at KPMG. She chairs the Board Finance Committee and sits as a member on its Audit Committee.

In addition to being a holder of a Bachelor of Science degree in Management Studies from The University of the West Indies, Mona, Patricia is a Chartered Accountant and a member of the Association of Chartered Certified Accountants (ACCA).

She is currently a trustee on the JPSCO (Original 1973) Employees Pension Plan. She was formerly a member of the Institute of Chartered Accountants of Jamaica, the chair of the Student Accountancy

Training Consortium Finance Committee and KPMG American Chamber of Commerce (AMCHAM) representative.

AUDREY DEER-WILLIAMS

Audrey currently holds the position of Chief Technical Director in the Ministry of Labour and Social Security. She serves as a director on several boards including JMMB Joan Duncan Foundation and Sweet River Abattoir and Supplies Limited. Audrey chairs the Company's Culture and Human Development Board Committee and sits as a member on its Board Risk Committee.

She holds a Bachelor of Science degree with a double major in Economics and Accounting from the University of the West Indies, Mona and a Master in Business Administration from Manchester Business School.

DONNA DUNCAN-SCOTT

Donna is guided by the philosophy that: "We were born to manifest the glory of God. It is not just in some of us; it is in every one of us". She is committed to sharing this fundamental truth in all aspects of her life. As Executive Director of Culture and Human Development she leads the design and development of programmes and practices to deepen JMMB's unique culture of being in the world of team members and clients and having their best interest at heart.

Donna has a B.Sc. in Engineering, as well as an MBA from the Richard Ivey School of Business at the University of Western Ontario in Canada. She also holds the distinguished Chartered Financial Analyst designation.

HUGH DUNCAN

Hugh is the head of Group Capital Markets and brings to the Group a wealth of knowledge, financial management expertise and valuable experience, having held senior positions at Citibank (Trinidad) from 1989 to 1998. His international postings included Manila, Philippines, where he served for five years as a senior executive member of Citibank's international staff.

Hugh also held the position of Director, Capital Markets at FirstCaribbean International Bank for the North Caribbean region and subsequently was Managing Director of Intercommercial Bank Group Limited from 2006 to 2011. His career includes tenure in the energy sector, having worked with the Jamaica Bauxite Mining Company, and subsequently, Trinidad and Tobago Oil Company. Hugh holds a Bachelor of Commerce degree from Montreal's George Williams University and an MBA from Concordia University.

DENNIS HARRIS

Dennis is the chairman of JMMB Bank (Jamaica) Limited and sits on JMMBGL's Culture and Human Development, Audit, Finance, Risk and Nominations and Corporate Governance Board committees. In 2011, he assumed the position of Managing Director of Unicomer Jamaica Limited, building on

the strong track record established while he was the Regional Finance Director for Courts Jamaica Limited's operations in the Caribbean with specific responsibility for Finance, Treasury, Credit and Information Technology.

Dennis also serves as a director on the board of CGM Gallagher Group Limited and is a Chartered Accountant.

REECE KONG

With over two decades of experience as an information technology professional, Reece is the Managing Director and founder of RMP & Associates Limited, an information technology company that provides technological expertise to various government agencies, financial institutions and other corporate entities. Reece has held several senior positions at Advanced Integrated Systems (AIS) and was also a part of the technical team at Kingston Terminal Operators Limited. He chairs JMMBGL's Information Systems Board Committee and is a member of its Board Risk Committee.

He is the holder of a Bachelor of Science degree from Nova Southeastern University and is a proud Calabar alumnus.

H. WAYNE POWELL, OD, JP

Wayne is a business, financial and leadership consultant who has amassed three decades of executive management experience at Scotiabank in Jamaica and the Caribbean. His over 45-year career has been a long and decorated one in which he has provided leadership for both corporate and retail banking divisions, banking operations, sales & marketing, insurance, investments, customer experience and call centre operations.

In recognition of his stellar contribution to the banking sector, Wayne was conferred with the Order of Distinction (OD) by the Government of Jamaica in 2016.

In addition to his wealth of experience, he is the holder of a Master of Business Administration from Barry University and is an Associate of the Chartered Institute of Bankers, London (ACIB)

Wayne is also a director of JMMB Bank (Jamaica) Limited. He serves on the Bank's Board Credit Committee and JMMBGL's Culture and Human Development Committees. He is currently the chairman of Jencare Skin Farm Limited and the Open Arms Drop-In-Centre as well as being a director of The Friends of the Homeless and the Jennifer Samuda Foundation. He is a Justice of the Peace for the parish of St. Andrew.

WAYNE SUTHERLAND

Wayne is the Managing Director of Jamaica Venture Fund Limited, a company that makes venture capital investments. He serves as a Director of JMMB Bank (T&T) Limited, JMMB Investments (Trinidad and Tobago) Limited, JMMB Securities (T&T) Limited and Intercommercial Trust and Merchant Bank Limited. He is a member of the Group Information Systems, Audit and Nominations and Corporate Governance Board Committees.

A former director of Jamaica's Securities Commission (now the FSC), he is currently chairman of Kencasa Construction & Project Management Limited and the St. Hugh's Preparatory School Board. Wayne holds a Bachelor of Science degree from University of the West Indies and an MBA from the Columbia University Graduate School of Business.

AUDREY WELDS

Audrey has had a distinguished legal career encompassing both the private and public sectors. She is now an academic with more than a decade of experience in teaching law courses at both the undergraduate and graduate levels at the University of the West Indies, Mona and the Norman Manley Law School.

Audrey holds a Bachelor of Laws (LL.B.) degree from the University of the West Indies, Cave Hill, a Certificate of Legal Education from the Norman Manley Law School and a Master of Laws (LL.M.) degree from the University of London. She was admitted to the Jamaican Bar in 1983.

Audrey is a member of JMMBGL's Nominations and Corporate Governance Committee.

An active member of the legal fraternity, she has served on sub-committees of the Jamaican Bar Association and currently sits on the Accounting Reports Committee and the Proceeds of Crime Act Committee of the General Legal Council.

V. ANDREW WHYTE

Andrew chairs the Board Audit Committees of JMMBGL and JMMB Bank (Jamaica) Limited and sits on their Finance and Risk Board Committees. He is the Group Treasurer at Jamaica Producers Group (JPG) and chairs the Board of Trustees of the JPG Pension Plan. Andrew also chairs the board of management of Emmanuel Christian Academy.

Andrew holds a BSc. in Chemical Engineering and an MBA in Finance and Economics.

CAROLYN DACOSTA, JP – COMPANY SECRETARY

Carolyn, in her current capacity, has overarching responsibility for ensuring that the JMMB Group complies with standard financial and legal practices and maintains the defined standards of corporate governance. As such, she oversees the establishment, implementation and monitoring of the Group's compliance and regulatory framework.

In keeping with the Group's commitment to effective corporate governance, she ensures compliance with all relevant statutory and regulatory requirements, monitors changes in relevant legislation and ensures the taking of appropriate action, as required.

Carolyn's professional qualifications include a Bachelor of Laws degree from the University of London, a Bachelor of Arts degree from the University of the West Indies, and an MBA in Finance from the Manchester Business School. Additionally, she is a Fellow Member of the International Compliance Association and a Justice of the Peace for the parish of St. Catherine.

GROUP EXECUTIVES

KEITH DUNCAN – Group Chief Executive Officer

DAMION BROWN – Group Chief Risk Officer

CAROLYN DaCOSTA – Group Chief Compliance Officer & Corporate Secretary

DONNA DUNCAN-SCOTT – Group Chief Culture & Human Development Officer

PATRICK ELLIS – Group Chief Financial Officer

PAUL GRAY – Group Chief Investment & Treasury Officer

JULIAN MAIR – Group Chief Investment Strategist

JANET PATRICK – Group Financial Planning & Budgeting Officer

SHELDON POWE – Group Chief Information Officer

KERRY-ANN STIMPSON – Group Chief Marketing Officer

CLAUDINE TRACEY - Group Chief Strategy Officer

KISHA ANDERSON – Country CEO – Jamaica

5. SUMMARY OF KEY OFFER INFORMATION

The following summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Prospectus.

You are advised to read this entire Prospectus carefully before making an investment decision about the Offer. Your specific attention is drawn to the Risk Factors in Section 16 of this Prospectus.

If you have any questions arising out of this document or if you require any explanation, you should consult your stockbroker, licensed investment advisor, attorney-at-law, accountant or other professional advisor.

TIMETABLE

Publication of Prospectus	February 19, 2018
Offer Opens at 9:00 a.m.	February 28, 2018
Offer Closes at 3:30 p.m.	March 7, 2018
Allocation announced by	March 12, 2018
Refund cheques sent by	March 19, 2018

OFFER TO CLIENTS

The Offer with respect to the 7.25% Variable Rate JMD Preference Shares and the 5.75% Fixed Rate USD Preference Shares is hereby made solely for the benefit of Clients and Applications from any other persons will not be accepted. **However, applicants for the 7.25% Variable Rate JMD Preference Shares and for the 5.75% Fixed Rate USD Preference Shares may be made by a Client as the primary applicant and jointly with applicants who are not Clients.**

7.25% VARIABLE RATE JMD PREFERENCE SHARES

ISSUER:	JMMBGL
ELIGIBLE APPLICANT	Clients only, or together with joint applicants where a Client is the primary Applicant
SECURITIES	950,000,000 Cumulative Redeemable Preference Shares with no par value, each in the capital of JMMBGL
OFFER PRICE	J\$2.00 per Preference Share
TENOR	Eighty-Four (84) Months, subject to JMMB's right of early redemption as outlined below (Redemption: Optional Redemption)
NO. OF OFFERED SHARES	950,000,000 Preference Shares
OFFER CAPITALISATION	J\$1,900,000,000
HOW PAYABLE	In full on application in Jamaican Dollars by the Approved Payment Method

<p>DIVIDEND PAYMENT</p>	<p>The first dividend payment on the 7.25% Variable Rate JMD Preference Shares will become due and payable on April 6, 2018. Thereafter, dividends will be due and payable monthly on the 6th day of each month or if such day falls on a day other than a Business Day then on the prior Business day at the Agreed Rate (as hereinafter defined) until maturity on March 6, 2025 or earlier redemption as outlined below (Redemption: Optional Redemption).</p>
<p>REDEMPTION</p>	<p>The 7.25% Variable Rate JMD Preference Shares shall be issued as cumulative redeemable preference shares and, subject to the provisions of the Act and to the terms and conditions set out in this paragraph, whole or partial redemption of the 7.25% Variable Rate JMD Preference Stock Units in issue shall be effected in the following manner:</p> <p>(i) Mandatory Redemption: If the 7.25% Variable Rate JMD Preference Stock Units are listed on the JSE as proposed, JMMBGL will redeem the Preference Stock Units by purchase over the JSE for the price of J\$2.00 per 7.25% Variable Rate JMD Preference Stock Unit on March 6, 2025 or if such day falls on a day other than a Business Day then on the prior Business Day.</p> <p>(ii) Optional Redemption: If the 7.25% Variable Rate JMD Preference Stock Units are listed on the JSE as proposed, JMMBGL reserves the right to redeem the 7.25% Variable Rate JMD Preference Stock Units (in full or part) on any date that is not less than five (5) years from the Closing Date at a price of J\$2.00 per 7.25% Variable Rate JMD Preference Stock Unit. Prior notice of intention to exercise this right of early redemption of at least thirty (30) days shall be given to the holders of the 7.25% Variable Rate JMD Preference Stock Units. See Appendix 2 of this Prospectus setting forth the Terms of Issue for more information on redemption of the Preference Stock Units.</p> <p>See Appendix 2 of this Prospectus setting forth the Terms of Issue for more information on redemption of the Preference Stock Units.</p>
<p>SIGNIFICANT TERMS AND CONDITIONS OF 7.25% VARIABLE RATE JMD PREFERENCE SHARES</p>	<p>The 7.25% Variable Rate JMD Preference Shares (converted on issue to be 7.25% Variable Rate JMD Preference Stock Units) will carry the right to a cumulative preferential dividend payable monthly at the Agreed Rate (as hereinafter defined) on the capital for the time being paid up or credited as paid up on the 7.25% Variable Rate JMD Preference Stock Units and, on a winding up, to repayment in priority to the ordinary shareholders of JMMBGL. They will not carry the right to vote, save in narrowly prescribed circumstances being (a) dividend not paid for more than 12 months; or (b) on a winding up. JMMBGL also reserves the right to issue additional 7.25% Variable Rate JMD Preference Shares in the capital of JMMBGL, the same to be converted to Preference Stock Units either ranking pari passu and identical in all respects and so as to form one class with then existing 7.25% Variable Rate JMD Preference Stock Units or ranking pari passu therewith as regards priority in respect of income and/or capital but carrying a different rate of dividend or otherwise differing from the Preference Stock Units.</p>

<p>SIGNIFICANT TERMS AND CONDITIONS OF 7.25% VARIABLE RATE JMD PREFERENCE SHARES CONTINUED</p>	<p>Variation of the terms of issue will require the consent in writing of the holders of 75% of the Preference Stock Units or the sanction of an Extraordinary Resolution (being a resolution passed by a majority of not less than 75% of holders of the Preference Stock Units voting in person or by proxy) passed at a separate meeting of the class of the Preference Stock Units, but not otherwise.</p> <p>“Agreed Rate” means the rate of 7.25% per annum (on a 365-day year basis) during the period commencing on the Closing Date and ending on March 6, 2020 and thereafter the rate equal to the most recent of the GOJ’s 180-day Weighted Average Treasury Bill Yield (WATBY) plus 1.50% per annum to be reset annually on March 6 of each year until maturity of the 7.25% Variable Rate JMD Preference Shares the subject of the Offer.</p> <p>Each Application for the 7.25% Variable Rate JMD Preference Shares must be for multiples of 1,000 such Preference Shares subject to a minimum of 25,000 such Preference Shares.</p>
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5.75% FIXED RATE USD PREFERENCE SHARES

ISSUER:	JMMBGL
ELIGIBLE APPLICANT	Clients only or together with joint applicants where a Client is the primary Applicant
SECURITIES	4,500,000 Cumulative Redeemable Preference Shares with no par value, each in the capital of JMMBGL
OFFER PRICE	US\$2.00 per Preference Share
TENOR:	Eighty-four (84) Months, subject to JMMB’s right of early redemption as outlined below (Redemption: Optional Redemption)
NO. OF OFFERED SHARES	4,500,000 Preference Shares
OFFER CAPITALISATION	US\$ 9,000,000
HOW PAYABLE	In full on application in United States Dollars by the Approved Payment Method
DIVIDEND PAYMENT	The first dividend payment on the 5.75% Fixed Rate USD Preference Shares will become due and payable on June 6, 2018. Thereafter, dividends will be due and payable quarterly on the 6th day of each relevant month (September, December, March, June) or if such day falls on a day other than a Business Day then on the prior Business Day at the Agreed Rate (as hereinafter defined) until maturity on March 6, 2025 or earlier redemption as outlined below (Redemption: Optional Redemption)
REDEMPTION	The 5.75% Fixed Rate USD Preference Shares shall be issued as cumulative redeemable preference shares and, subject to the provisions of the Act and to the terms and conditions set out in this paragraph, whole or partial redemption 5.75% Fixed Rate USD Preference Stock Units in issue shall be effected in the following manner:

<p>REDEMPTION CONTINUED</p>	<p>(i) Mandatory Redemption: If the 5.75% Fixed Rate USD Preference Stock Units are listed on the JSE as proposed, JMMBGL will redeem the Preference Stock Units by purchase over the JSE for the price of US\$2.00 per 5.75% Fixed Rate USD Preference Stock Unit on March 6, 2025 or if such day falls on a day other than a Business Day then on the prior Business Day</p> <p>(ii) Optional Redemption: If the 5.75% Fixed Rate USD Preference Stock Units are listed on the JSE as proposed, JMMBGL reserves the right to redeem the 5.75% Fixed Rate USD Preference Stock Units (in full or part) on any date that is not less than five (5) years from the Closing Date at a price of US\$2.00 per 5.75% Fixed Rate USD Preference Stock Unit. Prior notice of intention to exercise this right of early redemption of at least thirty (30) days shall be given to the holders of the 5.75% Fixed Rate USD Preference Stock Units.</p> <p>See Appendix 2 of this Prospectus setting forth the Terms of Issue for more information on redemption of the Preference Stock Units.</p>
<p>SIGNIFICANT TERMS AND CONDITIONS OF 5.75% FIXED RATE USD PREFERENCE SHARES</p>	<p>The 5.75% Fixed Rate USD Preference Shares (converted on issue to be 5.75% Fixed Rate USD Preference Stock Units) will carry the right to a cumulative preferential dividend payable quarterly at the Agreed Rate (as hereinafter defined) on the capital for the time being paid up or credited as paid up on the 5.75% Fixed Rate USD Preference Stock Units and, on a winding up, to repayment in priority to the ordinary shareholders of JMMBGL. They will not carry the right to vote save in narrowly prescribed circumstances being (a) dividend not paid for more than 12 months; or (b) on a winding up. JMMBGL also reserves the right to issue additional 5.75% Fixed Rate USD Preference Shares in the capital of JMMBGL, the same to be converted to Preference Stock Units either ranking pari passu and identical in all respects and so as to form one class with then existing 5.75% Fixed Rate USD Preference Stock Units or ranking pari passu therewith as regards priority in respect of income and/or capital but carrying a different rate of dividend or otherwise differing from the Preference Stock Units.</p> <p>Variation of the terms of issue will require the consent in writing of the holders of 75% of the Preference Stock Units or the sanction of an Extraordinary Resolution (being a resolution passed by a majority of not less than 75% of holders of the Preference Stock Units voting in person or by proxy) passed at a separate meeting of the class of the Preference Stock Units, but not otherwise.</p> <p>"Agreed Rate" means the rate of 5.75% per annum calculated on the Offer Price per 5.75% Fixed Rate USD Preference Share on a 360-day year, 30-day month basis.</p> <p>Each Application for the 5.75% Fixed Rate USD Preference Shares must be for multiples of 500 such Preference Shares subject to a minimum of 5,000 such Preference Shares.</p>

OFFER TO NON-CLIENTS

The Offer with respect to the 7.00% Variable Rate JMD Preference Shares and the 5.50% Fixed Rate USD Preference Shares is hereby made solely for the benefit of persons who are not Clients and Applications for such Preference Shares from Clients, either alone or together with applicants who are non-clients will not be accepted unless the Client is not the primary applicant.

7.00% VARIABLE RATE JMD PREFERENCE SHARES

ISSUER	JMMBGL
ELIGIBLE APPLICANT	Applicants who are not Clients or who are not applying jointly with a primary applicant who is a Client
SECURITIES	50,000,000 Cumulative Redeemable Preference Shares with no par value, each in the capital of JMMBGL
OFFER PRICE	J\$2.00 per Preference Share
TENOR	Eighty-Four (84) Months, subject to JMMB's right of early redemption as outlined below (Redemption: Optional Redemption)
NO. OF OFFERED SHARES	50,000,000 Preference Shares
OFFER CAPITALISATION	J\$100,000,000
HOW PAYABLE	In full on application in Jamaican Dollars by the Approved Payment Method
DIVIDEND PAYMENT	The first dividend payment on the 7.00% Variable Rate JMD Preference Shares will become due and payable on April 6, 2018. Thereafter, dividends will be due and payable monthly on the 6th day of each month or if such day falls on a day other than a Business Day then on the prior Business Day at the Agreed Rate (as hereinafter defined) until maturity on March 6, 2025 or earlier redemption as outlined below (Redemption: Optional Redemption).
REDEMPTION	<p>The 7.00% Variable Rate JMD Preference Shares shall be issued as cumulative redeemable preference shares and, subject to the provisions of the Act and the terms and conditions set out in this paragraph, whole or partial redemption of 7.00% Variable Rate JMD Preference Stock Units in issue shall be effected in the following manner:</p> <p>(i) Mandatory Redemption: If the 7.00% Variable Rate JMD Preference Stock Units are listed on the JSE as proposed, JMMBGL will redeem the Preference Stock Units by purchase over the JSE for the price of J\$2.00 per 7.00% Variable Rate JMD Preference Stock Unit on March 6, 2025 or if such day falls on a day other than a Business Day then on the prior Business Day.</p>

<p>REDEMPTION CONTINUED</p>	<p>(ii) Optional Redemption: If the 7.00% Variable Rate JMD Preference Stock Units are listed on the JSE as proposed, JMMBGL reserves the right to redeem the 7.00% Variable Rate JMD Preference Stock Units (in full or part) on any date that is not less than five (5) years from the Closing Date at a price of J\$2.00 per 7.00% Variable Rate JMD Preference Stock Unit. Prior notice of intention to exercise this right of early redemption of at least thirty (30) days shall be given to the holders of the 7.00% Variable Rate JMD Preference Stock Units.</p> <p>See Appendix 2 of this Prospectus setting forth the Terms of Issue for more information on redemption of the Preference Stock Units.</p>
<p>SIGNIFICANT TERMS AND CONDITIONS OF 7.00% VARIABLE RATE JMD PREFERENCE SHARES</p>	<p>The 7.00% Variable Rate JMD Preference Shares (converted on issue to be 7.00% Variable Rate JMD Preference Stock Units) will carry the right to a cumulative preferential dividend payable monthly at the Agreed Rate (as hereinafter defined) on the capital for the time being paid up or credited as paid up on the 7.00% Variable Rate JMD Preference Stock Units, and on a winding up, to repayment in priority to the ordinary shareholders of JMMBGL. They will not carry the right to vote, save in narrowly prescribed circumstances being (a) dividend not paid for more than 12 months; or (b) on a winding up. JMMBGL also reserves the right to issue additional 7.25% Variable Rate JMD Preference Shares in the capital of JMMBGL, the same to be converted to Preference Stock Units either ranking pari passu and identical in all respects and so as to form one class with then existing 7.25% Variable Rate JMD Preference Stock Units or ranking pari passu therewith as regards priority in respect of income and/or capital but carrying a different rate of dividend or otherwise differing from the Preference Stock Units.</p> <p>Variation of the terms of issue will require the consent in writing of the holders of 75% of the Preference Stock Units or the sanction of an Extraordinary Resolution (being a resolution passed by a majority of not less than 75% of holders of the Preference Stock Units voting in person or by proxy) passed at a separate meeting of the class of the Preference Stock Units, but not otherwise.</p> <p>"Agreed Rate" means the rate of 7.00% per annum (on a 365-day year basis) during the period commencing on the Closing Date and ending on March 6, 2020 and thereafter the rate equal to the most recent of the GOJ's 180-day Weighted Average Treasury Bill Yield (WATBY) plus 1.50 % per annum to be reset annually on March 6 of each year until maturity of the 7.00% Variable Rate JMD Preference Shares the subject of the Offer.</p> <p>Each Application for the 7.00% Variable Rate JMD Preference Shares must be for multiples of 1,000 such Preference Shares subject to a minimum of 25,000 such Preference Shares.</p>

5.50% FIXED RATE USD PREFERENCE SHARES

ISSUER	JMMBGL
ELIGIBLE APPLICANT	Applicants who are not Clients or who are not applying jointly with a primary applicant who is a Client
SECURITIES	500,000 Cumulative Redeemable Preference Shares with no par value, each in the capital of JMMBGL
OFFER PRICE	US\$2.00 per Preference Share
TENOR:	Eighty-Four (84) Months, subject to JMMB's right of early redemption as outlined below (Redemption: Optional Redemption)
NO. OF OFFERED SHARES	500,000 Preference Shares
OFFER CAPITALISATION	US\$1,000,000
HOW PAYABLE	In full on application in United States Dollars by the Approved Payment Method
DIVIDEND PAYMENT	The first dividend payment on the 5.50% Fixed Rate USD Preference Shares will become due and payable on June 6, 2018. Thereafter, dividends will be due and payable quarterly on the 6th day of each relevant month (September, December, March, June) or if such day falls on a day other than a Business Day then on the prior Business Day at the Agreed Rate (as hereinafter defined) until maturity on March 6, 2025 or earlier redemption as outlined below (Redemption: Optional Redemption).
REDEMPTION	<p>The 5.50% Fixed Rate USD Preference Shares shall be issued as cumulative redeemable preference shares and, subject to the provisions of the Act and the terms and conditions set out in this paragraph, whole or partial redemption of 5.50% Fixed Rate USD Preference Stock Units in issue shall be effected in the following manner:</p> <p>(i) Mandatory Redemption: If the 5.50% Fixed Rate USD Preference Stock Units are listed on the JSE as proposed, JMMBGL will redeem the Preference Stock Units by purchase over the JSE for the price of US\$2.00 per 5.50% Fixed Rate USD Preference Stock Unit on March 6, 2025 or if such day falls on a day other than a Business Day then on the prior Business Day.</p> <p>(ii) Optional Redemption: If the 5.50% Fixed Rate USD Preference Stock Units are listed on the JSE as proposed, JMMBGL reserves the right to redeem the 5.50% Fixed Rate USD Preference Stock Units (in full or part) on any date that is not less than five (5) years from the Closing Date at a price of US\$2.00 per 5.50% Fixed Rate USD Preference Stock Unit. Prior notice of intention to exercise this right of early redemption of at least thirty (30) days shall be given to the holders of the 5.50% Fixed Rate USD Preference Stock Units.</p> <p>See Appendix 2 of this Prospectus setting forth the Terms of Issue for more information on redemption of the Preference Stock Units.</p>

<p>SIGNIFICANT TERMS AND CONDITIONS OF 5.50% FIXED RATE USD PREFERENCE SHARES</p>	<p>The 5.50% Fixed Rate USD Preference Shares (converted on issue to be 5.50% Fixed Rate USD Preference Stock Units) will carry the right to a cumulative preferential dividend payable quarterly at the Agreed Rate (as hereinafter defined) on the capital for the time being paid up or credited as paid up on the 5.50% Fixed Rate USD Preference Stock Units and, on a winding up, to repayment in priority to the ordinary shareholders of JMMBGL. They will not carry the right to vote save in narrowly prescribed circumstances being (a) dividend not paid for more than 12 months; or (b) on a winding up. JMMBGL also reserves the right to issue additional 5.50% Fixed Rate USD Preference Shares in the capital of JMMBGL, the same to be converted to Preference Stock Units either ranking pari passu and identical in all respects and so as to form one class with then existing 5.50% Fixed Rate USD Preference Stock Units or ranking pari passu therewith as regards priority in respect of income and/or capital but carrying a different rate of dividend or otherwise differing from the Preference Stock Units.</p> <p>Variation of the terms of issue will require the consent in writing of the holders of 75% of the Preference Stock Units or the sanction of an Extraordinary Resolution (being a resolution passed by a majority of not less than 75% of holders of the Preference Stock Units voting in person or by proxy) passed at a separate meeting of the class of the Preference Stock Units, but not otherwise.</p> <p>"Agreed Rate" means the rate of 5.50% per annum calculated on the Offer Price per 5.50% Fixed Rate USD Preference Share on a 360-day year, 30-day month basis</p> <p>Each Application for the 5.50% Fixed Rate USD Preference Shares must be for multiples of 500 such Preference Shares subject to a minimum of 5,000 such Preference Shares.</p>
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INTENTION TO LIST ON JSE

JMMBGL intends, immediately following the closing of the Offer, to make an application to the JSE to list the 7.25% Variable Rate JMD Preference Shares, the 7.00% Variable Rate JMD Preference Shares, the 5.75% Fixed Rate USD Preference Shares and the 5.50% Fixed Rate USD Preference Shares issued pursuant to the Offer (converted to Preference Stock Units on issue) on the JSE to facilitate the trading of each of the said Preference Stock Units over the JSE. This statement is not to be construed as a guarantee that all or any of the said Preference Stock Units will be listed.

6. REASONS FOR OFFER AND USE OF PROCEEDS

The proceeds of this issue will be used to support the Group's continued expansion both locally and regionally, and to refinance existing debt.

7. INFORMATION ABOUT THE JMMB GROUP OF COMPANIES

A 25 YEAR LONG JOURNEY, ROOTED IN LOVE

In 1992, JMMB's co-founders, Joan Duncan and Dr. Noel Lyon, dared to disrupt the financial services sector, by creating a company that would give the average investor access to the money market, at a time when it was primarily the domain of financial institutions. Jamaica Money Market Brokers Limited (JMMB), would also be unlike any other financial institution, in that it would be founded on the core value of love.

Over the past 25 years, JMMB has evolved into a regional financial group of companies, proudly offering a complete suite of financial solutions to its clients, in the areas of banking, investments, insurance brokering and remittances.

JMMBGL, incorporated in 2012, replaced JMMB as the parent company of the Group, following a scheme of arrangement, whereby all issued stock units in JMMB, (a public-listed company since 2003), were exchanged for stock units in JMMBGL. JMMBGL was listed on the Jamaica, Barbados and Trinidad and Tobago stock exchanges in 2015.

From a client base of just under 150, in JMMB's first year of operation, the Group now partners with over 270,000 clients across the Caribbean region. Annual net profit has grown from J\$1.55 billion at financial year end 2004 (the year of JMMB's initial public listing of ordinary shares), to J\$3.35 billion across the Group, for financial year-end 2016/2017. This strong financial performance has redounded to the benefit of the company's shareholders, as earnings per stock unit have moved from J\$1.06 as at financial year-end 2004, to J\$2.03, as at financial year-end 2016/2017. The Company has also periodically issued preference shares, all of which received a tremendous response from the market, were over-subscribed and provided competitive returns for shareholders.

OUR PIONEERING SPIRIT

Among the Group's major achievements were a number of 'firsts' for the financial services sector. Buoyed by a pioneering spirit of bringing value-added solutions that financially empower its clients, the Group has been known for:

- Creating the "secondary market" for debt securities in Jamaica (1992)
- Establishing the first US\$ Money Market Fund in Jamaica (1994)
- Spearheading the first 100% electronic share offer on the JSE, which fully dematerialized the JMMB's shares, allowing for easy trading and enhanced shareholder access (2003)
- Launching the first online investing platform (JMMB Moneyline), which gave investors the ability to initiate and track stock orders (2005).

BUSINESS LINE EXPANSION AND REGIONAL DIVERSIFICATION

The Group has also sought to develop a leadership position in regional markets and has expanded throughout the region. This expansion has included:

JAMAICA	<ul style="list-style-type: none"> - The 2012 acquisition of the Capital & Credit Financial Group, enabling the addition of merchant banking, remittance and unit trust solutions to existing investments and insurance brokering offerings
TRINIDAD AND TOBAGO	<ul style="list-style-type: none"> - Acquiring a 50% interest in Intercommercial Bank Limited, and its subsidiary IBL Merchant Bank Limited, in 2004, and then, later, assuming the remaining interest - In 2012, the opening of JMMB Investments (Trinidad and Tobago) Limited, offering investment services
DOMINICAN REPUBLIC	<ul style="list-style-type: none"> - The opening of JMMB Puesto de Bolsa in October, 2007, as part of a strategic decision to develop the money market in that Spanish-speaking Caribbean island - The acquisition of Banco Ahorro y Credito, now JMMB Bank DR, in 2015 - The addition of: <ul style="list-style-type: none"> • JMMB Bank DR in 2015 • JMMB Sociedad Administradora De Fondos De Inversion (SAFI), in 2016, which offers mutual funds to that market • AFP JMMB BDI, S.A, in 2017 which offers Pension services.

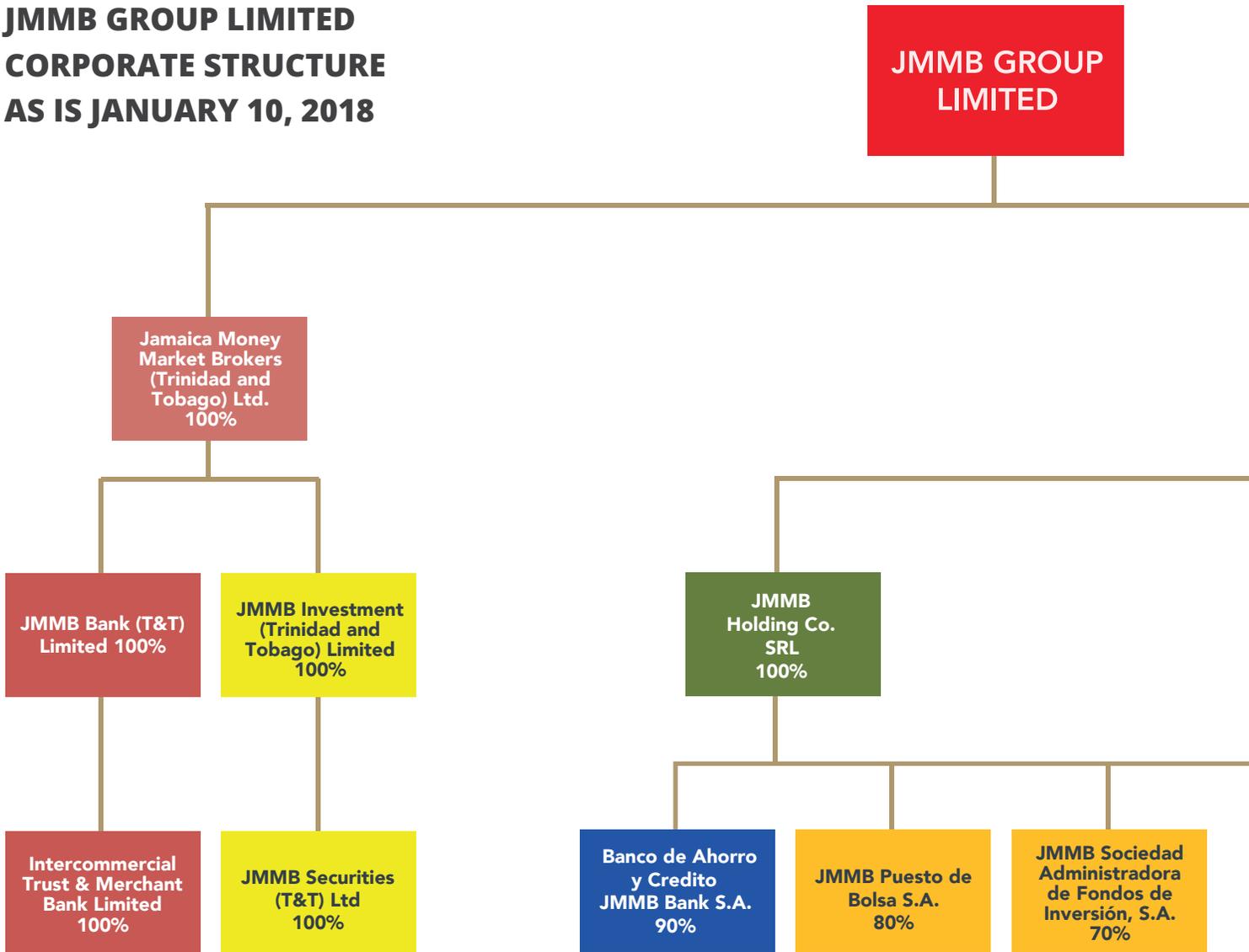
MOVING FORWARD TOGETHER

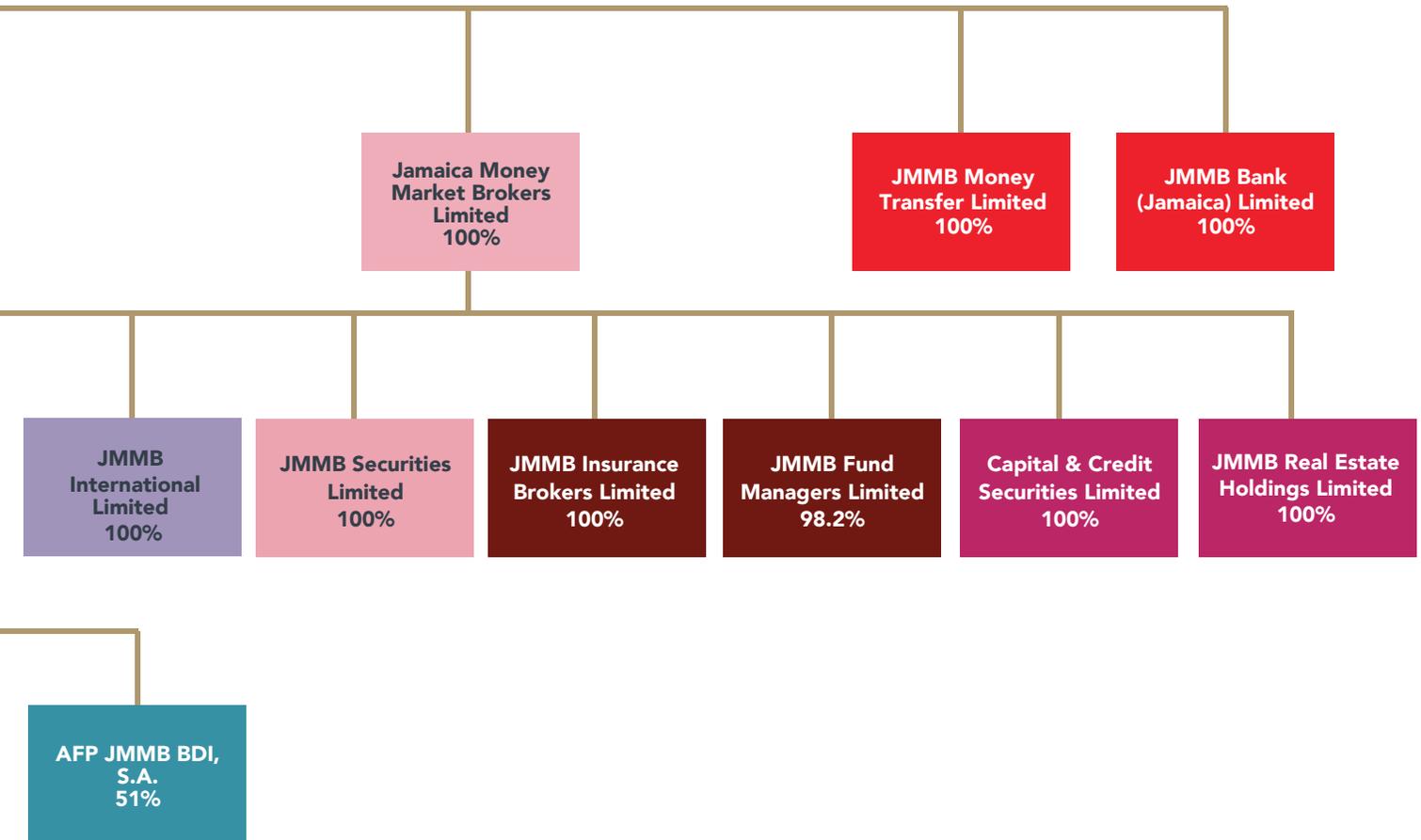
As the Group embarks on the next phase of its evolution, the entire JMMB team looks forward to continuing to realise the vision of its co-founders. JMMB Group remains confident that the successes achieved over the course of its existence, demonstrate that its unique approach to financial partnership will continue to allow clients to achieve their life goals, and spell success for all stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

The JMMB Group takes its role as a socially-responsible corporate citizen very seriously. In Jamaica, the Group's structured corporate social responsibility programmes are delivered primarily through the JMMB Joan Duncan Foundation, and through community initiatives in the other countries within which the Group operates. Throughout the years, JMMB Group's Vision of Love has been extended to diverse communities through the support of various initiatives in the areas of sport, healthcare, education, entrepreneurship and general outreach.

**JMMB GROUP LIMITED
CORPORATE STRUCTURE
AS IS JANUARY 10, 2018**





- BOJ Regulated
- FSC & BOJ Regulated
- FSC Regulated
- Central Bank of TT Regulated
- TTSEC Regulated
- Eastern Caribbean Securities Commission Regulated (Future)
- Unregulated
- Central Bank of Dominican Republic (Future)
- Superintendencia de Bancos de la Republica Dominicana
- Superintendencia de Valores de la Republica Dominicana
- Superintendencia de Pensiones de la República Dominicana (SIPEN)

8. SHARE CAPITAL

By virtue of the provisions of the Act, shares in the Company now have no par value.

CLASS PREFERENCE	AUTHORISED	NUMBER ISSUED	STATED
PREFERENCE	No Maximum	1,879,979,000	J\$1,841,699,000 US\$43,103,750
ORDINARY	No Maximum	1,630,552,532	\$12,197,032,924

9. LICENSES AND REGULATORY FRAMEWORK

Regulatory information in respect of JMMBGL and its subsidiaries is as follows:

NAME OF ENTITY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	REGULATORS
JMMB Group Limited	Jamaica	Financial Holding Company	<p>Jamaica Bank of Jamaica, Financial Services Commission, Jamaica Stock Exchange Limited</p> <p>Trinidad and Tobago Trinidad and Tobago Securities and Exchange Commission, Trinidad and Tobago Stock Exchange Limited</p> <p>Barbados Financial Services Commission, Barbados Stock Exchange</p>
JMMB Bank (Jamaica) Limited	Jamaica	Commercial banking	Bank of Jamaica
JMMB Money Transfer Limited	Jamaica	Remittance	Bank of Jamaica
Jamaica Money Market Brokers Limited	Jamaica	Securities dealing and Primary dealer	Financial Services Commission, Jamaica Stock Exchange Limited, Bank of Jamaica
JMMB Insurance Brokers Limited	Jamaica	Insurance brokering	Financial Services Commission
JMMB Fund Managers Limited	Jamaica	Fund management	Financial Services Commission
Capital & Credit Securities Limited	Jamaica	Investment holding	Unregulated ¹
JMMB Real Estate Holdings Limited	Jamaica	Real estate holding	Unregulated
JMMB International Limited	St. Lucia	Investment holding and management	Unregulated

¹ The Financial Services Commission Dealer Licence was surrendered in October 2015, after the Supreme Court approved the dissolution of the Individual Retirement Account. The Company is a Special Purpose Vehicle within the JMMB Group used for the purposes of holding and recovering bad loans.

NAME OF ENTITY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	REGULATORS
JMMB Securities Limited	Jamaica	Stock brokering and cambio services	Financial Services Commission, Jamaica Stock Exchange Limited, Bank of Jamaica
Jamaica Money Market Brokers (Trinidad and Tobago) Limited	Trinidad and Tobago	Financial Holding Company	Central Bank of Trinidad and Tobago
JMMB Investments (Trinidad and Tobago) Limited	Trinidad and Tobago	Securities brokering	Trinidad and Tobago Securities and Exchange Commission, Trinidad and Tobago Stock Exchange Limited
JMMB Securities (T&T) Limited	Trinidad and Tobago	Stock brokering	Trinidad and Tobago Securities and Exchange Commission, Trinidad and Tobago Stock Exchange Limited
JMMB Bank (T&T) Limited	Trinidad and Tobago	Commercial banking	Central Bank of Trinidad and Tobago, Trinidad and Tobago Securities and Exchange Commission, Trinidad and Tobago Stock Exchange Limited
Intercommercial Trust and Merchant Bank Limited	Trinidad and Tobago	Merchant banking	Central Bank of Trinidad and Tobago, Trinidad and Tobago Securities and Exchange Commission, Trinidad and Tobago Stock Exchange Limited
JMMB Holding Company SRL	Dominican Republic	Investment holding company	Unregulated
Banco de Ahorro y Credito JMMB Bank, SA	Dominican Republic	Savings and loans bank	Superintendencia de Bancos de la Republica Dominicana
JMMB Sociedad Administradora De Fondos De Inversion, SA	Dominican Republic	Mutual fund administration	Superintendencia de Valores de la Republica Dominicana
JMMB Puesto de Bolsa, SA	Dominican Republic	Securities brokering	Superintendencia de Valores de la Republica Dominicana
AFP JMMB BDI, S.A.	Dominican Republic	Pension Fund	Superintendencia de Pensiones

10. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND FUTURE PROSPECTS



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INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL INFORMATION

To the Board of Directors
JMMB GROUP LIMITED

Opinion

The summary financial information set out on pages 33 to 34, which comprise the summary consolidated statements of financial position as at March 31, 2013 through March 31, 2017 and the summary consolidated income statements for each of the five years then ended, are derived from the audited consolidated financial statements of Jamaica Money Market Brokers Limited as at and for the years ended March 31, 2013 through March 31, 2015 and JMMB Group Limited as at and for the years ended March 31, 2016 through March 31, 2017.

In our opinion, the summary financial information is consistent, in all material respects, with the audited financial statements.

Summary Financial Information

The summary financial information does not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited financial statements of Jamaica Money Market Brokers Limited and JMMB Group Limited. Reading the summary financial information and our reports thereon, therefore, is not a substitute for reading the audited financial statements and our reports thereon. The summary financial information and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our reports on the audited financial statements.

The Audited Financial Statements and Our Reports Thereon

We expressed unmodified audit opinions on the audited financial statements in our reports dated May 30, 2013, May 30, 2014, May 29, 2015, May 30, 2016 and May 30, 2017.



Page 2

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL INFORMATION (CONTINUED)

To the Board of Directors
JMMB GROUP LIMITED

Management's Responsibility for the Summary Financial Information

Management is responsible for the preparation of the summary financial information.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial information is consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements".

A handwritten signature in blue ink that reads 'KPMG'.

Chartered Accountants
Kingston, Jamaica

February 15, 2018

A. PRESENTATION OF HISTORICAL FINANCIAL DATA

The following is a summary of the key financial data extracted from the audited financial statements of JMMBGL for the period March 31, 2016 and March 31, 2017 and JMMB for the periods March 31, 2013 to March 31, 2015. Up to March 31st 2015 JMMB prepared consolidated financial statements to reflect the Group. On April 13, 2015, JMMB became a subsidiary of JMMBGL which on even date was listed on the main stock exchanges of Jamaica, Trinidad and Tobago and Barbados. It is important to note that had JMMBGL been in existence for the period prior to April 13, 2015 the Group's financial results would have been exactly the same as those of JMMB.

A complete set of audited financial statements for JMMBGL for the financial year ended March 31, 2017 together with the unaudited nine-month results for JMMBGL as at 31 December 2017 are set out later in this Prospectus.

CONSOLIDATED INCOME STATEMENT For each of five years ended March 31, 2013 - March 31, 2017

(Expressed in Jamaican dollars unless otherwise indicated)

	2017	2016	2015	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Net Interest Income and Other Revenue					
Interest income from securities	14,712,377	13,337,436	13,337,816	12,279,750	11,251,553
Interest expense	(7,944,690)	(7,834,033)	(8,076,145)	(7,017,265)	(6,603,857)
Net interest income	6,767,687	5,503,403	5,261,671	5,262,485	4,647,696
Fees and commission income	918,301	749,135	546,233	426,935	247,312
Gains on securities trading, net	5,376,536	4,018,454	3,420,817	2,325,348	1,692,224
Loss on GOJ's National Debt Exchange	-	-	-	-	(754,272)
Fees earned from managing funds on behalf of clients	369,014	218,254	154,806	129,551	88,329
Foreign Exchange margins from cambio trading	1,218,518	934,829	936,134	587,931	322,027
Operating revenue net of interest expense	14,650,056	11,424,075	10,319,661	8,732,250	6,243,316
Other income					
Dividends	31,258	24,023	14,255	8,578	37,741
Gains/(loss) on disposal of property, plant and equipment	5,178	(5,655)	22,018	1,000	1,795
Other	12,167	9,581	25,801	-	34,000
	14,698,659	11,452,024	10,381,735	8,741,828	6,316,852
Operating Expenses					
Staff costs	(5,390,462)	(4,367,807)	(3,911,132)	(2,877,717)	(2,256,177)
Other expenses	(5,055,760)	(4,413,458)	(3,876,565)	(2,792,530)	(2,360,448)
	(10,446,222)	(8,781,265)	(7,787,697)	(5,670,247)	(4,616,625)
Operating Profit	4,252,437	2,670,759	2,594,038	3,071,581	1,700,227
(Loss)/gain on acquisition of subsidiaries	(87,646)	-	19,263	361,657	2,055,592
Impairment loss on intangible asset	-	(13,392)	-	-	(107,000)
Impairment loss on financial assets	(8,745)	(61,810)	(259,262)	(10,898)	(73,798)
Share of (loss)/profits of associated companies (net of tax)	-	-	-	(24,289)	72,354
Profit before Taxation	4,156,046	2,595,557	2,354,039	3,398,051	3,647,375
Taxation	(805,515)	(296,326)	(306,757)	(335,992)	209,488
Net Profit	3,350,531	2,299,231	2,047,282	3,062,059	3,856,863
Attributable to:					
Equity holders of the parent	3,312,838	2,264,589	1,931,980	2,832,855	3,739,058
Minority interest	37,693	34,642	115,302	229,204	117,805
	3,350,531	2,299,231	2,047,282	3,062,059	3,856,863
Earnings per stock unit	2.03	1.39	1.18	1.74	2.35

JMMB GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For each of five years ended March 31, 2013 – March 31, 2017

(Expressed in Jamaican dollars unless otherwise indicated)

	2017	2016	2015	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Cash and cash equivalents	20,895,153	25,509,721	18,672,388	23,326,420	5,831,430
Interest receivable	2,941,556	2,677,626	2,561,634	2,619,996	2,220,864
Income tax recoverable	1,252,062	1,446,489	2,130,926	2,043,597	1,832,210
Loans and notes receivable	47,133,134	37,450,257	31,924,543	26,551,175	10,227,126
Other receivables	1,545,162	1,791,238	1,245,160	1,927,206	868,172
Securities purchased under agreements to resell	915,006	221,506	272,596	652,986	3,890,913
Investments	171,571,803	156,976,090	157,226,757	145,777,726	138,412,944
Membership share	0	0	0	0	50,520
Investment properties	473,132	457,591	457,591	457,591	457,591
Interest in associated companies	0	0	0	0	808,306
Intangible assets	1,516,500	1,349,158	1,060,277	1,005,314	472,522
Property, plant and equipment	3,070,590	2,438,096	2,033,688	1,841,497	1,296,136
Customers' liability under acceptances, guarantees and letters of credit, as per contra	198,110	123,622	90,809	352,227	44,276
Deferred income tax assets	43,902	165,892	38,933	150,384	447,951
	251,556,110	230,607,286	217,715,302	206,706,119	166,860,961
STOCKHOLDERS' EQUITY					
Share capital	1,864,554	1,864,554	1,850,279	1,850,279	1,850,279
Share premium	-	-	13,775	13,775	13,775
Retained earnings reserve	9,605,055	9,605,055	9,605,055	9,605,055	9,109,778
Investment revaluation reserve	2,202,115	1,152,069	2,037,032	636,397	1,724,253
Cumulative translation reserve	312,246	41,155	-109,014	56,233	-101,711
Other reserve	-	-	-	-	-
Retained earnings	11,922,100	9,261,483	7,567,587	6,173,689	4,096,999
	25,906,070	21,924,316	20,964,714	18,335,428	16,693,373
Minority interest	888,629	792,265	758,350	353,552	519,503
	26,794,699	22,716,581	21,723,064	18,688,980	17,212,876
LIABILITIES					
Customer deposits	49,087,517	41,296,373	38,463,504	35,887,750	7,567,380
Due to other banks	418,313	499,166	435,032	283,386	378,560
Loan participations	-	-	-	-	341,082
Securities sold under agreements to repurchase	156,647,595	149,262,369	144,501,658	143,302,425	135,907,311
Notes payable	4,525,306	4,414,355	3,644,384	0	0
Redeemable preference shares	8,837,821	8,556,784	4,228,705	4,228,705	2,759,346
Deferred income tax liabilities	1,232,702	677,531	682,307	627,360	536,698
Interest payable	1,158,780	1,170,402	1,185,595	1,182,974	1,193,398
Income tax payable	208,477	117,795	397,758	83,671	11,546
Other payables	2,446,790	1,772,308	2,362,486	2,068,641	908,488
Customers' liability under acceptances, guarantees and letters of credit, as per contra	198,110	123,622	90,809	352,227	44,276
	224,761,411	207,890,705	195,992,238	188,017,139	149,648,085
	251,556,110	230,607,286	217,715,302	206,706,119	166,860,961

B. MANAGEMENT DISCUSSION AND ANALYSIS

JMMB GROUP REVIEW - BUSINESS LINE AND REGIONAL DIVERSIFICATION JOURNEY FY 2012/13-FY 2016/17

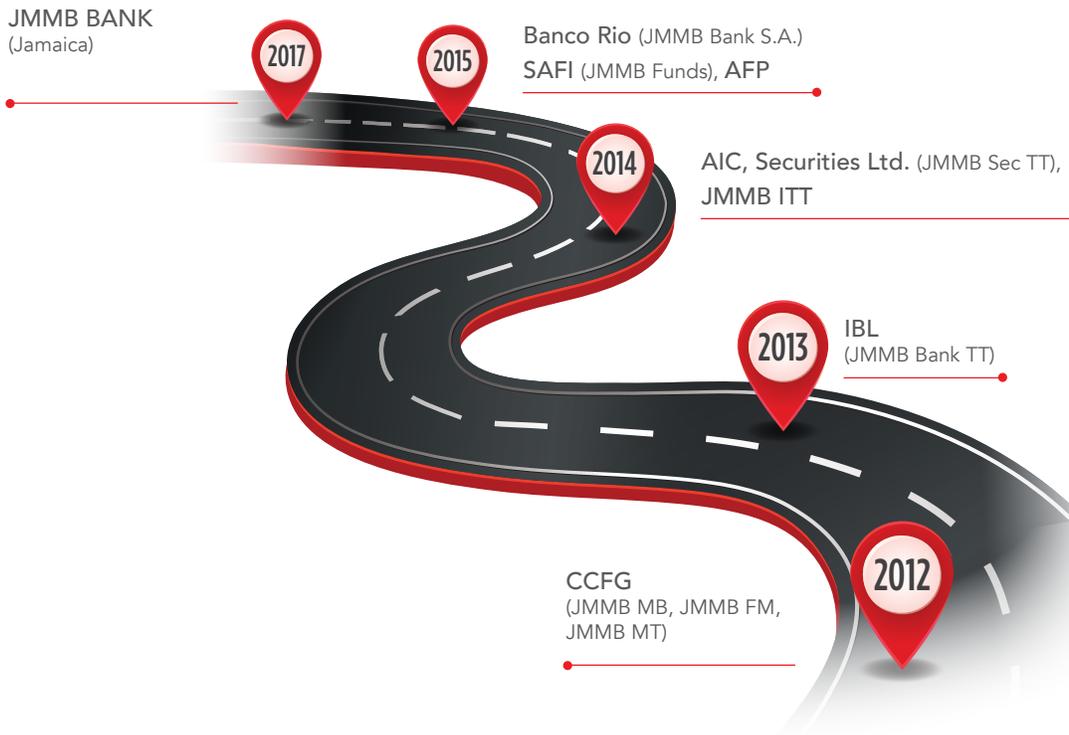
In this 25th year of operations the JMMB Group maintained its record of strong financial performance and made significant advancements in growth as a group of companies through the execution of its regional and business line diversification strategy. FY 2016/17 marks the fifth year since the commencement of this revised strategy and business model and JMMBGL is pleased to highlight the Group's advancements and achievements to date.

HIGHLIGHTS

Under the sharp focus of its regional and business line diversification strategy, the Group has, since 2012, built out key elements of its Regional Integrated Financial Services business model by the acquisition (or addition) of new business lines and through newly formed companies. Highlights of the execution of projects and initiatives under this strategic focus over the last five years include:

- The 2012 acquisition of the Capital & Credit Financial Group (CCFG) in Jamaica, thus adding banking, remittance and unit trust solutions to existing investments and insurance brokering offerings.
- The acquisition of 100% shareholding in Intercommercial Bank Limited (IBL) and its subsidiaries in 2013, which brought commercial banking services to the Group for the first time. Later, in 2014, JMMB Investments (Trinidad and Tobago) Ltd. (JMMB ITT) opened, thus adding investment services to the group of companies in Trinidad and Tobago.
- The addition of banking services through Banco de Ahorro y Crédito, S.A. (JMMB Bank DR) in 2015 as well as mutual funds through JMMB Sociedad Administradora de Fondos de Inversion (SAFI), and pension services through JMMB Administradora de Fondos de Pensiones, S.A. (AFP) in 2016 and 2017 respectively. With this, the Group has been able to diversify its product offerings in the Dominican Republic and strengthen the brand presence established by its flagship company, JMMB Puesto de Bolsa, S.A.
- The delisting of JMMB and the listing of JMMBGL on the stock exchanges of Barbados, Jamaica and Trinidad and Tobago, becoming the first company to list and delist on the same day and at the same time in all three countries.
- The successful launch of commercial banking in Jamaica in late 2017, with the transition of JMMB Merchant Bank Ltd. to JMMB Bank (Jamaica) Ltd.
- The roll-out of integrated service locations across the region as a critical element of the Group's client value proposition. Since 2012, we have rolled-out one (1) integrated location in the Dominican Republic, two (2) in Trinidad and Tobago and five (5) in Jamaica.

OUR BUSINESS LINE EXPANSION AND REGIONAL DIVERSIFICATION JOURNEY



GROWTH AND ACHIEVEMENTS

The Group's achievements over the last five years demonstrate that the focused execution of our regional and business line diversification strategy has created value and yielded positive results for clients and shareholders.

Since financial year 2012/13 the Group's total assets have increased from J\$166.86 Bn to J\$251.56 Bn due to the continued build-out of the Group's presence in each of the three territories in which it operates. In tandem, operating revenue increased from J\$6.24 Bn to J\$14.65 Bn and profit before tax moved from J\$3.65 Bn to J\$4.16 Bn during the period. With an intense focus on the establishment of a banking business line and the growth and expansion of the investments business line, the Group's teams worked assiduously to execute revenue-generating strategies of deepening wallet share and cross-selling. There has been considerable growth in the banking business line, with customer deposits increasing from J\$7.57 Bn as at financial year-end 2012/13 to J\$49.09 Bn as at financial year-end 2016/17. Likewise, the investments business line

experienced strong growth with the Group's total funds under management moving from J\$165.58 Bn to J\$281.1 Bn during the five-year period. Today, the Group's regional integrated financial services business model is well under way, having grown from 5 to now 14 "client-facing" companies across all business lines, and having added to the client base, which has grown from 190,000 to just over 270,000 as at financial year 2016/17.

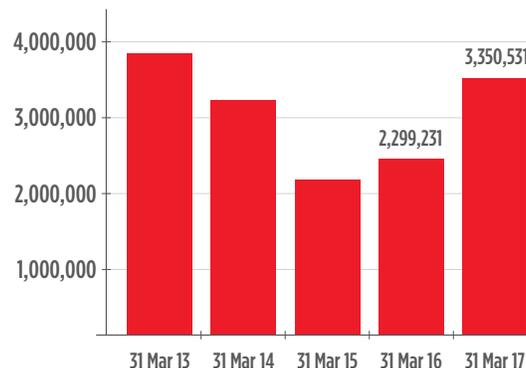
For the next phase of the journey, the Group is intensely focused on becoming more operationally efficient, while delivering on the Group's differentiated client experience and integrated financial services value proposition and fully maximizing synergies across the Group. The Group therefore remains confident that it will continue to make significant advancements in the build-out of its strategy and business model, and stands committed to delivering value to all stakeholders. The Offer is thus being primarily conducted to increase the capital base of the Group in order to fund expansion activities locally and regionally which are consistent with the Group's regional and business line diversification strategy.

GROUP FINANCIAL PERFORMANCE FY 2016/17

NET PROFIT

In the 25th year of operations, the JMMB Group continued to post solid financial performance. Net Profit for the financial year ended March 31, 2017 was J\$3.35 billion which represented growth of J\$1.05 billion or 46% over the prior financial year.

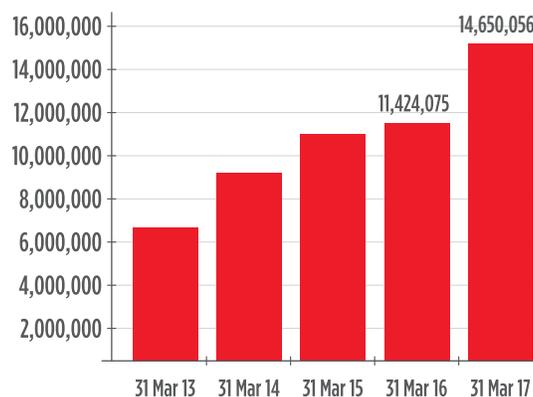
Group Net Profit (inJ\$'000)



OPERATING REVENUE

Total Operating Revenue continued on a positive trajectory with solid growth from J\$11.42 billion to J\$14.65 billion during the period under review. All revenue lines recorded growth, particularly gains on securities trading. The Group's trading strategy delivered results of J\$5.38 billion compared to J\$4.02 billion in the prior period.

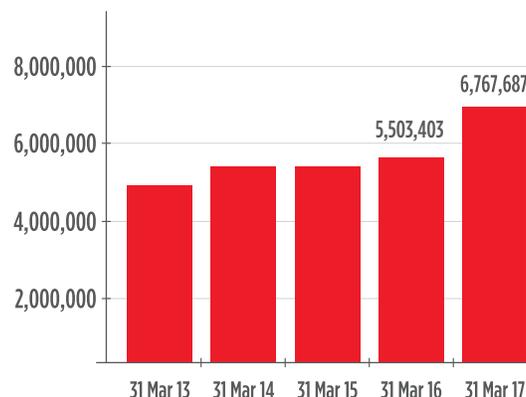
Group Operating Revenue Net of Interest Expense (inJ\$'000)



NET INTEREST INCOME

Additionally, Net Interest Income (NII) grew by 23% or J\$1.26 billion to J\$6.77 billion and reflected growth in the investment and loan portfolios coupled with effective spread management. FX Trading increased by 30% or J\$284 million to J\$1.22 billion but growth was due largely to one-off transactions. Fees earned from managed funds amounted to J\$369 million, up from J\$218.3 million in the prior period, reflecting sustained efforts to position clients in appropriate portfolio management solutions. As a consequence of this, managed funds and collective investment schemes across the Group experienced significant growth. Other fees and commission also grew by J\$169.2 million or 23% to J\$918.3 million, primarily as a result of increased value-added services to clients.

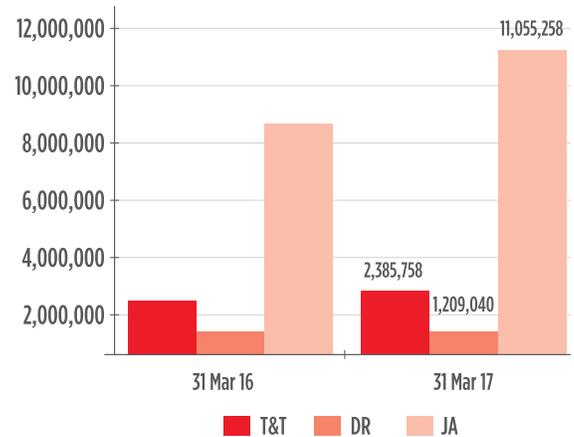
Net Interest Income (inJ\$'000)



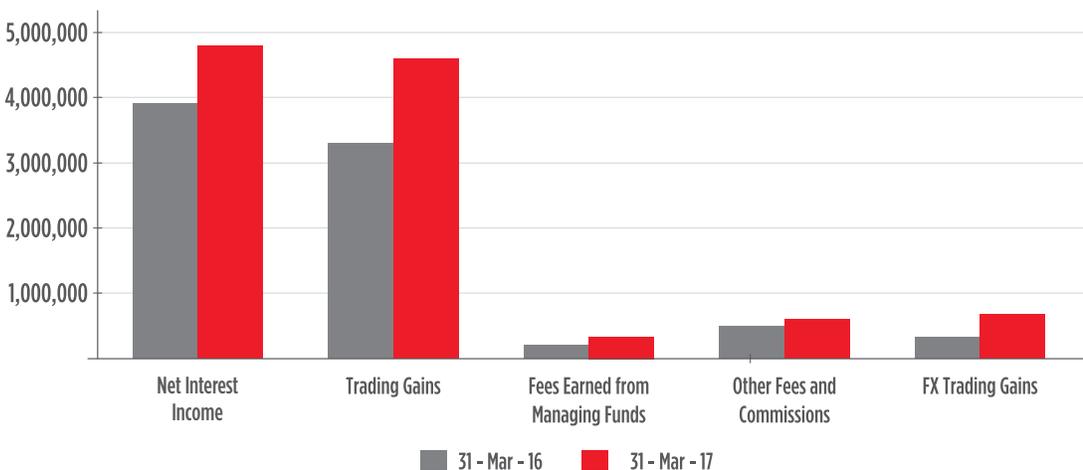
COUNTRY CONTRIBUTION

In 2016/17, the global financial market was characterized by pockets of volatility arising from Britain’s announced exit from the Eurozone as well as presidential elections in the United States of America. The JMMB Group pursued a flexible strategy over this period and was able to seize market opportunities which resulted in revenue growth for all three territories.

Country Contribution to Group Operating Revenue (inJ\$'000)



Composition of JMMB Jamaica Operating Revenue (inJ\$'000)



In **Jamaica**, operating revenue stood at J\$11.06 billion, reflecting growth of J\$2.76 billion or a 33% increase over the prior period when operating revenue was J\$8.29 billion. Of note, NII increased by 22% or J\$874.5 million to J\$4.81 billion, while trading gains were 39% or J\$1.29 billion higher at J\$4.59 billion.

In **Trinidad and Tobago**, operating revenue stood at J\$2.39 billion which represented growth of J\$303.8 million or 15%. This was due primarily to increased NII and trading gains as NII grew by 19% or J\$241.6 million to J\$1.52 billion while trading gains improved by J\$95.3 million or 246% to J\$134 million.

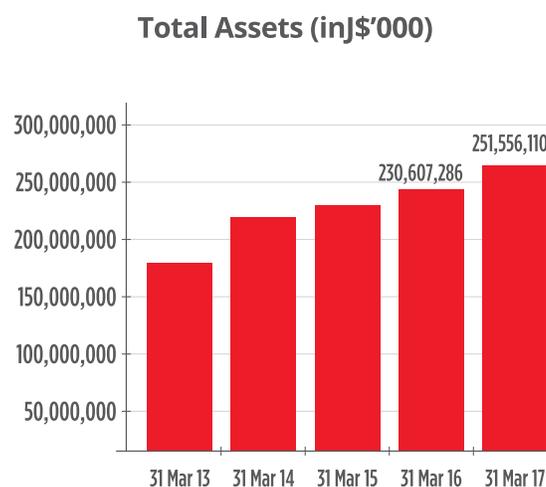
In the **Dominican Republic**, operating revenue totalled J\$1.21 billion, up from J\$1.05 billion and was mainly due to increased NII which was up 50% or J\$148 million to J\$442.7 million.

OPERATIONAL EFFICIENCY

In financial year 2016/2017, administrative expenses moved from J\$8.78 billion to J\$10.45 billion and reflected costs associated with the enhancement of the Group’s integrated sales and support frameworks to drive growth and to ensure seamless and standardised operations across the region. Additionally, there were costs associated with the scaling of start-up companies in the Dominican Republic as well as inflationary increases in all three territories. Nonetheless, the Group’s efficiency ratio improved as it moved to 71% compared to 77% in the previous financial year. We are confident that the Group’s medium-term imperative of improving operational efficiency will yield tangible efficiencies and sustainable shareholder value as we continue to execute our regional integrated financial services model.

TOTAL ASSETS

The JMMB Group’s total asset base grew by J\$20.95 billion to J\$251.56 billion over the period under review. This was mainly due to increases in loans and notes receivable as well as investment securities. Loans and notes receivable as at March 31, 2017 was J\$47.13 billion and reflected growth of J\$9.68 billion or 26% as all the loan portfolios across the Group increased. The investment portfolio increased by J\$14.60 billion or 9% to J\$171.57 billion. Growth in asset base was funded by customer deposits and repurchase agreements. Customer deposits increased by 19% or J\$7.79 billion to J\$49.09 billion, while repurchase agreements at the end of the period were 5% or J\$7.39 billion higher at J\$156.65 billion.



CAPITAL ADEQUACY

The JMMB Group remains adequately capitalised which was evidenced by all the individually regulated subsidiaries exceeding minimum regulatory requirements. At the end of March 2017, JMMB Puesto de Bolsa, S.A. significantly exceeded its regulatory ratio minimum of RD\$5 Million and the capital adequacy ratio (CAR) for JMMB was 17.15% compared to the FSC regulatory minimum of 10%. For JMMB Merchant Bank, the CAR was 16.50% compared to the BOJ regulatory minimum of 10%, while JMMB Bank (T&T) was 15.39% which compared favourably to the Central Bank of Trinidad and Tobago regulatory minimum of 10%.

Capital Adequacy

Company	Regulatory Ratio	Minimum Requirements	31 - Mar - 17
Jamaica Money Market Brokers Ltd	Regulatory Capital to Risk-weighted Assets	10%	17.15%
JMMB Merchant Bank Ltd	Regulatory Capital to Risk-weighted Assets	10%	16.50%
JMMB Bank (T&T) Ltd	Regulatory Capital to Risk-weighted Assets	10%	15.39%
JMMB Puesto de Bolsa, S.A.	Minimum Capital	RD\$5 Million	RD\$1,200 Million

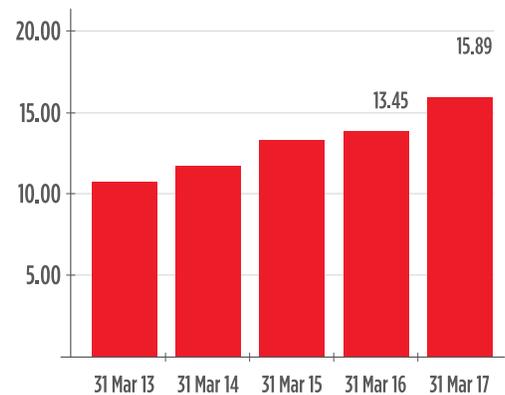
SHAREHOLDERS' EQUITY

As at March 31, 2017, Total Shareholders' Equity stood at J\$26.79 billion and reflected an increase of 18% or J\$4.08 billion. This was due in part to improved profitability.

BOOK VALUE PER STOCK

At the end of the 2016/2017 financial year, the JMMB Group's book value per ordinary stock unit was J\$15.89 compared to J\$13.45 in the prior period. The stock's closing price on the JSE as at the end of the financial year was J\$16.81, indicating significant value for existing and prospective shareholders.

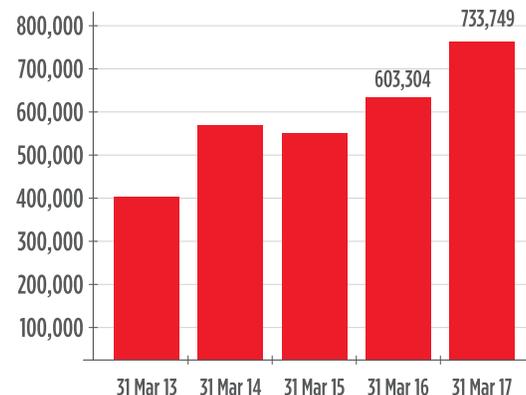
Book Value per Stock Units (inJ\$)



SHAREHOLDERS' RETURN

Total dividends for ordinary shares paid and proposed in respect of the 2016/2017 financial year amounted to J\$733.7 million. The Group's performance over the period continued to drive positive shareholder returns and demonstrated a focused commitment to driving sustainable growth, achieving long-term earnings and increased returns to shareholders.

**Dividends Paid and Proposed
(in respect of the financial year)-inJ\$'000)**



2017 - 2020: STRATEGIC DIRECTION BY COUNTRY

JAMAICA

JAMAICA INTEGRATED FINANCIAL SERVICES

- Financial Advisory
- Personal Banking
- Corporate and Small Business Banking
- Treasury Management
- Foreign Exchange Trading
- Insurance Premium Financing



- Financial Advisory & Portfolio Management
- Bond Brokering
- Cash Secured Lending
- Cash/Treasury Management

- Equity Advisory & Brokering
- Cambio



- Pension
- Mutual Funds & Unit Trust



- Property, Life, Health (local and international) and Liability Insurance
- Employee Benefits Solutions

- Remittance

- Corporate Investments and Financing

The Group's Jamaican entities are poised to take advantage of the Group's continued efforts to drive growth across all business lines and entities.

The addition of commercial banking in Jamaica has also allowed the Group to expand its product offering and more fully meet the needs of its clients through the provision of financial solutions in an integrated service delivery environment.

Over the next three years the Group plans to capitalize on the establishment of the new commercial bank by continuing to roll out a full suite of products consistent with traditional commercial banking operations, as well as unique solution sets in response to client demands. The Group is acutely aware of the needs, expectations and pain points of clients, as well as the service and experience gaps currently in the market. The Group is therefore positioning the bank to offer a differentiated experience which leverages the strength of the JMMB brand values of Love and 'Best Interest'. Enhancement of physical locations as well as electronic and telephone support services are also planned as the Group seeks to provide clients with real time access.

Lastly, in keeping with the overall national growth agenda, JMMB Group will sharpen its focus on small and medium enterprises by developing solutions specific to the unique needs of this sector.

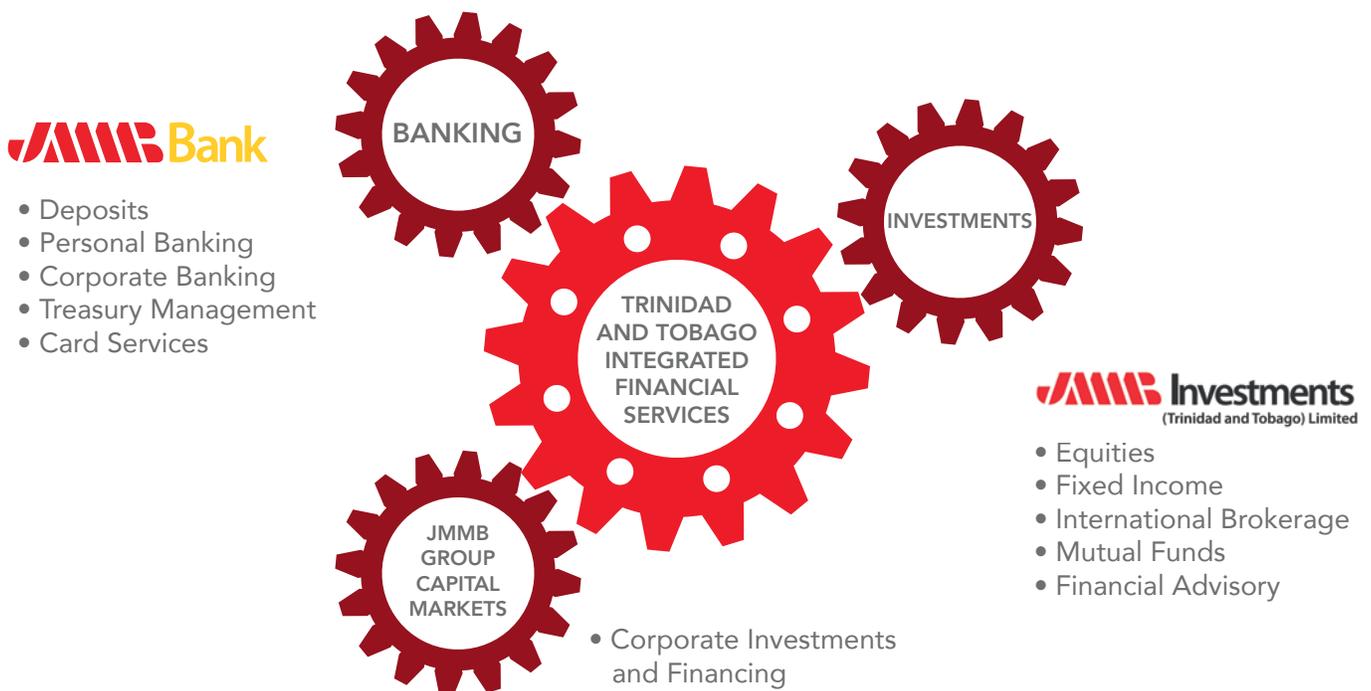
JMMB Group fully supports the Government of Jamaica’s financial inclusion mandate and will remain accessible to all Jamaicans.

To be ready to maximize on this and our overall strategy for JMMB Group’s Jamaican operations, in the next three years the Group intends to:

- Improve access to all services in Jamaica with the expansion of integrated service locations, “Financial Life Goal Centres”, to six (6) by March 2018 and identify opportunities for more access to services across Jamaica
- Enhance online capabilities for clients of JMMB, JMMB Bank (Jamaica) Ltd and JMMB Fund Managers Ltd, making access to services easy and more convenient
- Embed the “JMMB” brand differentiators with team members to ensure that the Group’s promise of client partnership is delivered in every client interaction, thereby supporting clients in their goal realisation
- Simplify our solution sets to help clients easily understand and identify the best solutions for themselves

TRINIDAD AND TOBAGO

TRINIDAD AND TOBAGO INTEGRATED FINANCIAL SERVICES



The continued growth of JMMB Group entities in Trinidad and Tobago hinges on their ability to differentiate the way they serve clients, having fully engaged and empowered team members, as well as robust and efficient platforms, systems and structures and also on an intense focus on implementing ‘right fit’ technology. These elements will ensure that the entities remain relevant and

poised to capture market share in this new and rapidly evolving technological landscape.

Key initiatives in the coming financial years will therefore focus on the following:

- Embedding the Group’s Client Experience Framework to improve experiences across all service delivery channels.
- Strategies to support team engagement, and overall happiness in serving clients and the continuous training of team members who are well equipped to provide expert financial advice and partnership to clients
- Increasing revenue generation capacity by developing internal and external sales teams and cross-selling between entities
- Rolling out innovative products and services that satisfy clients’ needs in an evolving digital age
- Three-year cost reduction strategies aimed at improving operating efficiency

Despite the uncertainty surrounding the local economy, the JMMB Group is excited about the future of the financial services industry in Trinidad and Tobago. The Group, being committed to its regional and business line diversification strategy, stands committed to driving the further expansion of our its brand and services into the Trinidad and Tobago market.

DOMINICAN REPUBLIC

DOMINICAN REPUBLIC INTEGRATED FINANCIAL SERVICES



The JMMB Group of Companies in the Dominican Republic (DR) continues to be a relatively new entrant to the DR's financial services landscape. Following a period of acquisition and business line expansion, the Group has worked intensely in the last two financial years to establish the "JMMB" brand in the DR and to set up key enabling operating technology and systems infrastructure. As a consequence, the Group has continued to successfully penetrate the DR market as the client base continues to grow, and team members continue to be known as responsive to clients' needs and expert in offering value-added solutions and services. The Group is encouraged by the progress made thus far to better position the JMMB DR entities to more fully serve the needs of the DR market and deliver on the JMMB Group promise of financial partnership and easy, enjoyable and empowering experiences and solutions in the 'best interest' of clients.

Over the next three financial years, the Group will continue its efforts to grow its banking business line, Banco de Ahorro y Crédito JMMB Bank, S.A, and scale the two start-up companies, the funds administrator company, JMMB Sociedad Administradora de Fondos de Inversión and its pensions company, JMMB Administradora de Fondos de Pensiones, S.A. The JMMB Group thus remains committed to laying the foundation for a sustainable and profitable portfolio of companies in the DR to support its integrated financial services model and overall value proposition to the market.

To this end, the focus in the Dominican Republic for the next three financial years will be to:

- Grow the market share of the investments business lines offered through flagship company JMMB Puesto de Bolsa, S.A.
- Nurture the two start-up companies JMMB Sociedad Administradora de Fondos de Inversion (SAFI), and JMMB Administradora de Fondos de Pensiones, S.A. (AFP)
- Put in systems and technology to support the growth of the banking business line
- Drive integrated sales across all business lines
- Increase operational efficiency by streamlining key service delivery and administrative processes while further integrating operations to extract synergies and increase efficiencies

The Group anticipates additional business line development and growth, innovation and market penetration in the coming years and looks forward to further distinguishing the "JMMB" brand in the DR financial services landscape.

JMMB GROUP - LOOKING AHEAD TO THE NEXT 25 YEARS

OUR PIONEERING SPIRIT CREATES FUTURE GROWTH

Holding true to Joan Duncan's belief in the greatness in all, for the next phase of the Group's growth it has recommitted to a vision for the region where financial inclusion and empowerment is experienced by all and not just a subset of society. This vision of the Group's future aligns with its core organizational purpose and values but, given the emphasis on financial inclusion and empowerment, this next phase of growth and development will target new client segments. The JMMB Group believes that it has an opportunity to again be a disruptor by responding to the needs of these new client segments, thereby helping more people to achieve their goals and bring further value to the Group.



The Group therefore aims to bring to the territories in which it operates new and convenient channels to access non-traditional financial solutions which will help clients make payments and access cash, loans and remittances as well as other financial advisory services. The Group intends to do this through technology driven, non-traditional service channels, while still being focused on delivering partnership with clients and creating easy, enjoyable and empowering experiences for them.

The first phase of this strategy commenced in the second half of financial year 2017/2018 and will continue on a phased implementation basis over the next three financial years. The Group is excited by the potential growth this represents and, more importantly, the impact it can have on the quality of life of its clients and the communities and countries in which they live and serve.

The Group enters the next phase of its journey confident that it will continue to make significant advancements in the embedding of its regional integrated financial services model and the build-out of its new financial inclusion strategy.

UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

DIRECTORS' STATEMENT

PERFORMANCE HIGHLIGHTS	
Net Operating Revenue	J\$12.28 billion, grew by 11%
Net Interest Income	J\$5.66 billion, up 12%
Net Profit	J\$2.58 billion
Earnings per Stock Unit	J\$1.56

The Directors are pleased to announce that the JMMB Group posted net profit of J\$2.58 billion and earnings per share of J\$1.56 for the nine months ended 31 December 2017.

GROUP CEO'S COMMENTARY

During the third quarter, results produced across the JMMB Group continued to demonstrate the prudence of our strategies to systematically execute its regional integrated financial services business model. In the period,

Jamaica's focus remained on operationalizing its commercial bank and driving revenue per client through cross-selling efforts. Accordingly, growth in both the loan book and off balance sheet offerings show promise. There is and will continue to be emphasis on the development and execution of short to medium term strategies to make doing business with JMMB easier, thereby improving the overall experience of our clients in both branch and digital channels.

The DR portfolio increased its contribution to overall profitability of the Group with improvements in operating revenue from the banking and mutual fund business lines. Though at early stages in their life cycle the attendant synergies gained from the existing cost structure will result in increased net operating revenue in the near term from these entities.

Despite a challenging landscape in Trinidad and Tobago, The Group's operation continues to deliver profitable results for the Group and encouraging growth in market share for JMMB Investments.

The Group remains confident that it will see each country continue to deliver performance in efforts to diversify earnings, maximizing value for all stakeholders and building on a solid foundation. In Q4, all efforts will be geared towards improving operational efficiency and implementing measures to ensure sustainable growth.

GROUP FINANCIAL PERFORMANCE

NET OPERATING REVENUE

The JMMB Group posted net operating revenue of J\$12.28 billion for the nine months ended December 31, 2017. This represented growth of 11% when compared to the prior period and resulted from increases in net interest income, trading gains and fees and commission income.

Net interest income grew by 12% or J\$593.9 million to J\$5.66 billion as there was strong growth in the loan and investment portfolios. Additionally, the spread on the portfolios were higher on account of an effective spread management strategy.

Fees and commission income was 53% higher at J\$1.31 billion as there was significant growth in managed funds and collective investment schemes across the Group.

Net gains on securities trading grew by 5% to J\$4.39 billion when compared to the prior period, on account of increased regional market opportunities.

Net foreign exchange trading gains declined by 4% or J\$39.4 million to J\$891.6 million as in the prior period the Group benefitted from a one-off market opportunity.

SEGMENT CONTRIBUTION

The table below shows the contribution to net operating revenue by from each segment.

NET OPERATING REVENUE	in J\$'000	CONTRIBUTION (%)
Banking and Related Services	3,862,373	31%
Financial and Related Services	8,228,973	67%
Other	187,097	2%
Total	12,278,443	100%

Financial and Related Services continued to be the leading contributor to net operating revenue at J\$8.23 billion which represented an 11% increase over the J\$7.39 billion recorded in the prior period. This improvement was due mainly to growth in trading gains, asset management fees as well as net interest income. The Banking performance of J\$3.86 billion reflected a 10% increase, up from J\$3.52 billion and resulted from strong growth in the loan book which translated into net interest income and fee income.

OPERATIONAL EFFICIENCY

For the first nine months of the financial year, the efficiency ratio was 71% compared to 69% in the prior period. Operating expenses for the reporting period amounted to J\$8.71 billion and was 14% higher than the prior period. This was attributed primarily to costs associated with the transition of JMMB Merchant Bank to a commercial bank. Additionally, costs associated with the enhancement of our integrated Group sales and support framework was added during the course of the prior financial year, and the current reporting period reflected the full impact of these incremental costs.

GROUP FINANCIAL POSITION

TOTAL ASSETS

At the end of the reporting period, the JMMB Group's asset base totalled J\$270.53 billion, up J\$18.98 billion or 8% relative to the start of the financial year. This was mainly on account of higher cash holdings as well as larger loan and investment portfolios. The investment portfolio increased by J\$9.61 billion or 6% to J\$182.09 billion, while net loans and advances grew by J\$6.57 billion or 14% to J\$53.71 billion. Also, the credit quality of the portfolio continues to perform well against international standards.

CAPITAL

Since the start of the financial year, shareholders' equity increased by 11% or J\$2.82 billion to J\$29.62 billion on account of net profits generated over the period and the Group continued to be adequately capitalized. The individually regulated companies within the Group continued to exceed the regulatory capital requirements. The regulatory measures for major subsidiaries in the Group are shown in the table below.

COMPANY	REGULATORY MEASURE	MINIMUM REQUIREMENT	31-DEC-17
Jamaica Money Market Brokers Limited	Regulatory capital to risk weighted assets ratio	10%	17.83%
JMMB Bank (Ja) Limited (formerly JMMB MB Ltd)	Regulatory capital to risk weighted assets ratio	10%	15.68%
JMMB Bank (T&T) Limited	Regulatory capital to risk weighted assets ratio	10%	17.82%
JMMB Puesto de Bolsa, S.A.	Minimum capital	RD\$5 million	RD\$1,733 million

OFF-BALANCE SHEET FUNDS UNDER MANAGEMENT

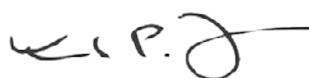
In alignment with the Group's strategy to provide complete, customized financial solutions for each client, the Group experienced growth in its off-balance sheet products which include pension funds, unit trusts and money market funds. The total invested in off-balance sheet products as at the end of December 2017 stood at J\$117.91 billion compared to J\$107.64 billion as at end of December 2016.

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**

PERIOD ENDED 31 DECEMBER 2017 (Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 31-Dec-17 \$000	Unaudited Three Months Ended 31-Dec-16 \$000	Unaudited Nine Months Ended 31-Dec-17 \$000	Unaudited Nine Months Ended 31-Dec-16 \$000
Net Interest Income and Other Revenue				
Interest income	3,901,806	3,461,374	11,734,437	10,718,839
Interest expense	(1,997,183)	(1,651,047)	(6,069,910)	(5,648,227)
Net Interest Income	1,904,623	1,810,327	5,664,527	5,070,612
Fees and commissions income	517,260	302,123	1,314,356	857,647
Gain on securities trading, net	1,379,027	974,351	4,392,498	4,167,639
Foreign exchange margins from cambio trading	346,923	242,243	891,626	931,022
Dividends	2,627	12,210	15,437	29,793
Operating Revenue, Net of Interest Expense	4,150,460	3,341,254	12,278,444	11,056,713
Operating expenses	(2,874,146)	(2,540,786)	(8,708,626)	(7,615,365)
Operating Profit	1,276,314	800,468	3,569,818	3,441,348
Other income	10,871	-	67,498	-
	1,287,185	800,468	3,637,316	3,441,348
Impairment loss on financial assets	(143,981)	-	(143,981)	-
Profit before Taxation	1,143,204	800,468	3,493,335	3,441,348
Taxation	(234,271)	(147,238)	(915,212)	(757,924)
Profit for the Period	908,933	653,230	2,578,123	2,683,424
Attributable to:				
Equity holders of the parent	871,139	628,163	2,544,096	2,650,277
Non-controlling interest	37,794	25,067	34,027	33,147
	908,933	653,230	2,578,123	2,683,424
Earnings per stock unit	\$0.53	\$0.39	\$1.56	\$1.63

JMMB GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

PERIOD ENDED 31 DECEMBER 2017 (Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 31-Dec-17 \$000	Unaudited Three Months Ended 31-Dec-16 \$000	Unaudited Nine Months Ended 31-Dec-17 \$000	Unaudited Nine Months Ended 31-Dec-16 \$000
Profit for the Period	908,933	653,230	2,578,123	2,683,424
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Unrealised gains / (loss) on available for sale investments	232,162	(2,422,314)	1,380,904	365,696
Foreign exchange translation differences on translation of foreign subsidiaries	(565,832)	6,347	(563,517)	171,612
Total other comprehensive income, net of tax	(333,670)	(2,415,967)	817,386	537,307
Total comprehensive income for period	575,263	(1,762,737)	3,395,509	3,220,731
Total comprehensive income attributable to:				
Owners of the parent	397,482	(1,752,409)	3,193,398	3,161,960
Non-controlling interest	177,781	(10,328)	202,111	58,771
	575,263	(1,762,737)	3,395,509	3,220,731

JMMB GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NINE-MONTH PERIOD ENDED 31 DECEMBER 2017 (Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at <u>31-Dec-17</u> \$'000	Unaudited as at <u>31-Dec-16</u> \$'000	Audited as at <u>31-Mar-17</u> \$'000
ASSETS			
Cash and cash equivalents	21,914,827	22,825,640	20,895,153
Interest receivable	3,309,107	3,136,308	2,941,556
Income tax recoverable	1,060,154	1,341,394	1,252,062
Loans and notes receivable	53,707,675	44,146,033	47,133,134
Other receivables	2,855,422	2,378,312	1,545,162
Investments and resale agreements	182,092,599	175,158,229	172,486,809
Investment properties	448,720	457,591	473,132
Property, plant and equipment and intangible assets	4,818,966	4,133,001	4,587,090
Deferred tax asset	34,197	40,327	43,902
Customers' liability under acceptances, guarantees and letters of credit as per contra	291,690	197,402	198,110
	<u>270,533,357</u>	<u>253,814,237</u>	<u>251,556,110</u>
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	3,369,051	1,500,940	2,202,115
Cumulative translation reserve	(205,388)	203,967	312,246
Retained earnings	13,765,058	11,259,539	11,922,100
	<u>28,398,330</u>	<u>24,434,055</u>	<u>25,906,070</u>
Non-controlling interest	1,218,771	865,211	888,629
Total equity	<u>29,617,101</u>	<u>25,299,266</u>	<u>26,794,699</u>
Liabilities			
Customer deposits	48,433,798	47,303,098	49,087,517
Due to other banks	368,291	439,069	418,313
Notes payable	4,388,349	5,137,287	4,525,306
Securities sold under agreements to repurchase	172,506,259	160,842,374	156,647,595
Redeemable preference shares	8,665,035	8,809,160	8,837,821
Interest payable	1,254,268	1,191,778	1,158,780
Income tax payable	680,167	305,698	208,477
Other payables	2,550,781	3,194,380	2,446,790
Deferred income tax liabilities	1,777,618	1,094,725	1,232,702
Liability under acceptances, guarantees and letters of credit as per contra	291,690	197,402	198,110
	<u>240,916,256</u>	<u>228,514,971</u>	<u>224,761,411</u>
	<u>270,533,357</u>	<u>253,814,237</u>	<u>251,556,110</u>



Archibald Campbell
Chairman



Keith P. Duncan
Group Chief Executive Officer



Patrick Ellis
Group Chief Financial Officer

JMMB GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
NINE-MONTH PERIOD ENDED 31 DECEMBER 2017 (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, 2016 (Audited)	1,864,554	9,605,055	1,152,069	41,155	9,261,483	21,924,316	792,265	22,716,581
Profit for the period	-	-	-	-	2,650,277	2,650,277	33,147	2,683,424
Other comprehensive income for period	-	-	348,871	162,812	-	511,683	25,624	537,307
Total comprehensive income for period	-	-	348,871	162,812	2,650,277	3,161,960	58,771	3,220,731
Paid in capital	-	-	-	-	-	-	14,175	14,175
Dividends paid	-	-	-	-	(652,221)	(652,221)	-	(652,221)
Balances at 31 December 2016 (Unaudited)	1,864,554	9,605,055	1,500,940	203,967	11,259,539	24,434,055	865,211	25,299,266
Balances at 31 March 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 for period	-	-	1,166,936	(517,634)	-	649,302	168,084	817,386
Total comprehensive income for period	-	-	1,166,936	(517,634)	2,544,096	3,193,398	202,111	3,395,509
Paid in capital	-	-	-	-	-	-	128,031	128,031
Dividends paid	-	-	-	-	(701,138)	(701,138)	-	(701,138)
Balances at 31 December 2017 (Unaudited)	1,864,554	9,605,055	3,369,051	(205,388)	13,765,058	28,398,330	1,218,771	29,617,101

JMMB GROUP LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS****NINE-MONTH PERIOD ENDED 31 DECEMBER 2017** (Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Nine Months Ended 31-Dec-17 \$'000	Unaudited Nine Months Ended 31-Dec-16 \$'000
Cash Flows from Operating Activities		
Profit for the period	2,578,123	2,683,424
Adjustments for:		
Unrealised gains on trading securities	(69,080)	(62,173)
Depreciation and amortisation	417,183	366,181
	<u>2,926,226</u>	<u>2,987,432</u>
Changes in operating assets and liabilities	8,162,968	12,330,857
Net cash provided by operating activities	<u>11,089,194</u>	<u>15,318,289</u>
Cash Flows from Investing Activities		
Net (purchase)/sale of investment securities	(8,719,323)	(17,361,153)
Purchase of property, plant and equipment and computer software	(649,059)	(711,928)
Net cash used in investing activities	<u>(9,368,382)</u>	<u>(18,073,081)</u>
Cash Flows from Financing Activities		
Notes payable	-	722,932
Dividends paid	(701,138)	(652,221)
Net cash (used in)/provided by financing activities	<u>(701,138)</u>	<u>70,711</u>
Net increase/(decrease) in cash and cash equivalents	1,019,674	(2,684,081)
Cash and cash equivalents at beginning of year	20,895,153	25,509,721
Cash and cash equivalents at end of period	<u>21,914,827</u>	<u>22,825,640</u>

JMMB GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
NINE-MONTH PERIOD ENDED 31 DECEMBER 2017 (Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Nine-month period ended 31 December 2017				
	Financial & Related Services	Banking & Related Services	Others	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	13,223,403	5,084,985	107,463	-	18,415,851
Intersegment revenue	885,840	46,746	-	(932,586)	-
Total segment revenue	14,109,243	5,131,731	107,463	(932,586)	18,415,851
Segment results	2,878,430	760,826	(1,940)	-	3,637,316
Impairment loss on financial asset	(143,981)	-	-	-	(143,981)
Profit before tax	2,734,449	760,826	(1,940)	-	3,493,335
Taxation					(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 & 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 2017** (Expressed in Jamaican dollars unless otherwise indicated)**Segment Reporting**

	Nine-month period ended 31 December 2016				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	12,185,217	4,422,159	97,564	-	16,704,939
Intersegment revenue	1,019,259	240,940	2,226	(1,262,425)	-
Total segment revenue	13,204,476	4,663,099	99,790	(1,262,425)	16,704,939
Profit before tax	2,531,471	912,940	(3,063)	-	3,441,348
Taxation					(757,924)
Profit for the period					2,683,424
Total segment assets	230,913,775	73,074,515	1,381,968	(51,556,021)	253,814,237
Total segment liabilities	206,994,573	61,951,935	1,326,364	(41,757,901)	228,514,971
Interest income	7,672,489	3,042,414	3,935	-	10,718,839
Operating expenses	4,908,048	2,604,463	102,854	-	7,615,365
Depreciation and amortisation	273,555	83,538	9,088	-	366,181
Capital expenditure	231,524	232,983	247,421	-	711,928

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NINE-MONTH PERIOD ENDED 31 DECEMBER 2017 (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		
JMMB Bank (Ja) Limited, formerly JMMB Merchant Bank 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
Intercommercial Trust and Merchant Bank Limited		100	Trinidad and Tobago	Merchant banking
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		100	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 GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NINE-MONTH PERIOD ENDED 31 DECEMBER 2017** (Expressed in Jamaican dollars unless otherwise indicated)**2. Summary of Significant Accounting Policies****(a) Basis of preparation**

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, as well as investment properties.

There have been no changes in accounting policies since the most recent audited accounts as at 31 March 2017.

All amounts are stated in Jamaican dollars unless otherwise indicated.

(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.

(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\$2,544,096,000 (2016 – J\$2,650,277,000) by the weighted average number of stock units in issue during the period, numbering 1,630,552,532 (2016 – 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 2017, funds managed in this way amounted to J\$117,909,969,464 (2016 – J\$107,635,213,131).

(e) Comparative Information

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

11. CORPORATE GOVERNANCE

The Company's Directors strive to govern in a prudent and transparent manner that guides the companies within the Group to achieve sustainable operating and financial performance and deliver long-term value. The Company and the Group are committed to good corporate governance and have adopted sound corporate governance principles to provide a framework for effective governance for the Group. This helps the Group compete more effectively, sustain its accomplishments and build shareholder value. To this end the JMMBGL Board focuses its attention on overseeing the Group's strategies, risk management, talent development and succession planning.

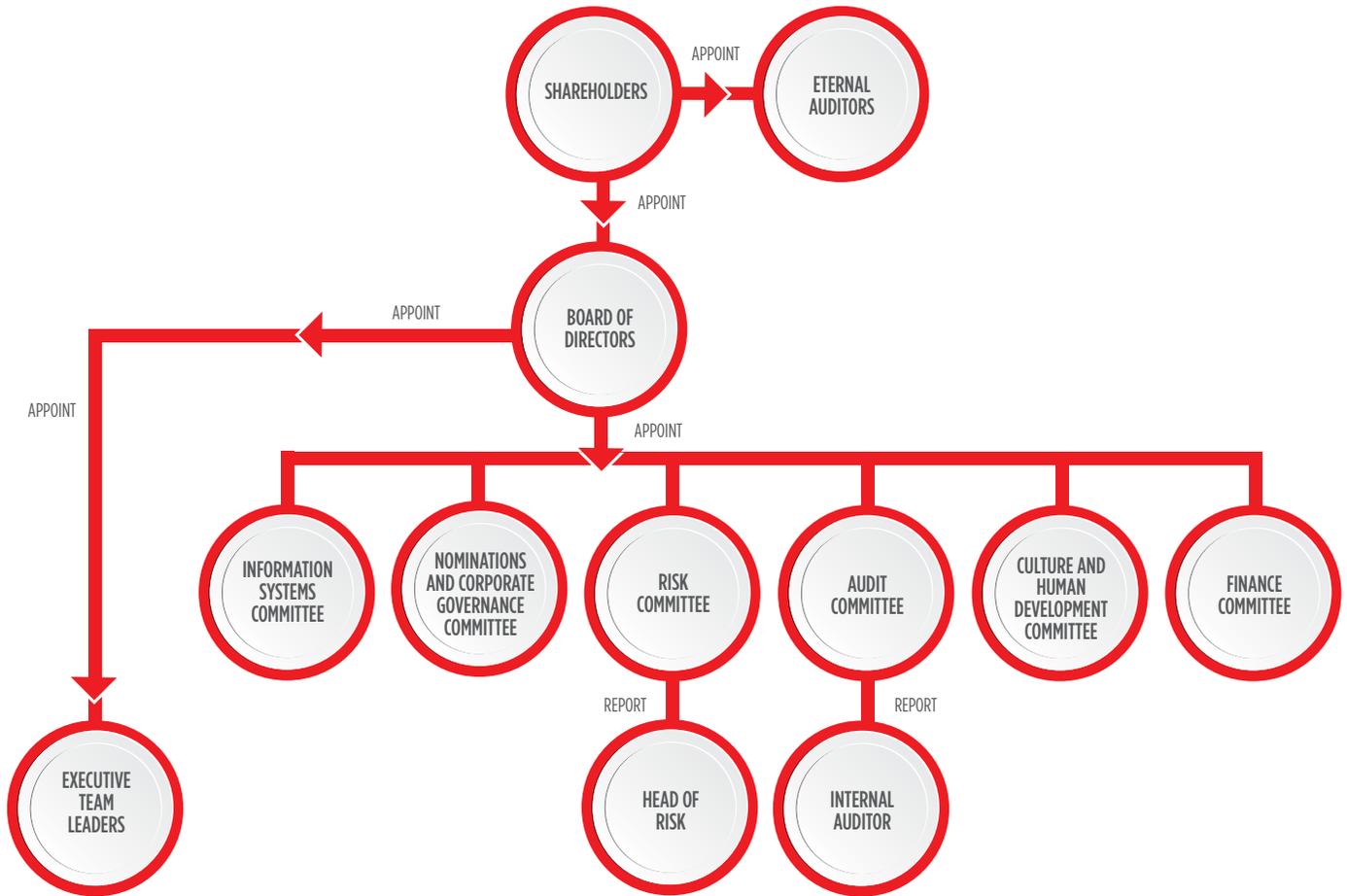
The Corporate Governance Policy of JMMBGL (approved by the Board) applies to all companies in the JMMB Group and the JMMBGL Board and its Board Committees have oversight responsibility for the subsidiaries' Boards and their Board Committees. The Board of Directors proactively adopts governance policies and practices, designed to align the interests of the Board and management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management. The Group's corporate governance framework is subject to on-going review. A robust review of the Corporate Governance Policy was conducted during 2016 and the revised Policy is now accessible at www.jmmb.com. The Policy recognises differences in the regulatory requirements of the jurisdictions within which the Group operates.

The Directors of JMMBGL are the stewards of the Company with the responsibility to ensure that the Group's strategy is aligned to the interests of investors and takes account of all stakeholders' interests. The Directors believe that effective corporate governance is based on honesty, integrity and transparency, and can only be fully realised within an environment of open, robust and effective debate.

The Company's and the Group's approach to corporate governance is guided by the following core principles or values.

PRINCIPLES	DESCRIPTION
Ethical Culture	Trust, integrity, honesty, openness, love, care and good governance are hallmarks of the Board's governance approach. In setting the tone at the top, the Board nurtures the strong corporate values that are well entrenched in the culture of the Group and reinforces the ethical principles on which its reputation and success are founded.
Oversight of Strategy	The directors are the key advisors to management, overseeing strategic direction and the formulation of plans, taking into account both the opportunities and risks of the Group's businesses.
Accountability	The Board has carefully defined its own expectations, scope and responsibilities as well as that of its Committees and Management.
Oversight of Risk	A key priority of the Board is embedding a strong risk management culture throughout the Group and overseeing the frameworks, policies and processes adopted to identify the principal risks to the businesses and systems implemented to manage those risks.

CORPORATE GOVERNANCE STRUCTURE



The following definitions have been adopted by the Group:

“Executive Director” - means a director who is a member of the management team of JMMBGL or its subsidiaries and affiliates.

“Independent Director” - means a director who is not:

- an employee of a company within the Group within the last five years;
- a person holding five per centum or more of the shares of the Company or a connected person; nor
- a party to a significant economic or other relationship with the Company within the last five years.

“Subsidiary” - means a company over which JMMBGL has control.

LEADERSHIP ROLE OF THE BOARD AND ITS MEMBERS

The Board has collective responsibility for the direction and performance of the Company and provides leadership within a framework of prudent and effective controls, which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring that the necessary resources are in place for the Company to meet its objectives and deliver sustainable performance. The Board takes a long-term outlook and sees itself as being responsible to a wide range of stakeholders, whilst pursuing its objectives in a manner consistent with its statutory duties, for the benefit of the Company's members as a whole.

The Directors of the Board are selected on the criteria of proven skill and ability in their particular field of endeavour and a diversity of outlook and experience.

BOARD EXPERTISE

The roles of the Chairman and Group Chief Executive Officer are separate, and have been so since JMMB commenced operations twenty-five years ago. The Chairman, Mr. Archibald Campbell, is responsible for creating an environment for open, robust and effective debate. This includes ensuring that the Directors receive accurate, timely and clear information.

The Group Chief Executive Officer Mr. Keith Duncan is responsible and accountable to the Board for the management and operation of the Company and its subsidiaries.

BOARD DELEGATION

The Board has delegated specific responsibilities to Board Committees, notably the Audit, Risk, Nominations and Corporate Governance, Information Systems, Finance, and Culture and Human Development Committees.

Each Committee's terms of reference can be found in the Group's Corporate Governance Policy.

BOARD COMMITTEE COMPOSITION & MEMBERSHIP

NAMES	POSITION	AUDIT	CULTURE & HUMAN DEVELOPMENT	FINANCE	INFORMATION SYSTEMS	NOMINATIONS & CORPORATE GOVERNANCE	RISK
Archibald Campbell	Independent					√	
Andrew Cocking	Independent			√			
Dr Anne Crick	Independent		√			Chairman	
Patricia Dailey-Smith	Independent	√		Chairman			
Audrey Deer-Williams	Independent		Chairman				√
Dennis Harris	Independent	√	√	√		√	Chairman
Patria-Kaye Arrons	Independent						
Reece Kong	Independent				Chairman		√
H Wayne Powell	Independent		√				
Wayne Sutherland	Independent	√			√	√	

NAMES	POSITION	AUDIT	CULTURE & HUMAN DEVELOPMENT	FINANCE	INFORMATION SYSTEMS	NOMINATIONS & CORPORATE GOVERNANCE	RISK
Audrey Welds	Independent					√	
V. Andrew Whyte	Independent	Chairman		√			√
Donna Duncan-Scott	Executive		√			√	
Keith Duncan	Executive					√	√
Hugh Duncan	Executive						
Maurice Barnes (JMMB Money Transfer Limited)	Independent				√		

AUDIT COMMITTEE

The Audit Committee assists the Board in the oversight of the systems of internal controls, the Company’s financial reporting processes and audit functions, as well as compliance with legal and regulatory requirements. The Committee reviews adherence to accounting policies, oversees the work of the internal auditors and assists the Board in discharging its duties with regard to:

- Managing operational risks
- Maintaining proper records and controls
- Ensuring that financial transactions are consistent with the policies and directives of the Board

RISK COMMITTEE

The Group has an integrated risk management framework in place to identify, assess, manage and report risks and risk-adjusted returns on a consistent and reliable basis.

The Risk Committee assists the JMMBGL Board in its oversight responsibilities with regard to the risk management framework and the underlying compliance monitoring and governance structure. This includes overseeing risk exposures and strategies in relation to the following risks and strategic considerations:

1. Capital Allocation
2. Credit
3. Market (inclusive of interest rate, liquidity, counterparty, concentration, foreign currency exposure and equity risks)
4. Operational
5. Compliance
6. Legal
7. Reputational

The Risk Committee approves the Group’s risk policies and its risk appetite statement, including risk limits, which are then presented to the Board of Directors for ratification.

The risk framework is designed to achieve business outcomes consistent with the Group’s risk-return expectations and includes:

- the Group Risk Appetite Statement and Capital Assessment frameworks
- high-level risk management policies for each of the risk areas it is responsible for overseeing;
- a set of risk limits to manage exposures and risk concentrations
- appropriate monitoring and reporting of business risks

INFORMATION SYSTEMS COMMITTEE

The Information Systems (IS) Committee assists the Board in its oversight of technology strategy, investments made in support of the strategy and technology risk. The Committee has specific responsibility for establishing structures, mechanisms and processes that ensure that information technology (IT) is controlled and delivers value to the business. The Committee's responsibilities include:

- guiding the Group as to the future of technological developments
- linking IT strategy and goals to the business strategy and goals;
- leading the development of a process framework, based on generally accepted practices that align, control and measure IT activities
- ensuring that there is consistent and relevant communication between IT and the business on strategic and operational activities, issues and opportunities
- directing the development and implementation of a performance measurement mechanism to monitor IT-related strategic and operational activities across the Group
- leading the development of a robust IT risk management framework with clearly defined and articulated responsibilities across the Group.

FINANCE COMMITTEE

The Finance Committee has responsibility for oversight of the Group's financial reporting, ensuring the production of fair, balanced and understandable reports that comply with International Accounting Standards.

The Group has robust controls, procedures and systems that are designed to ensure that information is disclosed in a timely manner to the regulators and the market.

The Committee regularly reviews the external auditor's independence, scope of non-audit services and independence safeguards.

CULTURE AND HUMAN DEVELOPMENT COMMITTEE

The purpose of the JMMB Group Culture and Human Development Committee is to assist the Board of Directors in discharging its duties with regard to people, ensuring that the Group's activities are consistent with policies and directives of the Boards of the companies within the JMMB Group. The Committee formulates and reviews the compensation programmes for board members and senior officers. In doing so, it ensures that compensation is consistent with the values, objectives, strategy and control environment across the Group to guarantee truth and fairness as well as compliance with the legal requirements of the countries in which the Group operates and in line with its mission and values.

Under the Committee's leadership the Company recently implemented its Human Resource Management Information System, which is aimed at improving the efficiency of the department and supporting the efforts of team leaders.

NOMINATIONS AND CORPORATE GOVERNANCE COMMITTEE

JMMBGL's Nominations and Corporate Governance Committee identifies individuals qualified to become board members and recommends director nominees to the Company's Board and relevant Group boards. The Committee also recommends to the Board corporate governance policies applicable to the Group and ensures that board composition across the Group enables effective oversight.

It is also the responsibility of the Committee to periodically review and approve changes to corporate governance policies, subject to Board ratification, review and assess the adequacy of board and committee charters and recommend changes, if appropriate, assess the need for board committees and consider matters of corporate governance and make recommendations to the Board.

The Board welcomes the opportunity to adapt to innovations and change within the field, and continues to actively assess initiatives to adapt to corporate governance changes, address gender balance on the Board, source the right skills to complement our talented management team and create robust succession plans to safeguard the Company's future performance.

REGULATORY COMPLIANCE

The Compliance Department ensures compliance with laws, regulations, policies and standards of good governance in the territories within which the Group operates. The Group Chief Compliance Officer provides a monthly compliance report to the Board of Directors for the Company and each subsidiary.

CODE OF ETHICS

The Company has adopted the Code of Ethics and Standards of Professional Conduct of the Association for Investment Management and Research (AIMR®) and each new team member is trained in this area during orientation.

BOARD ASSESSMENT

While the Group improves its corporate governance framework, the Directors also recognise that the JMMB Group must live up to the ideals of its founders and the expectations of shareholders. The review of corporate governance across the Group and feedback from Board members is intended to ensure that we remain grounded in those ideals and expectations and receive early warning of any deviation.

12. DIVIDEND POLICY

The guiding philosophy behind JMMBGL's dividend policy is to balance paying dividends against maintaining sufficient retained earnings for future growth and expansion in addition to robust capital adequacy ratios. This ensures that investors' preference for immediate cash flows is met while the Company remains able to sustain dividend pay-outs. Dividend policies at the subsidiary level are determined by the Board of Directors of the subsidiary.

The record of dividends declared and paid on JMMBGL's ordinary shares is as follows:

Financial Year	No. of Shares	Gross Dividend	Dividend Per Share
2015-2016	1,630,552,532	\$603,304,436.84	37 cents
2016-2017	1,630,552,532	\$733,748,639.40	45 cents

JMMBGL currently has no contractual obligations that restrict dividend payments. The dividend policy established by the directors of JMMB on October 15, 2002 and adopted by JMMBGL is to pay a dividend of between 15% and 30% of annual after-tax profits, subject to the needs of the Company for the reinvestment of profits to finance growth and for prudential purposes. This dividend policy is subject to review from time to time by the Company's Board of Directors.

It is the Company's intention to pay dividends on the Preference Shares in accordance with their respective Terms of Issue.

13. MATERIAL CONTRACTS

JMMBGL has not entered into any material contracts within the last two years immediately preceding the publication of this Prospectus.

14. LITIGATION

The Company is not currently engaged in any material litigation nor is it aware of any pending material litigation.

15. RISK MANAGEMENT

OVERVIEW

SAFEGUARDING STAKEHOLDERS' INTEREST

The JMMB Group consistently takes proactive measures to safeguard the best interest of its stakeholders. In fulfilling the vision of being an integrated financial services institution, a wide suite of products and services is provided to clients. This is within the context of a robust risk management framework whereby the risk universe is accurately identified. Material risk factors are then continuously measured, monitored, controlled and reported. The limit and breach escalation system provide a mechanism for risk control, with limits based on the desired risk appetite for each major risk. Thus, the JMMB Group aims to sustain long-term value and wealth creation while ensuring the continued financial soundness of the institution.

The overall risk appetite of the JMMB Group is contemplated when developing strategy, and further delineated in the strategies undertaken by each subsidiary above a specified size. The geographic diversification of the Group is, inherently, a risk mitigation tool. Moreover, a clearly articulated group structure provides clarity in oversight and monitoring of the risks arising from idiosyncrasies in each jurisdiction, and possible contagion effects that may arise. Across the Group, strategic initiatives are aligned with the risk parameters outlined by the JMMBGL Board of Directors. The Board, as well as the Senior Management team, ensures that a strong risk culture is maintained across the Group and risk management is effectively embedded in each desk in the organisation. However, the day-to-day risk monitoring is primarily done by the Group Risk Department.

JMMB Group continues to improve the rigor of its risk management framework and has adopted a principle-based approach to creating policies. This allows for the seamless incorporation of all JMMBGL's subsidiaries and the Group's expanding range of financial products. JMMB Group continues to expand and strengthen the scope of its enterprise risk management framework within which risk measures are integrated and linkages between risks are clearly identified. This approach allows management to have a holistic view of the Group's risk exposures and ensures that they are adequately managed, at all levels, throughout the organisation. There is increased focus on model validation, ensuring that the Group's methodologies remain effective and adequately measure the various risk factors.

RISK MANAGEMENT PRINCIPLES

The JMMB Group is committed to the following core principles of its risk management framework:

- i. There is a vibrant risk management culture embedded in the organisation as well as the Board, Senior Management, Team Leaders and all team members throughout the entities in the Group, who are aware of and aligned on their roles and responsibilities in risk management.
- ii. Best practice risk management techniques are employed in managing the various risks to which the Group is exposed and adequate resources are allocated to the management of risk.
- iii. Risk undertaken is within the risk appetite framework and there are effective, dynamic and adaptive processes for the ongoing identification, measurement and management of material risk exposures.

- iv. The enterprise is adequately capitalised to protect against the effects of major shocks to JMMBGL as well as its subsidiaries on a standalone basis.
- v. Data quality is continuously monitored to ensure timeliness, transparency, accuracy, completeness and relevance.
- vi. The operating environment for each jurisdiction is taken into consideration and risk management techniques are tailored to adequately support each entity.

RISK APPETITE

JMMBGL's risk appetite statement remains an integral part of its enterprise risk management framework. The risk appetite statement framework broadly articulates the maximum amount of risk that JMMBGL, and by extension each subsidiary, is willing to undertake in order to achieve its business objectives. This incorporates the operating environment for each subsidiary, business lines and operating constraints as well as the core objective of increasing stakeholders' value, thereby maintaining the long-term viability of the Group.

The risk appetite framework is approved by JMMBGL's Board of Directors and contextualises major decision-making processes. It considers the material and emerging risk exposures of the Group. There are policy limits in place for each major category of risk for each entity and the overall Group. These are documented and periodically updated in the respective risk policies and serve as the basis for risk monitoring and control. To ensure consistent alignment with the risk appetite statement, there is an escalation process, whereby risk indicators, which are in breach of stated limits, are quickly and systematically returned to acceptable levels.

THE JMMBGL RISK POLICY OVERVIEW

The JMMBGL risk policy is the overarching document that formally outlines the risk management approach of the Group. In this framework, the business takes account of the inter-relatedness of risk exposures and how the financial position and risk profile of the organisation is either strengthened or weakened by this relatedness.

The policy explores and discusses all known risk exposures of the JMMB Group and further outlines a process for the determination and management of new risk exposures. Outside of strategic and reputational risks, these risks include market risk, credit risk, liquidity risk and operational risk as well as the issues of risk aggregation, capital adequacy, and capital allocation. By effectively implementing and managing this risk framework, the long-term earnings stability of the Group is improved.

Consequently, the framework identifies the methodologies to be used to identify, quantify and manage risk from a best practice approach, and outlines an enterprise-wide risk management process that supports the effective identification and management of risk. The JMMBGL risk policy is the reference for the risk governance framework, as it involves the processes for risk identification, risk assessment, risk response, control activities, communication and monitoring.

The JMMBGL risk policy provides the basis for articulating the policies for all subsidiaries as well as the policies for individual risk exposures.

STRONG RISK GOVERNANCE FRAMEWORK

How the JMMB Group ensures effectiveness of its risk management activities

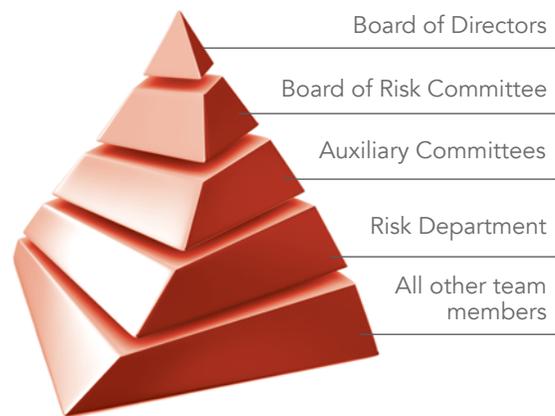
The strength of the JMMB Group’s risk governance framework reflects the rigor of its processes and the competence of the delegated risk authorities. Business operations are arranged such that the likelihood that outcomes will be worse than expected, is minimized. Careful, comprehensive and continuous analyses of the risks involved are done and material exposures identified for each subsidiary as well as the overall Group. The potential regulatory changes that arise from operating in multiple jurisdictions are partially pre-empted by utilising international best practices and global guidelines (for example, the Basel frameworks) to minimise the potential impact.

The assessment of the material risk exposures includes the interrelations and interdependencies of these risk factors. Both quantitative and qualitative approaches are used, thus ensuring a balance between the outputs of the Group’s models and the extensive experience of its management team. Given the ever-changing landscape in which the Group operates, these models and techniques are validated periodically to ensure that they are efficient, adequately capture the risk factors, and are in alignment with international best practices. The Group’s data quality is also assessed for accuracy and sufficiency. Moreover, the risk officers engage in continuing risk education programs to maintain relevance in the field. These risk assessment processes and the management of material risk exposures are documented in the Group’s various risk policies and procedures.

The evaluation and management of risk exposures is within the context of the Group’s risk appetite framework, which allows for transparency and efficiency. The practice

of risk management continues to be deeply rooted in the culture of the JMMB Group, as each team member is aware of his/her role and responsibility in the risk management process. The risk management hierarchy, that has consistently guided the Group’s activities, is shown in the diagram below.

THE JMMBGL RISK MANAGEMENT HIERARCHY



The Board of Directors of JMMBGL determines the overall level of acceptable risk; active oversight is provided by the Board Risk Committee that approves and monitors the supporting risk tolerances. Thus, the Board Risk Committee provides strategic direction for the Group and ensures that the risk governance framework remains strong. The Board Risk Committee is directly supported by other committees within the Group. These include the Risk Management, Credit Management and Asset Liability Management Committees which convene regularly and more closely monitor the risk exposures of the Group against the limits set by the Board Risk Committee. Furthermore, to ensure that risk management is a part of the fabric of the Group, members of the Group Risk Department are included on committees that address the strategic objectives of the Group.

On an annual basis, JMMBGL institutes an internal capital adequacy assessment process which supports its strategies and provides a comprehensive view of the risk profile of the Group. It also provides the mechanism to adjust its business operations and strategies, given its internal and external environments.

RISK MEASUREMENT, CONTROL AND REPORTING

The operations of the JMMB Group gives rise to the following material risk exposures: 1) market risk, 2) credit risk, 3) liquidity risk and 4) operational risk. Internal limits are established by the Board of Directors through policy, to ensure that exposures outside of acceptable levels are readily identified and rectified. This drives the main control process. Periodic reports are used to inform the decisions of senior management, as well as to ensure that they remain within the ambit of the Group's risk appetite parameters.

Market Risk

Market risk is commonly defined as the likelihood that there is a decline in the value of assets due to adverse movements in market factors such as interest rates, foreign exchange rates and equity prices.

In accordance with international best practices, the JMMB Group monitors both the market risk exposures within individual entities and consolidated exposures across the countries in which the Group operates. This is accomplished by using the Value-at-Risk (VaR) framework, in conjunction with frequent scenario analysis and stress testing.

VaR provides a single measure that captures the potential loss in the portfolio over a specific time period and for a given probability. This metric is widely used by financial institutions globally. Stress tests are used to estimate unlikely yet plausible situations, while the scenario analyses model historical financial

crises, both locally and internationally. Each stress test assesses the capacity of JMMBGL and its subsidiaries, as standalone entities, to withstand the occurrence of low probability yet high impact events. This monitoring is done at least monthly and reports are presented to the Board of JMMBGL.

Interest Rate Risk

Interest rate risk is the possibility that there will be adverse movement in the value of fixed income investments arising from fluctuations in the level, slope and curvature of the yield curve. The JMMB Group has material exposure to interest rate risk given the nature of its business. Interest rate risk is managed using duration analysis and estimation of repricing gaps. Duration reflects an instrument's sensitivity to interest rate risk, while the repricing gap approximates the potential change in net interest income.

Stress testing considers plausible movement in interest rate and the impact on our current financial condition. Reverse stress testing is also employed at times, to determine the magnitude of adverse interest rate movements that would produce certain negative outcomes. Portfolio exposures are adjusted to take advantage of expected market conditions, while limiting losses, should adverse conditions occur.

Credit Risk

Credit risk is the potential for loss due to failure of a borrower to meet their contractual obligation to repay a debt in accordance with the agreed terms. The JMMB Group is exposed to credit risk from its lending, investment and funding activities, where counterparties have contractual obligations to make payments or facilitate transactions. The JMMBGL Board specifies a tolerance level for credit risk, which is actively managed by the credit risk team for the loan portfolio.

The JMMB Group's lending activities are primarily concentrated within its merchant and

commercial banking entities. Limits are placed on credit exposures based on their respective classifications. Such classifications include economic sector, collateral type provided, loan purpose and customer profile. Credit facilities are adjudicated using a balanced quantitative framework coupled with sound qualitative judgment. The objective is that the expected return on each credit facility is reflective of its level of risk subject to market dynamics, which allows better deployment of capital and provides fair pricing of loans to clients.

Internally developed quantitative and qualitative models and fundamental research are used to assign ratings and determine exposure limits to counterparties arising from investment and funding activities. This is augmented by the use of third-party research, where practicable. Internal counterparty models are adjusted to account for material regulatory changes, changes in the global business environment as well as best practice methodologies.

Counterparty credit assessments are conducted prior to material exposure to any entity and quarterly reviews done for the most significant counterparties, to ensure changes in the financial health of counterparties are detected early. Material counterparties across the Group are actively monitored and their ratings updated based on changes to their financial outlook. The proactive nature of the monitoring of counterparties allows the JMMB Group to better identify any entities facing problems and adjust exposures and contractual terms to acceptable levels.

Given the expansion of the Group geographically, the Group continuously improves its counterparty risk management capabilities to better manage Group-wide exposures. This is done in the context of an expansion in the universe of products and services to the Group's increasing corporate and institutional client base.

Liquidity Risk

Liquidity risk refers to both funding liquidity risk, where a firm is unable to meet its financial obligations due to a lack of available funds and asset liquidity risk, where a given security cannot be sold at its fair market value due to insufficient market depth. Given that liquidity risk is often a consequence of other types of risk, as well as the significant impact it can have on a financial institution, it is actively managed within the Group with both short-term and long-term horizons.

An overall Group liquidity risk policy specifies minimum liquidity requirements for the business, as well as other guidelines and limits which provide stronger assurance that all obligations can be met, despite very stressful market conditions. There are also entity-level liquidity policies. These are informed by the liquidity gaps, retention rates, business models and market conditions. Key liquidity metrics monitoring liquidity gaps, overall liquid assets to total assets and available liquid assets are regularly monitored to ensure that liquidity objectives are not compromised.

Desired capital and liquidity levels are adjusted according to evaluations of market conditions and liquidity conditions.

Operational Risk

Operational risk may be defined as the risk of loss from inadequate or failed internal processes, people and systems or from external events. The JMMB Group's operational risk framework seeks to limit operational risks to acceptable levels within the Group, even as the geographical presence and complexity of operations increase. Rigorous and appropriate control systems and processes, along with operational redundancies and business recovery plans, act to safeguard against significant disruptions in operations. A rigorous compliance framework and independent internal audit programme exists to ensure that controls are maintained and all material risks are properly identified and adequately managed.

OPTIMIZING RETURNS FOR ALL STAKEHOLDERS

The JMMB Group's goal of being a financial partner to clients across the region results in business line and geographic diversification, which has created significant value to shareholders and improved the resilience of the Group. Diversification has also enhanced the product offering of the Group and its ability to meet the needs of its clients regionally. This is anchored on detailed capital planning which supports the capacity of the Group to absorb unexpected losses from inherent risk exposures in these product offerings. The Group also ensures compliance with limits set by the regulators of the various entities within the Group, which provides another level of assurance.

Even as the regulatory and economic environments change across the jurisdictions within which the JMMB Group operates, the flexibility of its risk management framework allows for adaptation such that stakeholder value continues to grow through prudent decisions.

16. RISK FACTORS

The JMMB Group is faced with a number of risk factors in its normal business operations. Notwithstanding the Group's rigorous risk management framework, prospective investors in the Preference Shares should carefully consider all the information in this Prospectus including the risk factors set out below and are encouraged to take advice from a licensed stockbroker or other professional advisor. The list of risk factors includes competitive pressure, regulatory and accounting changes and deterioration in economic outlook as well as operational risk. The listed factors should not be considered to be the entire risk universe to which the Group is exposed. Owners of preference shares will also be subject to the inherent risks that arise from such instruments.

TRADING AND OWNERSHIP RIGHTS OF PREFERENCE SHARES

There may be volatility in the stock price.

Neither the Company nor any of its advisors can predict the stock's trading behaviour after any class of Preference Stock Units are listed on the JSE.

Newly-issued shares may experience significant volatility in stock price which may extend beyond the short term and which may be dependent on the Group's performance, as well as investor confidence and other factors over which the Company has no control.

The Company may decide to issue additional shares at a later date.

The Company may issue additional preference shares. Such shares, once issued, may rank pari passu with the existing Preference Shares in any class (including upon a winding up) and may be listed on the JSE or on any other stock exchange. Additional shares so issued could affect the market price of the Preference Shares in the respective class.

The Preference Shares do not carry voting rights.

The Preference Shares do not confer legal or effective control of the Company on holders.

ECONOMIC AND MARKET CONDITIONS RISKS

Low economic growth in some of the countries in which the Group operate could dampen growth.

Both Jamaica and Trinidad and Tobago may experience marginal economic growth in the near term.

While this could constrain the pace at which the Group grows in these territories, economic growth in the Dominican Republic continues to be robust and Group operations there continue to expand.

Fiscal and monetary policies could impact the Group.

Changes in fiscal and monetary policies by governments in the countries within which the Group operates may affect the behaviour of capital markets. Such changes in policies may create opportunities as well as challenges for the Group.

In each jurisdiction, the Group is exposed to high levels of sovereign risk.

A material proportion of Group assets are in instruments issued by sovereigns across the region, especially in countries in which the Group operates. Additionally, securities held on behalf of customers are mainly emerging market sovereign credits. Any deterioration in the credit-worthiness of these sovereigns could affect the value of these securities and, by extension, the financial performance of the Group.

INDUSTRY-RELATED RISKS

Regulatory and Legal Uncertainties

The JMMB Group operates in a heavily regulated industry. Changes in the existing regulations of any of the jurisdictions or the introduction of new Regulations or Guidelines may affect the operations of the Group and thereby affect profitability. In Jamaica, the Banking Services Act was implemented and draft capital regulations for Financial Holding Companies distributed for comments. In Trinidad and Tobago, there are plans to implement aspects of Basel II/III regulations. As it relates to the Securities Dealers sector, the FSC is proposing changes to prudential requirements that could have an impact on the business over time.

New Accounting Rules or Standards could be implemented.

The Group may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the JMMB Group currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively.

There could be new entrants or competitive pressures from existing participants.

Marginal economic outlook in some of the territories could result in intensified competitive pressure as other financial institutions seek to grow business by increasing market share. The JMMB Group will need to be proactive in its strategy to retain and grow its market share. Additionally, new companies could be incorporated or existing ones consolidated resulting in sounder companies which are more competitive.

Source of Profits

The JMMB Group is an active participant in the securities market. This involves taking positions in equities and debt securities, which are subject to risks. A substantial portion of the Group's profit is derived from investment in securities. The Group's profitability may be significantly influenced by the risks of the markets in which it trades and the transactions undertaken by the Group. The JMMB Group understands that risks and rewards are correlated and seeks to ensure that it does not expose itself or its clients to risks that do not provide a compensating return.

CROSS-BORDER/ INTERNATIONAL OPERATIONS RISK

Given that the Group operates in three different countries and is domiciled in Jamaica, it is exposed to adverse events in these countries that may impact its financial results and by extension its share price. These events include:

- international political and economic conditions
- changes in government regulations in various countries
- trade barriers
- adverse tax consequences
- costs associated with expansion into new territories.

The Group expects that international revenues will continue to be a material portion of its total revenues and continues to actively monitor conditions in these countries.

OPERATIONAL RISK

While the Group attempts to mitigate operational risk, losses could still arise from inadequate or failed internal processes, people and systems, or from external events.

This catch-all category of risks includes:

- employee errors
- computer and manual systems failures, security failures
- fire, floods or other losses to physical assets
- fraud or other criminal activity.

As there are subsidiaries which are financial institutions, the Group's operations are particularly susceptible to the risk of money laundering. The Group has established internal procedures to safeguard against that risk.

People risk could arise as key personnel leave the institution for a variety of reasons.

It is very important that the JMMB Group attracts and retains highly skilled personnel to accommodate growth, new product development and the provision of services, and replaces personnel who leave. Competition for qualified personnel can be intense, especially in the securities industry, and there are a limited number of people with the requisite knowledge and experience. The Group will need to attract and retain qualified personnel and failure to do so could have a material adverse impact on its operating results and stock price. The Group has a strong management team and actively recruits new and skilled talent, with succession planning considered for key roles.

There are currently no significant or unusual developments surrounding the risks described in this Section 16.

17. CONSENTS

KPMG has given, and not withdrawn, its consent to the issue of this Prospectus with the inclusion therein of its report and the references to its name in the form and context in which they are included.

18. DOCUMENTS AVAILABLE FOR INSPECTION

From the date of publication of this Prospectus, copies of the following documents will be available for inspection, by appointment only, on Monday to Friday (except public holidays) during the hours of 10:00 a.m. to 3:30 p.m., at the Company's head office located at 6 Haughton Terrace, Kingston 10 and at any of the locations islandwide

- 1 This Prospectus;
- 2 The Articles of Incorporation of the Company;
- 3 The written consent of the Auditors, KPMG;
- 4 The unaudited Financial Statements for the Company for the 6 months ended September 2017; and
- 5 The Audited Financial Statements for JMMBGL for the financial years ended March 2017, 2016, 2015, 2014 and 2013 respectively.

19. STATUTORY AND GENERAL INFORMATION

1. The Company has no founders or management or deferred shares.
2. No minimum amount is required to be raised out of the proceeds of the Preference Share Issue to provide for any of the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Act.
3. The application lists with respect to the 7.25% Variable Rate JMD Preference Shares, the 7.00% Variable Rate JMD Preference Shares, the 5.75% Fixed Rate USD Preference Shares, and the 5.50% Fixed Rate USD Preference Shares will open at 9:00 a.m. on February 28, 2018 and will close at 3:30 pm on March 7, 2018. The Company reserves the right to close any application list at any time without notice if Applications have been received for the full amount of the respective Preference Shares offered and the right to extend such closing beyond the date above-mentioned and/or offer Preference Shares greater in number than originally offered.
4. All Applicants will be required to pay in full, on Application, the Offer Price per Preference Share. No further sum will be payable on Allotment.
5. Within the two (2) years preceding this Prospectus, the Company invited applications for subscription for the following securities:

2016 PREFERENCE SHARES

In January 2016 the Company invited subscriptions and allotted the following classes of Preference Shares:

Preference Share	Offered	Allotted	Price per Share
6.00% USD Preference Share	9,000,000	42,783,500	US\$1.00
5.75% USD Preference Share	2,000,000	213,500	US\$1.50
7.50% JAD Preference Share	1,500,000,000	1,827,548,000	J\$1.00
7.25% JAD Preference Share	70,000,000	9,434,000	J\$1.50

These 2016 Preference Shares were converted to Preference Stock Units and listed on the Jamaica Stock Exchange on February 11, 2016.

6. No person has been given any option to subscribe for any shares or debentures in the Company.
7. (a) As at March 31, 2017 JMMBGL held the following investments:
 - (i) Trade investments **J\$171.57 billion**

- (ii) Quoted Investments (other than trade investments) **J\$Nil**
 - (iii) Unquoted Investments (other than trade investments) **J\$Nil**
- (b) There is an amount of \$28,301,000.00 goodwill shown in the financial statements of JMMBGL but no amount for patents or trademarks; and there is no contract for sale and purchase which would involve any goodwill, patent or trademarks.
- (c) Notes Payable reflects specific subsidiary obligations as at March 31, 2017. [See note 25 of the Audited Financial Statements for details].
- (d) None of the proceeds of this issue will be used to pay dividends.
8. No property has been or is proposed to be purchased or acquired by the Company, which is to be paid for wholly or partly out of the proceeds of the Offer as prescribed by paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Act.
9. No amount has been paid within the two years preceding the date of this Prospectus, or is payable, as commission for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of the Company.
10. No amount or benefit has been paid or given to any promoter within the two (2) years preceding the date of this Prospectus, and no amount or benefit is intended to be paid or given to any promoter.
11. As noted in Section 13 of this Prospectus the Company has not entered into any material contracts within the last two years immediately preceding the publication of this Prospectus.
12. The name and address of the auditors of the Company are:
- KPMG
Chartered Accountants
The Victoria Mutual Building
6 Duke Street
Kingston
Jamaica, W. I.
13. The issued share capital of the Company consists of two classes of shares, namely ordinary and preference shares. All ordinary shares rank pari passu in respect of the capital and dividends and carry voting rights in the Company.
14. The authorized issued share capital of the Company is J\$1,864,554,000 divided into 1,630,552,532 ordinary shares with no par value.
15. The Company was incorporated on May 16, 2012 and was authorized to carry on business in Jamaica as a public company on August 14, 2014.

16. Jamaica Taxation

Under current legislation, JMMBGL's taxable profits are subject to tax at the rate of 33 1/3 % and the company currently claims Preference dividends as a deductible tax expense. Preference dividends paid to local investors that qualify for treatment as a deductible expense by the issuer are not subject to withholding tax at source.

Preference Share dividends that qualify for treatment as a deductible expense of the chargeable income of the issuer and that are paid by the Company to Preference Shareholders who are resident in Jamaica are not subject to withholding tax at source.

On the other hand, Ordinary Share and Preference Share dividends paid by the Company to shareholders who are not resident in Jamaica are subject to income withholding tax at the rate of 33 1/3% if the payment is made to a person other than an individual, or 25% if the payment is made to an individual.

Foreign resident Ordinary Shareholders or Preference Shareholders who reside in countries that have entered into a double taxation treaty with Jamaica may be subject to lower or higher rates of income withholding tax on any Preference Share dividends they may receive than that applicable to residents of Jamaica. Foreign resident Preference Shareholders will also have income tax on ordinary dividends withheld by the Company at source.

Each prospective Preference Shareholder should consult with an independent advisor as to the rate of withholding and other taxes that is applicable to them.

Prospective investors also should seek advice on the taxation of listed companies and their prospective investment in the Company from a professional adviser, and should not rely on the summary set out above.

Capital distributions are subject to transfer tax (currently 5% on the amount of the distribution).

If the Preference Stock Units are listed on the JSE as anticipated, then the transfer of these Preference Stock Units on the JSE is exempt from transfer tax and ad valorem stamp duty. If the Preference Stock Units are transferred other than by way of the facilities of the JSE then such transfer tax (currently 5%) and stamp duty (currently approximately 1%) would be chargeable. With respect to other possible tax implications, Applicants should consult their own tax advisors.

17. Underwriting

The Offer is not underwritten.

20. APPLICATION PROCEDURES & CONDITIONS OF OFFER

APPLICATION PROCEDURES, TERMS AND CONDITIONS

1. You may apply for Preference Shares in the Offer by means of the Application Form included in this Prospectus and which is also available for download at www.jmmb.com and www.jamstockex.com. Each duly completed and signed Application Form with respect to the 7.25% Variable Rate JMD Preference Shares, the 7.00% Variable Rate JMD Preference Shares, the 5.75% Fixed Rate USD Preference Shares and/or the 5.50% Fixed Rate USD Preference Shares TOGETHER WITH the following must be taken to any of the locations specified at section 3 of this Prospectus on or before 3:30 p.m. (Jamaica time) on March 7, 2018:
 - (i) Copy of valid identification (Driver’s Licence, Passport or National ID) for all applicants
 - (ii) Copy TRN card for all Applicants
 - (iii) Payment for the full amount payable for the respective Preference Shares applied for
 - (iv) JCSD flat fee of JA\$163.10 per Application. All payments must be made using an Approved Payment Method

2. An Approved Payment Method shall be any of the following:
 - (a) For the 7.25% Variable Rate JMD Preference Shares and the 7.00% Variable Rate JMD Preference Shares:

JMD PREFERENCE SHARES	
(i)	Manager’s cheques payable to “JMMBGL Preference Share Offer 2018 JMD” for amounts less than J\$1 million
(ii)	Cleared funds held in an investment account in the Applicant’s name at JMMB supported by an authorisation from the Applicant instructing JMMB to make payment from that account to an account held at JMMB in the name of “JMMBGL Preference Share Offer 2018 JMD”
(iii)	Transfer in the Real Time Gross Settlement (RTGS) system to an account held at JMMB in the name of “JMMBGL Preference Share Offer 2018 JMD”, in the case of payments of J\$1 million or more
(iv)	Transfer via the Automated Clearing House (ACH) to an account held at JMMB in the name of “JMMBGL Preference Share Offer 2018 JMD”

- (b) For the 5.75% Fixed Rate USD Preference Shares and the 5.50% Fixed Rate USD Preference Shares:

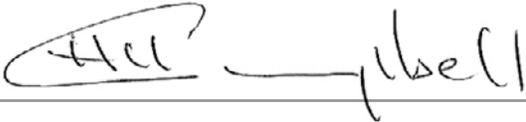
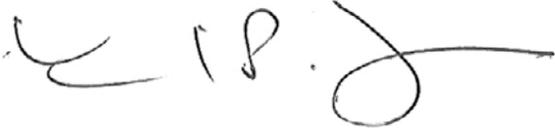
USD PREFERENCE SHARES	
(i)	Bank Draft payable to “JMMBGL Preference Share Offer 2018 USD”
(ii)	Cleared funds held in an investment account in the Applicant’s name at JMMB supported by an authorisation from the Applicant instructing JMMB to make payment from that account to an account held at JMMB in the name “JMMBGL Preference Share Offer 2018 USD”
(iii)	Transfer via the National Commercial Bank Elink to an account held at JMMB in the name of “JMMBGL Preference Share Offer 2018 USD”

3. (a) Each Application for the 7.25% Variable Rate JMD Preference Shares must be for multiples of 1,000 such Preference Shares subject to a minimum of 25,000 such Preference Shares
 - (b) Each Application for the 7.00% Variable Rate JMD Preference Shares must be for multiples of 1,000 such Preference Shares subject to a minimum of 25,000 such Preference Shares.
 - (c) Each Application for the 5.75% Fixed Rate USD Preference Shares must be for multiples of 500 such Preference Shares subject to a minimum of 5,000 such Preference Shares
 - (d) Each Application for the 5.50% Fixed Rate USD Preference Shares must be multiples of 500 such Preference Shares subject to a minimum of 5,000 such Preference Shares.
4. The Directors of the Company in their sole discretion may accept (in whole or in part) or reject any application to subscribe for Preference Shares even if your application is received, validated and processed. The acceptance may be in respect of the whole or any part of your application and, accordingly, the allocated number of shares may be reduced.
 5. If the Company accepts your application to subscribe (in whole or in part), this will be a binding contract under which you will have agreed to subscribe for the Preference Shares in respect of which your application has been accepted at the Offer Price.
 6. Early Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date. All other Applications will be received and processed on a first come, first served basis.
 7. If with respect to the 7.25% Variable Rate JMD Preference Shares, the 7.00% Variable Rate JMD Preference Shares, the 5.75% Fixed Rate USD Preference Shares and/or the 5.50% Fixed Rate USD Preference Shares, the Offer is oversubscribed, the respective Preference Shares may be apportioned for Allotment among the Applicants by the Directors, taking into account the factors described at clause 8 below and any other factors that the Directors consider relevant. Should the Offer with respect to the 7.25% Variable Rate JMD Preference Shares, the 7.00% Variable Rate JMD Preference Shares, the 5.75% Fixed Rate USD Preference Shares and/or the 5.50% Fixed Rate USD Preference Shares be oversubscribed, Applicants may be allotted fewer Preference Shares than they applied for.

8. Once the Offer with respect to the 7.25% Variable Rate JMD Preference Shares, the 7.00% Variable Rate JMD Preference Shares, the 5.75% Fixed Rate USD Preference Shares and/or the 5.50% Fixed Rate USD Preference Shares closes, if the Offer is oversubscribed with respect to the 7.25% Variable Rate JMD Preference Shares, the 7.00% Variable Rate JMD Preference Shares, the 5.75% Fixed Rate USD Preference Shares and/or the 5.50% Fixed Rate USD Preference Shares then and in such event the 7.25% Variable Rate JMD Preference Shares, the 7.00% Variable Rate JMD Preference Shares, the 5.75% Fixed Rate USD Preference Shares and/or the 5.50% Fixed Rate USD Preference Shares, as the case may be, may be allotted to Applicants on a "Pro Rata" basis.
9. In the event that the Offer with respect to the 7.25% Variable Rate JMD Preference Shares, the 7.00% Variable Rate JMD Preference Shares, the 5.75% Fixed Rate USD Preference Shares and/or the 5.50% Fixed Rate USD Preference Shares is oversubscribed, the Directors reserve the right in their sole discretion (but shall not be obligated) to issue and allot additional 7.25% Variable Rate JMD Preference Shares, 7.00% Variable Rate JMD Preference Shares, 5.75% Fixed Rate USD Preference Shares and/or 5.50% Fixed Rate USD Preference Shares in the Company as part of the Offer, on the same terms and at the Offer Price, such new shares to rank pari-passu with the 7.25% Variable Rate JMD Preference Shares, the 7.00% Variable Rate JMD Preference Shares, the 5.75% Fixed Rate USD Preference Shares and the 5.50% Fixed Rate USD Preference Shares.
10. In respect of each Application which is accepted in whole or in part by the Company, the Company will issue a letter of allotment in the name of the Applicant (or in the joint names of joint Applicants) for the class and number of Preference Shares allotted to the Applicant.
11. Amounts refundable to Applicants whose Applications are not accepted in whole or in part will be refunded based on the instructions given on their Application. Refunds of One Million Jamaican Dollars or more will be made via electronic transfer only. The Company will use its best efforts to put the letters of allotment in the mail within ten days after the Closing Date or as soon thereafter as practicable. Unless specifically requested by an Applicant, no physical share certificates will be issued. If specifically requested by any Applicant, a physical share certificate for the Preference Shares allotted to the Applicant shall be issued by the Company and delivered to the Applicant within 40 days after the close of the Offer.
12. Each letter of allotment will be mailed through the post at the Applicant's risk to the address of the Applicant (or of the primary Applicant) stated in the Application Form.
13. Letters of allotment are not transferable or assignable.

21. DIRECTORS' SIGNATURES

Signed on behalf of JMMB Group Limited by the below-mentioned Directors, for and on behalf of the Directors of JMMB Group Limited, dated as of the 16th day of February, 2018.

NAME OF DIRECTOR	ORIGINAL SIGNED BY
Archibald Campbell	
Keith Duncan	

APPENDIX 1



KPMG
Chartered Accountants
P.O. Box 76
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

February 15, 2018

The Board of Directors
JMMB Group Limited
6 Haughton Terrace
Kingston 10

Ladies and Gentlemen,

JMMB Group Limited – Prospectus 2018 Preference Share Offer

With respect to the offer made by JMMB Group Limited for the sale of preference share units, we hereby consent to the inclusion in the Prospectus of our report dated May 30, 2017, the summary consolidated statements of financial position as at March 31, 2013 through March 31, 2015 for Jamaica Money Market Brokers Limited and March 31, 2016 through March 31, 2017 for JMMB Group Limited and the summary consolidated income statements for each of the five years then ended, and to the references to our name in the form and context in which it is included in the Prospectus.

We confirm that we have not withdrawn such consent before delivery of a copy of the Prospectus to the Financial Services Commission for registration.

This letter should not be regarded as in any way updating the aforementioned report or representing that we performed any procedures subsequent to the date of such reports.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'KPMG'.

CLL:YB-W:cl-a

APPENDIX 2 - TERMS OF ISSUE

Terms of Issue for Classes of Shares the Subject of The Offer

Terms of Issue of 7.25% Variable Rate JMD Preference Shares

JMMB Group Limited
(the "Company")

"Terms of Issue – Cumulative Redeemable 7.25% Variable Rate JMD Preference Shares"

In these Terms of Issue:

"Agreed Rate" means 7.25% per annum (on a 365-day year basis) during the period commencing on the Closing Date and ending on March 6, 2020 and thereafter the rate equal to the most recent of the GOJ's 180-day Weighted Average Treasury Bill Yield (WATBY) plus 1.50% per annum to be reset annually on March 6 of each year until maturity of the 7.25% Variable Rate JMD Preference Shares the subject of the Offer;

"Business Day" means a day, not being a Saturday, Sunday or public holiday when banks are open for business in Jamaica;

"Preference Stock Units" means the preference stock units created on conversion of the Preference Shares, on issue

The Preference Shares in the capital of the Company, with no par value, and subject as hereinafter provided, a tenor of eighty-four (84) months, the same to be issued at a price of J\$2.00 per share shall be denominated "Cumulative Redeemable 7.25% Variable Rate JMD Preference Shares" (herein in these Terms, the "Preference Shares") conferring upon the registered holders thereof the following rights and subject to the following restrictions, namely:

- (a) The right to a cumulative preferential dividend at the Agreed Rate per annum on the capital for the time being paid up or credited as paid up on the Preference Stock Units, to be paid monthly, in Jamaican Dollars, commencing on April 6, 2018 and thereafter on the 6th day of each month or if such day falls on a day other than a Business Day then on the prior Business Day until maturity on March 6, 2025 or earlier redemption as outlined below at sub-paragraph (e) (Optional Redemption);
- (b) The right on a winding up of the Company or other return of capital to repayment in Jamaican Dollars in priority to any payment to the holders of any ordinary shares or ordinary stock units and pari passu with all other preference shares in the capital of the Company of:

- (i) (the amounts paid up on the Preference Stock Units; and
 - (ii) any arrears or accruals of the cumulative preferential dividend on the Preference Stock Units, whether declared or earned, or not, calculated down to the date of such repayment but to no further or other right to share in the surplus assets of the Company on a winding up.
- (c) The Preference Stock Units shall NOT carry the right to vote at any general meeting of the Company EXCEPT in circumstances where the cumulative dividend on the Preference Stock Units remains unpaid for a period greater than 12 months and/or a resolution to wind up the Company has been passed AND in either such event, every holder of Preference Stock Units present in person or by proxy shall have one vote, and on a poll every holder of Preference Stock Units, present in person or by proxy, shall have one vote for each Preference Stock Unit of which he is the holder.
- (d) The Company may, without any consent or sanction of the holders of Preference Stock Units, create and issue further preference shares, the same to be converted into preference stock units either ranking pari passu and identical in all respects and so as to form one class with the existing Preference Stock Units or ranking pari passu therewith as regards priority in respect of income and/or capital but carrying a different rate of dividend or otherwise differing from the Preference Stock Units.
- (e) The Preference Shares shall be issued as redeemable preference shares, converted on issue to Preference Stock Units and subject to the provisions contained in Section 56 of the Companies Act of Jamaica (the "Act") (as the same may be amended from time to time) redemption of such Preference Stock Units shall be effected in the manner and on the terms following:

a. Mandatory Redemption

If the cumulative dividend on the Preference Stock Units shall have been paid up in full up to and including the last date fixed for payment, the Company may redeem the Preference Stock Units by purchase over the JSE (by way of an uninterrupted put through) or by private treaty at a price of J\$2.00 per Preference Stock Unit (exclusive of stamp duty, commission and other expenses of purchase and any accrued dividend thereon) on March 6, 2025 or if such day falls on a day other than a Business Day then on the prior Business Day.

b. Optional Redemption

If the cumulative dividend on the Preference Stock Units shall have been paid up in full up to and including the last date fixed for payment prior to the exercise of this option, the Company reserves the right to redeem the Preference Stock Units (in full or part) on any date that is not less than five (5) years from the Closing Date by purchase over the JSE (by way of an uninterrupted put through) or by private treaty at a price of J\$2.00 per Preference Stock Unit (exclusive of stamp duty, commission and other expenses of purchase and any accrued dividend thereon). Prior notice of intention to exercise this right of early redemption of at least thirty (30) days shall be given to the holders of the Preference Stock Units.

General Provisions for Redemption:

- (i) For greater certainty in these Terms, it is hereby confirmed that redemption of the Preference Stock Units by the Company may be effected pursuant to a notice issued by the Company in accordance with these Terms.
- (ii) At the time and place fixed for redemption of Preference Stock Units:
 - a. the registered holder, if such registered holder is the holder of Preference Stock Units by virtue of an allotment by the Company (the "original holder") or a transfer from the original holder effected OTHER than by the facilities of the Jamaica Stock Exchange, shall be bound to deliver up to the Company the relative share/stock certificate(s) with respect to the said Preference Stock Units, if any, for cancellation following redemption; and
 - b. the Company shall be bound to redeem the said Preference Stock Units, and shall pay the registered holder the redemption money in respect of such Preference Stock Units together with any arrears or accruals of the cumulative preferential dividend (whether earned or declared or not) calculated down to the date fixed for payment.

Any notice by the Company pursuant to this paragraph (e)(ii) of these Terms shall be in writing (and be in such form as the Company may in its absolute discretion determine) and shall fix the time for redemption.

- (f) As from the time fixed for redemption of any of the Preference Stock Units under any notice given by the Company pursuant to paragraph (e) of these Terms, dividends shall cease to accrue on such Preference Stock Units except in respect of any Preference Stock Unit in respect of which payment due on such redemption was refused.
- (g) If any holder of Preference Stock Units shall fail or refuse to surrender the certificate(s) for such Preference Stock Units (where such surrender is required) or shall fail or refuse to accept the redemption money payable in respect of such Preference Stock Units, at the time fixed for redemption of any of the Preference Stock Units under any notice given by the Company pursuant to paragraph (e) of these Terms, such money shall be retained and held by the Company in trust for such registered holder but without interest or further obligation whatever.
- (h) No Preference Stock Units shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purposes of the redemption as permitted by the Act.
- (i) No Preference Stock Units redeemed by the Company shall be capable of re-issue and on redemption of any Preference Stock Units, the Directors may convert the authorised share capital created as a consequence of such redemption into shares and/or stock units of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of the same number as the shares and/or stock units of such class then in issue or into unclassified shares and/or stock units of the same number as the Preference Stock Units.
- (j) The rights attaching to the Preference Stock Units may not be varied either while the

Company is a going concern or during or in contemplation of a winding up of the Company without the consent in writing of the holders of three-fourths of the issued Preference Stock Units or without the sanction of an Extraordinary Resolution passed at a separate meeting of that class, but not otherwise. To every such separate meeting all of the provisions of the Articles of Incorporation of the Company relating to general meetings of the Company or to proceedings thereat shall, mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal amount of the issued Preference Shares (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum) and that the holders of Preference Stock Units shall, on a poll, have one vote in respect of each Preference Stock Unit held by them respectively.

These Terms of Issue were approved by the directors of the Company pursuant to a resolution of the directors of the Company passed at a directors' meeting held on January 25, 2018, the authority for the issue of the Preference Shares on such terms having been authorised by the Company pursuant to a special resolution of the Company passed at an Extraordinary General Meeting of the Company held on September 16, 2015.

TERMS OF ISSUE OF 7.00% VARIABLE RATE JMD PREFERENCE SHARES

**JMMB Group Limited
(the "Company")**

"Terms of Issue – Cumulative Redeemable 7.00% Variable Rate JMD Preference Shares"

In these Terms of Issue:

"Agreed Rate" means 7.00% per annum (on a 365-day year basis) during the period commencing on the Closing Date and ending on March 6, 2020 and thereafter the rate equal to the most recent of the GOJ's 180-day Weighted Average Treasury Bill Yield (WATBY) plus 1.50 % per annum to be reset annually on March 6 of each year until maturity of the 7.00% Variable Rate JMD Preference Shares the subject of the Offer;

"Business Day" means a day, not being a Saturday, Sunday or public holiday when banks are open for business in Jamaica;

"Preference Stock Units" means the preference stock units created on conversion of the Preference Shares, on issue

The Preference Shares in the capital of the Company, with no par value, and subject as hereinafter provided, of a tenor of eighty-four (84) months, the same to be issued at a price of J\$2.00 per share shall be denominated "Cumulative Redeemable 7.00 % Variable Rate JMD Preference Shares" (herein in these Terms, the "Preference Shares") conferring upon the registered holders thereof the following rights and shall be subject to the following restrictions, namely:

- (a) The right to a cumulative preferential dividend at the Agreed Rate per annum on the capital for the time being paid up or credited as paid up on the Preference Stock Units, to be paid monthly, in Jamaican Dollars, commencing on April 6, 2018 and thereafter on the 6th day of each month or if such day falls on a day other than a Business Day then on the prior Business Day until maturity on March 6, 2025 or earlier redemption as outlined below at sub-paragraph (e) (Optional Redemption);
- (b) The right on a winding up of the Company or other return of capital to repayment in Jamaican Dollars in priority to any payment to the holders of any ordinary shares or ordinary stock units and pari passu with all other preference shares in the capital of the Company of:
 - (i) the amounts paid up on the Preference Stock Units; and
 - (ii) any arrears or accruals of the cumulative preferential dividend on the Preference Stock Units, whether declared or earned, or not, calculated down to the date of such repayment but to no further or other right to share in the surplus assets of the Company on a winding up.

- (c) The Preference Stock Units shall NOT carry the right to vote at any general meeting of the Company EXCEPT in circumstances where the cumulative dividend on the Preference Stock Unit remains unpaid for a period greater than 12 months and/or a resolution to wind up the Company has been passed AND in either such event, every holder of Preference Stock Units present in person or by proxy shall have one vote, and on a poll every holder of Preference Stock Units, present in person or by proxy, shall have one vote for each Preference Stock Unit of which he is the holder.
- (d) The Company may, without any consent or sanction of the holders of Preference Stock Units, create and issue further preference shares, the same to be converted into preference stock units either ranking pari passu and identical in all respects and so as to form one class with the existing Preference Stock Units or ranking pari passu therewith as regards priority in respect of income and/or capital but carrying a different rate of dividend or otherwise differing from the Preference Stock Units.
- (e) The Preference Shares shall be issued as redeemable preference shares, converted on issue to Preference Stock Units and subject to the provisions contained in Section 56 of the Companies Act of Jamaica (the "Act") (as the same may be amended from time to time) redemption of such Preference Stock Units shall be effected in the manner and on the terms following:

- a. Mandatory Redemption

If the cumulative dividend on the Preference Stock Units shall have been paid up in full up to and including the last date fixed for payment, the Company may redeem the Preference Stock Units by purchase over the JSE (by way of an uninterrupted put through) or by private treaty at a price of J\$2.00 per Preference Stock Unit (exclusive of stamp duty, commission and other expenses of purchase and any accrued dividend thereon) on March 6, 2025 or if such day falls on a day other than a Business Day then on the prior Business Day.

- b. Optional Redemption

If the cumulative dividend on the Preference Stock Units shall have been paid up in full up to and including the last date fixed for payment prior to the exercise of this option, the Company reserves the right to redeem the Preference Stock Units (in full or part) on any date that is not less than five (5) years from the Closing Date by purchase over the JSE (by way of an uninterrupted put through) or by private treaty at a price of J\$2.00 per Preference Stock Unit (exclusive of stamp duty, commission and other expenses of purchase and any accrued dividend thereon). Prior notice of intention to exercise this right of early redemption of at least thirty (30) days shall be given to the holders of the Preference Stock Units.

General Provisions for Redemption:

- (i) For greater certainty in these Terms, it is hereby confirmed that redemption of the Preference Stock Units by the Company may be effected pursuant to a notice issued by the Company in accordance with these Terms.

- (ii) At the time and place fixed for redemption of Preference Stock Units:
 - a. the registered holder, if such registered holder is the holder of Preference Stock Units by virtue of an allotment by the Company (the "original holder") or a transfer from the original holder effected OTHER than by the facilities of the Jamaica Stock Exchange, shall be bound to deliver up to the Company the relative share/stock certificate(s) with respect to the said Preference Stock Units, if any, for cancellation following redemption; and
 - b. the Company shall be bound to redeem the said Preference Stock Units, and shall pay the registered holder the redemption money in respect of such Preference Stock Units together with any arrears or accruals of the cumulative preferential dividend (whether earned or declared or not) calculated down to the date fixed for payment.

Any notice by the Company pursuant to this paragraph (e)(ii) of these Terms shall be in writing (and be in such form as the Company may in its absolute discretion determine) and shall fix the time for redemption.

- (f) As from the time fixed for redemption of any of the Preference Stock Units under any notice given by the Company pursuant to paragraph (e) of these Terms, dividends shall cease to accrue on such Preference Stock Units except in respect of any Preference Stock Unit in respect of which payment due on such redemption was refused.
- (g) If any holder of Preference Stock Units shall fail or refuse to surrender the certificate(s) for such Preference Stock Units (where such surrender is required) or shall fail or refuse to accept the redemption money payable in respect of such Preference Stock Units, at the time fixed for redemption of any of the Preference Stock Units under any notice given by the Company pursuant to paragraph (e) of these Terms, such money shall be retained and held by the Company in trust for such registered holder but without interest or further obligation whatever.
- (h) No Preference Stock Units shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purposes of the redemption as permitted by the Act.
- (i) No Preference Stock Units redeemed by the Company shall be capable of re-issue and on redemption of any Preference Stock Units, the Directors may convert the authorised share capital created as a consequence of such redemption into shares and/or stock units of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of the same number as the shares and/or stock units of such class then in issue or into unclassified shares and/or stock units of the same number as the Preference Stock Units.
- (j) The rights attaching to the Preference Stock Units may not be varied either while the Company is a going concern or during or in contemplation of a winding up of the Company without the consent in writing of the holders of three-fourths of the issued Preference Stock Units or without the sanction of an Extraordinary Resolution passed at a separate meeting of that class, but not otherwise. To every such separate meeting all of the provisions of the Articles of Incorporation of the Company relating to general meetings of the Company or to

proceedings thereat shall, mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal amount of the issued Preference Stock Units (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum) and that the holders of Preference Stock Units shall, on a poll, have one vote in respect of each Preference Stock Unit held by them respectively.

These Terms of Issue were approved by the directors of the Company pursuant to a resolution of the directors of the Company passed at a directors' meeting held on January 25, 2018, the authority for the issue of the Preference Shares on such terms having been authorised by the Company pursuant to a special resolution of the Company passed at an Extraordinary General Meeting of the Company held on September 16, 2015.

TERMS OF ISSUE OF 5.75% FIXED RATE USD PREFERENCE SHARES

**JMMB Group Limited
(the "Company")**

"Terms of Issue – Cumulative Redeemable 5.75% Fixed Rate USD Preference Shares"

In these Terms of Issue:

"Agreed Rate" means the fixed rate of 5.75% per annum (on a 360-day year, 30-day month basis);

"Business Day" means a day, not being a Saturday, Sunday or public holiday when banks are open for business in Jamaica;

"Preference Stock Units" means the preference stock units created on conversion of the Preference Shares, on issue

The Preference Shares in the capital of the Company, with no par value, and subject as hereinafter provided, a tenor of eighty-four (84) months, the same to be issued at a price of US\$2.00 shall be denominated "Cumulative Redeemable 5.75% Fixed Rate USD Preference Shares" (herein in these Terms, the "Preference Shares") conferring upon the registered holders thereof the following rights and shall be subject to the following restrictions, namely:

- (a) The right to a cumulative preferential dividend at the Agreed Rate per annum on the capital for the time being paid up or credited as paid up on the Preference Stock Units, to be paid quarterly, in United States Dollars, commencing on June 6, 2018 and thereafter on the 6th day of each relevant month (September, December, March, June) or if such day falls on a day other than a Business Day then on the prior Business Day until maturity on March 6, 2025 or earlier redemption as outlined below at sub-paragraph (e) (Optional Redemption);
- (b) The right on a winding up of the Company or other return of capital to repayment in United States Dollars in priority to any payment to the holders of any ordinary shares or ordinary stock units and pari passu with all other preference shares in the capital of the Company of:
 - (i) the amounts paid up on the Preference Stock Units; and
 - (ii) any arrears or accruals of the cumulative preferential dividend on the Preference Stock Units, whether declared or earned, or not, calculated down to the date of such repayment but to no further or other right to share in the surplus assets of the Company on a winding up.
- (c) The Preference Stock Units shall NOT carry the right to vote at any general meeting of the Company EXCEPT in circumstances where the cumulative dividend on the Preference Stock

Units remains unpaid for a period greater than 12 months and/or a resolution to wind up the Company has been passed AND in either such event, every holder of Preference Stock Units present in person or by proxy shall have one vote, and on a poll every holder of Preference Stock Units, present in person or by proxy, shall have one vote for each Preference Stock Unit of which he is the holder.

- (d) The Company may, without any consent or sanction of the holders of Preference Stock Units, create and issue further preference shares, the same to be converted into preference stock units either ranking pari passu and identical in all respects and so as to form one class with the existing Preference Stock Units or ranking pari passu therewith as regards priority in respect of income and/or capital but carrying a different rate of dividend or otherwise differing from the Preference Stock Units.
- (e) The Preference Shares shall be issued as redeemable preference shares, converted on issue to Preference Stock Units and subject to the provisions contained in Section 56 of the Companies Act of Jamaica (the "Act") (as the same may be amended from time to time) redemption of such Preference Stock Units shall be effected in the manner and on the terms following:

- a. Mandatory Redemption

If the cumulative dividend on the Preference Stock Units shall have been paid up in full up to and including the last date fixed for payment, the Company may redeem the Preference Stock Units by purchase over the JSE (by way of an uninterruptible put through) or by private treaty at a price of US\$2.00 per Preference Stock Unit (exclusive of stamp duty, commission and other expenses of purchase and any accrued dividend thereon) on March 6, 2025 or if such day falls on a day other than a Business Day then on the prior Business Day.

- b. Optional Redemption

If the cumulative dividend on the Preference Stock Units shall have been paid up in full up to and including the last date fixed for payment prior to the exercise of this option, the Company reserves the right to redeem the Preference Stock Units (in full or part) on any date that is not less than five (5) years from the Closing Date by purchase over the JSE (by way of an uninterruptible put through) or by private treaty at a price of US\$2.00 per Preference Stock Unit (exclusive of stamp duty, commission and other expenses of purchase and any accrued dividend thereon). Prior notice of intention to exercise this right of early redemption of at least thirty (30) days shall be given to the holders of the Preference Stock Units.

General Provisions for Redemption:

- (i) For greater certainty in these Terms, it is hereby confirmed that redemption of the Preference Stock Units by the Company may be effected pursuant to a notice issued by the Company in accordance with these Terms.
- (ii) At the time and place fixed for redemption of Preference Stock Units:

- a. the registered holder, if such registered holder is the holder of Preference Stock Units by virtue of an allotment by the Company (the “original holder”) or a transfer from the original holder effected OTHER than by the facilities of the Jamaica Stock Exchange, shall be bound to deliver up to the Company the relative share/stock certificate(s) with respect to the said Preference Stock Units for cancellation, if any, following redemption; and
- b. the Company shall be bound to redeem the said Preference Stock Units, and shall pay the registered holder the redemption money in respect of such Preference Stock Units together with any arrears or accruals of the cumulative preferential dividend (whether earned or declared or not) calculated down to the date fixed for payment.

Any notice by the Company pursuant to this paragraph (e)(ii) of these Terms shall be in writing (and be in such form as the Company may in its absolute discretion determine) and shall fix the time for redemption.

- (f) As from the time fixed for redemption of any of the Preference Stock Units under any notice given by the Company pursuant to paragraph (e) of these Terms, dividends shall cease to accrue on such Preference Stock Units except in respect of any Preference Stock Unit in respect of which payment due on such redemption was refused.
- (g) If any holder of Preference Stock Units shall fail or refuse to surrender the certificate(s) for such Preference Stock Units (where such surrender is required) or shall fail or refuse to accept the redemption money payable in respect of such Preference Stock Units, at the time fixed for redemption of any of the Preference Stock Units under any notice given by the Company pursuant to paragraph (e) of these Terms, such money shall be retained and held by the Company in trust for such registered holder but without interest or further obligation whatever.
- (h) No Preference Stock Units shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purposes of the redemption as permitted by the Act.
- (i) No Preference Stock Units redeemed by the Company shall be capable of re-issue and on redemption of any Preference Stock Units, the Directors may convert the authorised share capital created as a consequence of such redemption into shares and/or stock units of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of the same number as the shares and/or stock units of such class then in issue or into unclassified shares and/or stock units of the same number as the Preference Stock Units.
- (j) The rights attaching to the Preference Stock Units may not be varied either while the Company is a going concern or during or in contemplation of a winding up of the Company without the consent in writing of the holders of three-fourths of the issued Preference Stock Units or without the sanction of an Extraordinary Resolution passed at a separate meeting of that class, but not otherwise. To every such separate meeting all of the provisions of the Articles of Incorporation of the Company relating to general meetings of the Company or to proceedings thereat shall, mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal amount of

the issued Preference Stock Units (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum) and that the holders of Preference Stock Units shall, on a poll, have one vote in respect of each Preference Stock Unit held by them respectively.

These Terms of Issue were approved by the directors of the Company pursuant to a resolution of the directors of the Company passed at a directors' meeting held on January 25, 2018, the authority for the issue of the Preference Shares on such terms having been authorised by the Company pursuant to a special resolution of the Company passed at an Extraordinary General Meeting of the Company held on September 16, 2015.

TERMS OF ISSUE OF 5.50% FIXED RATE USD PREFERENCE SHARES

JMMB Group Limited (the "Company")

"Terms of Issue – Cumulative Redeemable 5.50% Fixed Rate USD Preference Shares"

In these Terms of Issue:

"Agreed Rate" means the fixed rate of 5.50% per annum (on a 360-day year, 30-day month basis);

"Business Day" means a day, not being a Saturday, Sunday or public holiday when banks are open for business in Jamaica;

"Preference Stock Units" means the preference stock units created on conversion of the Preference Shares, on issue

The Preference Shares in the capital of the Company, with no par value, and subject as hereinafter provided, of a tenor of eighty-four (84) months, the same to be issued at a price of US\$2.00 per share shall be denominated "Cumulative Redeemable 5.50% Fixed Rate USD Preference Shares" (herein in these Terms, the "Preference Shares") conferring upon the registered holders thereof the following rights and subject to the following restrictions, namely:

- (a) the right to a cumulative preferential dividend at the Agreed Rate per annum on the capital for the time being paid up or credited as paid up on the Preference Stock Units, to be paid quarterly, in United States Dollars, commencing on June 6, 2018 and thereafter on the 6th day of each relevant month (September, December, March, June) or if such day falls on a day other than a Business Day then on the prior Business Day until maturity on March 6, 2025 or earlier redemption as outlined below at sub-paragraph (e) (Optional Redemption);
- (b) the right on a winding up of the Company or other return of capital to repayment in United States Dollars in priority to any payment to the holders of any ordinary shares or ordinary stock units and pari passu with all other preference shares in the capital of the Company of:
 - (i) the amounts paid up on the Preference Stock Units; and
 - (ii) any arrears or accruals of the cumulative preferential dividend on the Preference Stock Units, whether declared or earned, or not, calculated down to the date of such repayment but to no further or other right to share in the surplus assets of the Company on a winding up.

- (c) the Preference Stock Units shall NOT carry the right to vote at any general meeting of the Company EXCEPT in circumstances where the cumulative dividend on the Preference Stock Units remains unpaid for a period greater than 12 months and/or a resolution to wind up the Company has been passed AND in either such event, every holder of Preference Stock Units present in person or by proxy shall have one vote, and on a poll every holder of Preference Stock Units, present in person or by proxy, shall have one vote for each Preference Stock Unit of which he is the holder.
- (d) The Company may, without any consent or sanction of the holders of Preference Stock Units, create and issue further preference shares, the same to be converted into preference stock units either ranking pari passu and identical in all respects and so as to form one class with the existing Preference Stock Units or ranking pari passu therewith as regards priority in respect of income and/or capital but carrying a different rate of dividend or otherwise differing from the Preference Stock Units.
- (e) The Preference Shares shall be issued as redeemable preference shares, converted on issue to Preference Stock Units and subject to the provisions contained in Section 56 of the Companies Act of Jamaica (the "Act") (as the same may be amended from time to time) redemption of such Preference Stock Units shall be effected in the manner and on the terms following:

- a. Mandatory Redemption

If the cumulative dividend on the Preference Stock Units shall have been paid up in full up to and including the last date fixed for payment, the Company may redeem the Preference Stock Units by purchase over the JSE (by way of an uninterrupted put through) or by private treaty at a price of US\$2.00 per Preference Stock Unit (exclusive of stamp duty, commission and other expenses of purchase and any accrued dividend thereon) on March 6, 2025 or if such day falls on a day other than a Business Day then on the prior Business Day.

- b. Optional Redemption

If the cumulative dividend on the Preference Stock Units shall have been paid up in full up to and including the last date fixed for payment prior to the exercise of this option, the Company reserves the right to redeem the Preference Stock Units (in full or part) on any date that is not less than five (5) years from the Closing Date by purchase over the JSE (by way of an uninterrupted put through) or by private treaty at a price of US\$2.00 per Preference Stock Unit (exclusive of stamp duty, commission and other expenses of purchase and any accrued dividend thereon). Prior notice of intention to exercise this right of early redemption of at least thirty (30) days shall be given to the holders of the Preference Stock Units.

General Provisions for Redemption:

- (i) For greater certainty in these Terms, it is hereby confirmed that redemption of the Preference Stock Units by the Company may be effected pursuant to a notice issued by the Company in accordance with these Terms.
- (ii) At the time and place fixed for redemption of Preference Stock Units:

- a the registered holder, if such registered holder is the holder of Preference Stock Units by virtue of an allotment by the Company (the "original holder") or a transfer from the original holder effected OTHER than by the facilities of the JSE, shall be bound to deliver up to the Company the relative share/stock certificate(s) with respect to the said Preference Stock Units, if any, for cancellation following redemption; and
- b the Company shall be bound to redeem the said Preference Stock Units, and shall pay the registered holder the redemption money in respect of such Preference Stock Units together with any arrears or accruals of the cumulative preferential dividend (whether earned or declared or not) calculated down to the date fixed for payment.

Any notice by the Company pursuant to this paragraph (e)(ii) of these Terms shall be in writing (and be in such form as the Company may in its absolute discretion determine) and shall fix the time for redemption.

- (f) As from the time fixed for redemption of any of the Preference Stock Units under any notice given by the Company pursuant to paragraph (e) of these Terms, dividends shall cease to accrue on such Preference Stock Units except in respect of any Preference Stock Unit in respect of which payment due on such redemption was refused.
- (g) If any holder of Preference Stock Units shall fail or refuse to surrender the certificate(s) for such Preference Stock Units (where such surrender is required) or shall fail or refuse to accept the redemption money payable in respect of such Preference Stock Units, at the time fixed for redemption of any of the Preference Stock Units under any notice given by the Company pursuant to paragraph (e) of these Terms, such money shall be retained and held by the Company in trust for such registered holder but without interest or further obligation whatever.
- (h) No Preference Stock Units shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purposes of the redemption as permitted by the Act.
- (i) No Preference Stock Units redeemed by the Company shall be capable of re-issue and on redemption of any Preference Stock Units, the Directors may convert the authorised share capital created as a consequence of such redemption into shares and/or stock units of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of the same number as the shares and/or stock units of such class then in issue or into unclassified shares and/or stock units of the same number as the Preference Stock Units.
- (j) The rights attaching to the Preference Stock Units may not be varied either while the Company is a going concern or during or in contemplation of a winding up of the Company without the consent in writing of the holders of three-fourths of the issued Preference Stock Units or without the sanction of an Extraordinary Resolution passed at a separate meeting of that class, but not otherwise. To every such separate meeting all of the provisions of the Articles of Incorporation of the Company relating to general meetings of the Company or to proceedings thereat shall, mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal amount of the issued Preference Stock Units (but so that if at any adjourned meeting of such holders a

quorum as above defined is not present those members who are present shall be a quorum) and that the holders of Preference Stock Units shall, on a poll, have one vote in respect of each Preference Stock Unit held by them respectively.

These Terms of Issue were approved by the directors of the Company pursuant to a resolution of the directors of the Company passed at a directors' meeting held on January 25, 2018, the authority for the issue of the Preference Shares on such terms having been authorised by the Company pursuant to a special resolution of the Company passed at an Extraordinary General Meeting of the Company held on September 16, 2015.

APPENDIX 3

AUDITED FINANCIAL STATEMENTS

JMMB GROUP LIMITED AUDITED FINANCIAL RESULTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

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INDEPENDENT AUDITORS' REPORT

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of JMMB Group Limited ("the company") and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages **110 to 191** which comprise the group's and company's statements of financial position as at 31 March 2017, the group's and company's profit and loss accounts, statements of profit or loss and other comprehensive income, changes in stockholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at 31 March 2017, and of the group's and company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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

1. *Fair value of investments*

<i>Key Audit Matter [see notes 15 and 29(a)]</i>	<i>How the matter was addressed in our audit</i>
<p>The group's investments measured at fair value represent 61% (2016: 54%) of the group's total assets. 99% of these investments were categorised as Level 2 in the fair value hierarchy, as no quoted prices are available for these instruments. Valuation of these investments, although based on observable inputs, involves the exercise of judgement and the use of assumptions. Management used valuation techniques which require inputs such as market yields obtained from established yield curves. These assumption are subject to significant judgement, and could therefore result in a material misstatement.</p>	<p>Our procedures in this area included the following:</p> <ul style="list-style-type: none">• Assessing and testing the design and operating effectiveness of the group's controls over the determination and computation of fair values.• Challenging the reasonableness of yields/prices by comparison to independent third party pricing sources.• Assessing the reasonableness of significant assumptions used by such third-party pricing sources.• Involving our own valuation specialists to determine/obtain yields/prices of specific securities and comparing these to those used by management.• Assessing the adequacy of the disclosures, including the degree of estimation involved in determining fair values.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. *Impairment of investments, loans and notes receivable*

<p><i>Key Audit Matter</i> <i>[see notes 34(b)(iv), 12 and 15 to the financial statements]</i></p>	<p><i>How the matter was addressed in our audit</i></p>
<p>The estimation of the impairment allowance on investments, loans and notes receivable on an individual and aggregate basis requires management to make judgements to determine whether there is objective evidence that these instruments should be classified as impaired arising from repayment default or adverse economic conditions. Management also makes assumptions in determining the estimated future cash flows from the instruments to determine the impairment allowance. Estimates of expected cash flows require management to use judgement in estimating the values of collateral held, cost to sell the collateral and the time to liquidate such collateral, as relevant. The combination of estimates and judgements increases the risk that management's estimate would be materially misstated.</p>	<p>Our procedures in this area included the following:</p> <ul style="list-style-type: none"> • Testing controls over the group's impairment process, such as: <ul style="list-style-type: none"> (a) controls over the completeness and accuracy of the data used to determine impaired loans. (b) management review of the recoverable value calculations. • Challenging management's identification of impaired instruments by reviewing a sample of instruments and assessing whether or not they were appropriately classified, based on the criteria for determining objective evidence of impairment. • Testing a sample of impairment calculations by assessing the forecasts of expected cash flows and challenging assumptions using externally available information as well as historical trends. • Assessing whether disclosures in the financial statements are adequate in respect of the group's exposure to credit risk and measurement of impairment allowances.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

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

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

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

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

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

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

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

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

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.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 108 to 109 forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

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

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

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

A handwritten signature of the KPMG firm, written in a cursive style.

Chartered Accountants
Kingston, Jamaica

May 30, 2017



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Appendix to the Independent Auditors' report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Appendix to the Independent Auditors' report (continued)

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

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

JMMB GROUP LIMITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Net Interest Income and Other Revenue			
Interest income	5	14,712,377	13,337,436
Interest expense	5	(7,944,690)	(7,834,033)
Net interest income		6,767,687	5,503,403
Fee and commission income		918,301	749,135
Gains on securities trading, net		5,376,536	4,018,454
Fees earned from managing funds on behalf of clients		369,014	218,254
Foreign exchange margins from cambio trading		1,218,518	934,829
Operating revenue net of interest expense		14,650,056	11,424,075
Other income			
Dividends		31,258	24,023
Other		12,167	9,581
		14,693,481	11,457,679
Operating Expenses			
Staff costs	6	(5,390,462)	(4,367,807)
Other expenses	7	(5,055,760)	(4,413,458)
		(10,446,222)	(8,781,265)
Operating Profit		4,247,259	2,676,414
Impairment loss on intangible asset	18	-	(13,392)
Impairment loss on financial assets	15	(8,745)	(61,810)
Loss on acquisition of net assets of overseas entity	26(a)	(87,646)	-
Gain/(loss) on disposal of property, plant and equipment		5,178	(5,655)
Profit before Taxation		4,156,046	2,595,557
Taxation	8	(805,515)	(296,326)
Profit for the Year		3,350,531	2,299,231
Attributable to:			
Equity holders of the parent		3,312,838	2,264,589
Non-controlling interest	27	37,693	34,642
		3,350,531	2,299,231
Earnings per stock unit	9	\$2.03	\$1.39

The notes on pages 121 to 191 are an integral part of these financial statements

JMMB GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Profit for the Year		3,350,531	2,299,231
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Unrealised gains/(losses) on available-for-sale securities		1,333,917	(1,126,650)
Related tax	20	(257,695)	223,667
Foreign exchange differences on translation of foreign subsidiaries		303,586	167,462
Total other comprehensive income/(loss), net of tax		1,379,808	(735,521)
Total comprehensive income for year		4,730,339	1,563,710
Total comprehensive income attributable to:			
Equity holders of the parent		4,633,975	1,529,795
Non-controlling interest	27	96,364	33,915
		4,730,339	1,563,710

The notes on pages 121 to 191 are an integral part of these financial statements

JMMB GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
ASSETS			
Cash and cash equivalents	11	20,895,153	25,509,721
Interest receivable		2,941,556	2,677,626
Income tax recoverable		1,252,062	1,446,489
Loans and notes receivable	12	47,133,134	37,450,257
Other receivables	13	1,545,162	1,791,238
Securities purchased under agreements to resell	14	915,006	221,506
Investment securities	15	171,571,803	156,976,090
Investment properties	17	473,132	457,591
Intangible assets	18	1,516,500	1,349,158
Property, plant and equipment	19	3,070,590	2,438,096
Deferred income tax assets	20	43,902	165,892
Customers' liability under acceptances, guarantees and letters of credit as per contra		198,110	123,622
		251,556,110	230,607,286

The notes on pages 121 to 191 are an integral part of these financial statements

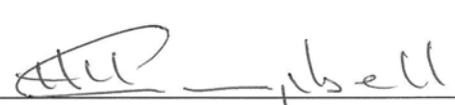
JMMB GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
STOCKHOLDERS' EQUITY			
Share capital	21	1,864,554	1,864,554
Retained earnings reserve	22(a)	9,605,055	9,605,055
Investment revaluation reserve	22(b)	2,202,115	1,152,069
Cumulative translation reserve	22(c)	312,246	41,155
Retained earnings		11,922,100	9,261,483
		<u>25,906,070</u>	<u>21,924,316</u>
Non-controlling interest	27	888,629	792,265
		<u>26,794,699</u>	<u>22,716,581</u>
LIABILITIES			
Customer deposits		49,087,517	41,296,373
Due to other banks		418,313	499,166
Securities sold under agreements to repurchase	23	156,647,595	149,262,369
Notes payable	24	4,525,306	4,414,355
Redeemable preference shares	21	8,837,821	8,556,784
Deferred income tax liabilities	20	1,232,702	677,531
Interest payable		1,158,780	1,170,402
Income tax payable		208,477	117,795
Other payables		2,446,790	1,772,308
Liabilities under acceptances, guarantees and letters of credit as per contra		198,110	123,622
		<u>224,761,411</u>	<u>207,890,705</u>
		<u>251,556,110</u>	<u>230,607,286</u>

Approved for issue by the Board of Directors on 30 May, 2017 and signed on its behalf by:


 Archibald Campbell Chairman


 Keith P. Duncan Group Chief Executive Officer

The notes on pages 121 to 191 are an integral part of these financial statements

JMMB GROUP LIMITED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Year ended 31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

Note	Share Capital \$'000	Retained Earnings Reserve \$'000	Investment Revaluation Reserve \$'000	Cumulative Translation Reserve \$'000	Retained Earnings \$'000	Total Attributable to Equity holders of the Parent \$'000	Non- Controlling Interest \$'000	Total \$'000
Balances at 31 March 2015	1,864,054	9,605,055	2,037,032	(109,014)	7,567,587	20,964,714	758,350	21,723,064
Profit for the year	-	-	-	-	2,264,589	2,264,589	34,642	2,299,231
Other comprehensive income for 2016: Unrealised losses on available-for-sale securities, net of tax	-	-	(884,963)	-	-	(884,963)	(18,020)	(902,983)
Foreign exchange differences on translation of foreign subsidiaries' balances	-	-	-	150,169	-	150,169	17,293	167,462
Total other comprehensive income	-	-	(884,963)	150,169	-	(734,794)	(727)	(735,521)
Total comprehensive income	-	-	(884,963)	150,169	2,264,589	1,529,795	33,915	1,563,710
Transactions with owners of the company								
Issue of shares	500	-	-	-	-	500	-	500
Dividends	-	-	-	-	(570,693)	(570,693)	-	(570,693)
Balances at 31 March 2016	1,864,554	9,605,055	1,152,069	41,155	9,261,483	21,924,316	792,265	22,716,581
Profit for the year	-	-	-	-	3,312,838	3,312,838	37,693	3,350,531
Other comprehensive income for 2017: Unrealised gains on available-for-sale securities, net of tax	-	-	1,050,046	-	-	1,050,046	26,176	1,076,222
Foreign exchange differences on translation of foreign subsidiaries' balances	-	-	-	271,091	-	271,091	32,495	303,586
Total other comprehensive income	-	-	1,050,046	271,091	-	1,321,137	58,671	1,379,808
Total comprehensive income	-	-	1,050,046	271,091	3,312,838	4,633,975	96,364	4,730,339
Transactions with owners of the company								
Dividends	-	-	-	-	(652,221)	(652,221)	-	(652,221)
Balances at 31 March 2017	1,864,554	9,605,055	2,202,115	312,246	11,922,100	25,906,070	888,629	26,794,699

The notes on pages 121 to 191 are an integral part of these financial statements

JMMB GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Cash Flows from Operating Activities			
Profit for the year		3,350,531	2,299,231
Adjustments for:			
Interest income	5	(14,712,377)	(13,337,436)
Interest expense	5	7,944,690	7,834,033
Dividend income		-	(24,023)
Income tax charge	8	805,515	296,326
Loss on acquisition of net assets of overseas entity	26	87,646	-
Impairment loss on intangible assets	18	-	13,392
Impairment loss on financial assets	15	8,745	61,810
Amortisation of intangible assets	18	195,015	162,873
Depreciation of property, plant and equipment	19	349,001	316,278
(Gain)/loss on sale of property, plant and equipment		(5,178)	5,655
Unrealised gains on trading securities		(147,543)	(191,375)
Foreign currency translation gains		104,915	(164,539)
		<u>(2,019,040)</u>	<u>(2,727,775)</u>
Changes in operating assets and liabilities -			
Income tax recoverable, net		194,427	684,437
Notes receivable		(9,347,213)	(4,768,066)
Other receivables		256,667	(508,152)
Securities purchased under agreements to resell		(693,500)	51,090
Customer deposits		6,762,421	1,798,837
Due to other banks		(80,853)	63,353
Other payables		656,791	(612,163)
Securities sold under agreements to repurchase		7,385,226	4,760,711
		<u>3,114,926</u>	<u>(1,257,728)</u>
Interest received		14,448,447	13,221,444
Interest paid		(7,956,312)	(7,849,226)
Taxation paid		(295,367)	(484,357)
Net cash provided by operating activities (Page 116)		<u>9,311,694</u>	<u>3,630,133</u>

The notes on pages 121 to 191 are an integral part of these financial statements

JMMB GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

Year ended 31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Cash Flows from Operating Activities (Page 115)		9,311,694	3,630,133
Cash Flows from Investing Activities			
Dividends received		-	24,023
Investment securities, net		(12,000,038)	(727,088)
Investment properties, net		(15,541)	-
Purchase of intangible assets	18	(304,276)	(355,600)
Purchase of property, plant and equipment	19	(986,987)	(711,530)
Proceeds from disposal of property, plant and equipment		14,650	1,142
Acquisition of subsidiaries, net of cash acquired	26	-	138,994
Net cash used in investing activities		(13,292,192)	(1,630,059)
Cash Flows from Financing Activities			
Proceeds from issue of redeemable preference shares		-	7,087,425
Repayment of redeemable preference shares		-	(2,759,346)
Issue of ordinary shares	21	-	500
Notes payable		-	769,971
Dividends paid	10	(652,221)	(570,693)
Net cash (used in)/provided by financing activities		(652,221)	4,527,857
Effect of exchange rate changes on cash and cash equivalents		18,151	309,402
Net (decrease)/increase in cash and cash equivalents		(4,614,568)	6,837,333
Cash and cash equivalents at beginning of year		25,509,721	18,672,388
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	20,895,153	25,509,721

The notes on pages 121 to 191 are an integral part of these financial statements

JMMB GROUP LIMITED

STATEMENT OF PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Net Interest Income and Other Revenue			
Interest income from securities	5	460,008	96,785
Interest expense	5	<u>(467,767)</u>	<u>(96,750)</u>
Net interest (expense)/income		(7,759)	35
Other income			
Dividends		652,221	570,693
Foreign exchange losses		<u>(3,353)</u>	<u>-</u>
		<u>648,868</u>	<u>570,693</u>
		641,109	570,728
Operating Expenses	7	<u>(63,125)</u>	<u>(17,448)</u>
Profit before Taxation		577,984	553,280
Taxation	8	<u>(120)</u>	<u>-</u>
Net Profit for the year, being total other comprehensive income		<u>577,864</u>	<u>553,280</u>

The notes on pages 121 to 191 are an integral part of these financial statements

JMMB GROUP LIMITED STATEMENT OF FINANCIAL POSITION

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
ASSETS			
Cash and cash equivalents	11	642	7,623
Interest receivable		73,957	23,906
Income tax recoverable		31,293	13,148
Loans and notes receivable	12	5,934,345	5,680,469
Other receivables	13	13,960	9,537
Securities purchased under agreements to resell	14	343,412	506,956
Investment securities	15	919,556	919,556
Due from subsidiary	25	227,377	-
Interest in subsidiaries	16	6,800,019	6,792,019
Property, plant and equipment	19	313	313
		<u>14,344,874</u>	<u>13,953,527</u>
STOCKHOLDERS' EQUITY			
Share capital	21	1,864,554	1,864,554
Retained earnings		140,400	214,757
		<u>2,004,954</u>	<u>2,079,311</u>
LIABILITIES			
Redeemable preference shares	21	7,368,462	7,087,425
Interest payable		77,709	74,049
Other payables		3,154	3,154
Due to subsidiary	25	4,890,595	4,709,588
		<u>12,339,920</u>	<u>11,874,216</u>
		<u>14,344,874</u>	<u>13,953,527</u>

Approved for issue by the Board of Directors on 30 May, 2017 and signed on its behalf by:


Archibald Campbell Chairman


Keith P. Duncan Group Chief Executive Officer

The notes on pages 121 to 191 are an integral part of these financial statements

JMMB GROUP LIMITED

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Year ended 31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Profit, being total comprehensive income for period		-	553,280	553,280
Transaction with owners of the company:				
Issue of share capital	21	1,864,554	-	1,864,554
Dividend income	10	-	(570,693)	(570,693)
		1,864,554	(570,693)	1,293,861
Change in ownership interest:				
Reserve arising on group restructuring	26(c)	-	232,170	232,170
Balances at 31 March 2016		1,864,554	214,757	2,079,311
Profit, being total comprehensive income for year		-	577,864	577,864
Transaction with owners of the company:				
Dividends	10	-	(652,221)	(652,221)
Balances at 31 March 2017		1,864,554	140,400	2,004,954

The notes on pages 121 to 191 are an integral part of these financial statements

JMMB GROUP LIMITED STATEMENT OF CASH FLOWS

Year ended 31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Cash Flows from Operating Activities			
Profit for the year		577,864	553,280
Adjustments for:			
Interest income	5	(460,008)	(96,785)
Interest expense	5	467,767	96,750
Dividend income		<u>(652,221)</u>	<u>(570,693)</u>
		(66,598)	(17,448)
Changes in operating assets and liabilities -			
Income tax recoverable, net		(18,145)	-
Loans and notes receivable		(253,876)	(5,680,469)
Other receivables		(4,423)	(9,537)
Other payables		-	3,154
Securities purchased under agreements to resell		163,544	(506,956)
Due from subsidiary		(227,377)	-
Due to subsidiaries		<u>181,007</u>	<u>-</u>
		(225,868)	(6,211,256)
Interest received		409,957	72,879
Interest paid		<u>(464,109)</u>	<u>(22,701)</u>
Net cash used in operating activities		<u>(280,020)</u>	<u>(6,161,078)</u>
Cash Flows from Investing Activities			
Dividend received		652,221	570,693
Investment securities, net		-	(919,561)
Cash acquired in group reorganisation		-	337
Investment in subsidiaries		<u>(8,000)</u>	<u>-</u>
Net cash provided by/(used in) investing activities		<u>644,221</u>	<u>(348,531)</u>
Cash Flows from Financing Activities			
Issue of share capital	21	-	500
Proceeds from the issue of redeemable preference shares	21	281,039	7,087,425
Dividends paid	10	<u>(652,221)</u>	<u>(570,693)</u>
Net cash (used in)/provided by financing activities		<u>(371,182)</u>	<u>6,517,232</u>
Net (decrease)/increase in cash and cash equivalents		(6,981)	7,623
Cash and cash equivalents at beginning of year		<u>7,623</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	<u>642</u>	<u>7,623</u>

The notes on pages 121 to 191 are an integral part of these financial statements

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

1. Identification

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

(b) Group reorganisation

On 13 April 2015, Jamaica Money Market Brokers Limited (JMMB) under an approved Scheme of Arrangement was delisted from the Jamaica Stock Exchange (JSE), Barbados Stock Exchange (BSE) and Trinidad and Tobago Stock Exchange (TTSE). Simultaneously, the ordinary shares of the new ultimate parent company, JMMB Group Limited were listed on those exchanges. The mechanics of the scheme involved the following:

- (i) The 1,630,552,530 existing JMMB ordinary shares held by members of the public being cancelled and simultaneously 1,630,552,530 new ordinary shares issued to JMMB Group Limited, making JMMB a wholly owned subsidiary of JMMB Group Limited (JMMB Group).
- (ii) In consideration of the cancellation of the existing JMMB ordinary shares, JMMB Group Limited issued ordinary shares for the benefit of each eligible person (credited and fully paid up) distributed at a rate of one new JMMB Group ordinary share for each cancelled JMMB ordinary share.
- (iii) JMMB Group subsequently applied and listed its ordinary shares on the JSE, TTSE and BSE.
- (iv) JMMB transferred direct ownership of Capital & Credit Financial Group Limited (CCFG) to JMMB Group Limited. All of CCFG’s assets and liabilities were merged with the parent company as at 31 March 2016.
- (v) Consequently, JMMB Merchant Bank Limited and JMMB Money Transfer Limited became wholly owned subsidiaries of JMMB Group Limited. Capital & Credit Holdings Inc was wound up during the financial year and Capital & Credit Financial Group is being wound up.

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

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

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

1. Identification (Continued)

(c) Acquisition of Banco Rio De Ahorro Y Credito

On 1 July 2015, JMMB Holding Company Limited, SRL, a 100% owned subsidiary of Jamaica Money Market Brokers Limited, acquired 90% equity and obtained management control of Banco Rio De Ahorro Y Credito JMMB Bank S.A., a savings and loan bank in the Dominican Republic, for US\$2,150,000 (J\$252.7 million) (see note 26).

(d) 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		
JMMB Merchant Bank Limited	100		Jamaica	Merchant Banking
JMMB Money Transfer Limited	100		Jamaica	Funds transfer
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		100	Jamaica	Fund management
JMMB International Limited		100	St. Lucia	Investment holding and management
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, formerly Intercommercial Bank Limited and its subsidiary,		100	Trinidad and Tobago	Commercial banking
Intercommercial Trust and Merchant Bank Limited		100	Trinidad and Tobago	Merchant banking
JMMB Holding Company, 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

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

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).

Details of the Group's accounting policies, including changes during the year, are included in notes 33 and 34.

(b) Basis of preparation:

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

- Certain financial instruments measured at fair value through profit or loss.
- available-for-sale financial assets measured at fair value.
- Investment properties measured at fair value.

(c) Functional and presentation currency:

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

(d) Use of estimates and judgements:

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

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

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

(e) Comparative information:

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

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(a) Key sources of estimation uncertainty

(i) Allowance for losses

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

(ii) Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets and liabilities. Accordingly, fair values of several financial assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which uses indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach. The fair values determined in this way are classified as Level 2 fair values. Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction (see notes 15 and 29).

(iii) Impairment of intangible assets

Impairment of intangible assets with indefinite useful lives is dependent upon management's internal assessment of future cash flows from the intangibles. That internal assessment determines the amount recoverable from future use of these assets. The estimate of the amount recoverable from future use of these assets is sensitive to the discount rates and other assumptions used (note 18).

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

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

- In classifying financial assets or liabilities as "trading", the Group has determined that they meet the description of trading assets and liabilities set out in accounting policy 34(b).
- In designating financial assets and liabilities at fair value through profit or loss, the Group has determined that they have met the criteria for this designation set out in accounting policy 34(b).

JMMB GROUP LIMITED

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31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

4. Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group's activities are organised into three main business segments:

- (i) Financial and related services which include securities brokering, stock brokering, portfolio planning, funds management and investment advisory services.
- (ii) Banking and related services which include taking deposits, granting loans and other credit facilities and foreign currency trading.
- (iii) Other represents remittance and related services, insurance brokering, investment and real estate holding.

	The Group				
	2017				
	Financial & Related Services \$'000	Banking & Related Services \$'000	Other \$'000	Eliminations \$'000	Group \$'000
External revenues	16,503,446	6,002,351	132,374	-	22,638,171
Inter-segment revenue	956,775	249,246	2,226	(1,208,247)	-
Total segment revenue	17,460,221	6,251,597	134,600	(1,208,247)	22,638,171
Segment results	3,049,937	1,201,805	(4,483)	-	4,247,259
Impairment loss on financial asset					(8,745)
Loss on acquisition of net assets of overseas entity					(87,646)
Gain on disposal of property plant and equipment					5,178
Profit before tax					4,156,046
Taxation					(805,515)
Profit for the year					3,350,531
Total segment assets	226,090,958	74,362,468	1,472,884	(50,370,200)	251,556,110
Total segment liabilities	202,098,714	61,841,430	1,419,668	(40,598,401)	224,761,411
Interest income	10,493,688	4,213,051	5,638	-	14,712,377
Interest expense	6,399,342	1,545,348	-	-	7,944,690
Operating expenses	6,787,822	3,519,317	139,083	-	10,446,222
Depreciation and amortisation	366,717	164,666	12,633	-	544,016
Capital expenditure	614,279	348,676	328,308	-	1,291,263

JMMB GROUP LIMITED

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31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

4. Segment Reporting (Continued)

	The Group				
	2016				
	Financial & Related Services \$'000	Banking & Related Services \$'000	Other \$'000	Eliminations \$'000	Group \$'000
External revenues	14,541,815	4,623,257	126,640	-	19,291,712
Inter-segment revenue	469,995	151,762	12,568	(634,325)	-
Total segment revenue	15,011,810	4,775,019	139,208	(634,325)	19,291,712
Segment results	2,007,149	670,711	(1,446)	-	2,676,414
Impairment loss on intangible asset					(13,392)
Impairment loss on financial asset					(61,810)
Loss on disposal of property plant and equipment					(5,655)
Profit before tax					2,595,557
Taxation					(296,326)
Profit for the year					2,299,231
Total segment assets	210,023,583	64,113,568	1,115,714	(44,645,579)	230,607,286
Total segment liabilities	187,555,289	54,426,927	1,056,633	(35,148,144)	207,890,705
Interest income	9,801,325	3,532,676	3,435	-	13,337,436
Interest expense	6,483,038	1,350,995	-	-	7,834,033
Operating expenses	5,668,329	2,971,395	141,541	-	8,781,265
Depreciation and amortisation	295,046	172,824	11,281	-	479,151
Capital expenditure	635,249	272,407	159,474	-	1,067,130

5. Net Interest Income/(Expense)

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Interest income				
Cash and cash equivalents	82,494	34,815	-	34
Loans and notes receivable	3,790,416	2,925,282	367,687	86,943
Resale agreements	30,236	48,500	24,596	6,479
Investment securities	10,809,231	10,328,839	67,725	3,329
Total interest income	14,712,377	13,337,436	460,008	96,785
Interest expense				
Repurchase agreements	5,880,575	5,037,753	-	-
Notes payable	498,246	1,685,163	-	-
Customer deposits	987,797	795,908	-	-
Redeemable preference shares	578,072	315,209	467,767	96,750
Total interest expense	7,944,690	7,834,033	467,767	96,750
Net interest income/(expense)	6,767,687	5,503,403	(7,759)	35

JMMB GROUP LIMITED

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6. Staff Costs

	The Group	
	2017 \$'000	2016 \$'000
Salaries and benefits, including profit-related pay	4,175,618	3,493,156
Statutory payroll contributions	374,062	278,496
Pension costs (Note 30)	172,107	144,145
Training and development	104,349	175,423
Other staff benefits	564,326	276,587
	5,390,462	4,367,807

7. Operating Expenses

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Marketing, corporate affairs and donations	531,947	424,636	30,394	-
Depreciation and amortisation	544,016	479,151	-	-
Directors' fees	152,007	102,473	16,259	-
Irrecoverable – GCT	291,940	216,872	3,517	-
Insurance	138,900	157,900	-	-
Auditors' remuneration	93,446	78,870	5,356	2,500
Asset tax	404,543	393,334	-	-
Information technology	515,697	407,814	12	-
Legal and professional fees	634,586	587,403	4,538	14,948
Repairs and maintenance	162,508	142,623	-	-
Travel and entertainment	101,842	101,577	131	-
Office rental	375,830	244,979	-	-
Loan loss	256,280	195,820	-	-
Security	159,925	236,916	544	-
Stationery, printing and postage	111,176	130,397	179	-
Utilities	207,103	195,528	-	-
Bank charges and interest	171,751	175,674	85	-
Other	202,263	141,491	2,110	-
	5,055,760	4,413,458	63,125	17,448

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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8. Taxation

- (a) Income tax for the company is computed at 25% on the profit for the year adjusted for tax purposes. Income taxes for all other subsidiaries are based on statutory income tax rates prevailing in each jurisdiction:

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
1% tax on assets	-	405	-	-
Green fund levy	11,465	3,438	-	-
Current income tax	374,922	203,381	120	-
Prior year over provision	(338)	(2,830)	-	-
	<u>386,049</u>	<u>204,394</u>	<u>120</u>	<u>-</u>
Deferred income tax (Note 20)				
Origination and reversal of temporary differences	169,784	(253,754)	-	-
Tax benefit of losses carried forward	249,682	345,686	-	-
	<u>419,466</u>	<u>91,932</u>	<u>-</u>	<u>-</u>
	<u>805,515</u>	<u>296,326</u>	<u>120</u>	<u>-</u>

- (b) The tax on profit differs from the theoretical amount that would arise using the statutory rate of 25% as follows:

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Profit before taxation	<u>4,156,046</u>	<u>2,595,557</u>	<u>577,984</u>	<u>553,280</u>
Tax calculated at 25% (2016: 25%)	1,039,011	648,889	144,496	138,320
Adjusted for the effects of:				
Income not subject to tax	(341,057)	(577,233)	(144,376)	(144,124)
Disallowed expenses	186,663	194,955	-	-
Tax losses not recognised	64,219	42,333	-	5,804
Tax losses recovered	(145,754)	(6,773)	-	-
Effect of taxation under different tax regime	(27,792)	(13,766)	-	-
Green fund levy	11,465	3,438	-	-
Other	19,098	7,313	-	-
Over provision prior year	(338)	(2,830)	-	-
	<u>805,515</u>	<u>296,326</u>	<u>120</u>	<u>-</u>

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

8. Taxation (Continued)

- (c) At the reporting date, taxation losses, subject to agreement with the relevant Tax Authorities, available for set off against future taxable profits, amounted to approximately \$2,646,885,000 (2016: \$3,866,484,000) for the Group and \$78,432,000 (2016: \$17,413,000) for the Company.

9. Earnings per Stock Unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent of \$3,312,838,000 (2016: \$2,264,589,000) by the weighted average number of ordinary stock units in issue during the year, numbering 1,630,552,532 (2016: 1,630,552,532).

10. Dividends

	The Group	
	2017 \$'000	2016 \$'000
Final dividend in respect of 2015 @ 16.0 cents per stock unit	-	260,888
Interim dividend in respect of 2016 @ 19.0 cents per stock unit	-	309,805
Final dividend in respect of 2016 @ 18.0 cents per stock unit	293,499	-
Interim dividend in respect of 2017 @ 22.0 cents per stock unit	358,722	-
	652,221	570,693

11. Cash and Cash Equivalents

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash	10,493,830	9,668,485	-	-
Balances with Central Bank	8,854,033	7,627,913	-	-
Cash equivalents	1,547,290	8,213,323	642	7,623
	20,895,153	25,509,721	642	7,623

Cash equivalents of the Group include \$1,126,575,000 (2016: \$814,505,000) held by an investment broker as security for funding provided on certain investment securities which is not available for immediate use. In addition, the Group also has a restricted amount of \$7,744,734 (2016: \$7,744,734) deposited at an interest rate of 1.5% (2016: 2.0%) under an agreement with a building society which co-ordinates and administers a home ownership assistance programme on behalf of the Group's Jamaican employees.

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

12. Loans and Notes Receivable

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Corporate	21,103,648	21,807,112	-	-
Financial institutions	1,803,139	368,180	5,934,345	5,680,469
Individuals	25,547,307	16,402,755	-	-
	48,454,094	38,578,047	5,934,345	5,680,469
Less: allowance for impairment	(1,320,960)	(1,127,790)	-	-
	47,133,134	37,450,257	5,934,345	5,680,469

Allowance for impairment:

	The Group	
	2017 \$'000	2016 \$'000
Balance at 1 April	1,127,790	1,040,290
Provision acquired	-	27,897
Charge for year	271,977	197,906
Write-offs	(83,894)	(84,485)
Translation gains/(loss)	5,087	(53,818)
Balance at 31 March	1,320,960	1,127,790

Notes receivable for the company represents loan advances to subsidiaries. Interest is payable monthly at a fixed rate of 6.0% and 7.5% per annum, repayable 14 January 2024.

Notes receivable include the balance on an interest-free revolving advance of \$324,036,605 (2016: \$324,036,605) to the trustees of the Group's Employee Share Ownership Plan (ESOP), the repayment date for which has not been fixed. The number of stock units held by the ESOP at 31 March 2017 was 158,170,762 (2016: 152,023,136).

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

13. Other Receivables

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Other receivables Amount	1,110,373	1,315,152	13,960	9,537
Staff loans	435,688	476,678	-	-
	1,546,061	1,791,830	13,960	9,537
Less: allowance for impairment	(899)	(592)	-	-
	1,545,162	1,791,238	13,960	9,537

Allowance for impairment

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	592	1,390	-	-
Charge for year	307	125	-	-
Recoveries/write-off	-	(923)	-	-
Balance at 31 March	899	592	-	-

14. Securities Purchased Under Agreements to Resell

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Denominated in Jamaica dollars	915,006	220,000	-	506,956
Denominated in United States dollars	-	1,506	343,412	-
	915,006	221,506	343,412	506,956

Resale agreements include balances with related parties as set out in Note 25. All resale agreements mature within twelve months after the reporting date.

The securities that the Group obtains as collateral under resale agreements may be used as collateral under repurchase agreements. Certain of these securities and interest accrued thereon are pledged as security for repurchase agreements (Note 23).

At the reporting date, the fair value of the securities obtained and held under resale agreements was \$934,173,000 (2016: \$231,117,000) and \$343,412,000 (2016: \$513,436,000) for the Group and Company respectively.

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

15. Investment Securities

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Loans and receivables:				
Certificates of deposit	-	345,297	-	-
Government of Jamaica securities	14,492,680	18,535,833	-	-
Other sovereign bonds	240,597	94,946	-	-
Corporate:				
Government of Jamaica guaranteed	3,101,770	3,308,415	-	-
Other	161,812	13,642	-	-
	<u>17,996,859</u>	<u>22,298,133</u>	<u>-</u>	<u>-</u>
Available-for-sale securities:				
Government of Jamaica securities	97,061,290	76,086,900	-	-
Certificates of deposit	5,009,441	11,405,864	900,648	900,648
Government of Jamaica guaranteed	4,675,555	5,908,979	-	-
Corporate bonds	13,033,897	4,444,311	-	-
Other sovereign bonds	31,072,165	24,046,259	-	-
Quoted securities	422,491	378,383	-	-
Units in unit trusts	162,198	186,038	-	-
Money market funds	1,376,520	584,079	-	-
Other	88,992	170,765	18,908	18,908
	<u>152,902,549</u>	<u>123,211,578</u>	<u>919,556</u>	<u>919,556</u>
Fair value through profit or loss:				
Credit default swap	-	150,971	-	-
Corporate bonds	416,038	1,652,182	-	-
Other sovereign bonds	47,075	45,672	-	-
Quoted securities	445,331	265,426	-	-
	<u>908,444</u>	<u>2,114,251</u>	<u>-</u>	<u>-</u>
Held-to-maturity:				
Credit linked note	-	9,538,595	-	-
Sovereign bonds	57,060	97,897	-	-
	<u>57,060</u>	<u>9,636,492</u>	<u>-</u>	<u>-</u>
	171,864,912	157,260,454	919,556	919,556
Less: allowance for impairment losses	(293,109)	(284,364)	-	-
	<u>171,571,803</u>	<u>156,976,090</u>	<u>919,556</u>	<u>919,556</u>

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

15. Investment Securities (Continued)

Allowance for impairment:

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance as 1 April	284,364	259,262	-	-
Recoveries	-	(36,708)	-	-
Charge for the year	8,745	61,810	-	-
Balance as 31 March	293,109	284,364	-	-

Investments mature, from the reporting date, as follows:

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Government of Jamaica securities:				
Within 3 months	8,216,864	70,351	-	-
From 1 year to 5 years	30,298,905	30,903,853	-	-
Over 5 years	73,038,202	63,896,268	-	-
	111,553,971	94,870,472	-	-
Certificates of deposit:				
Within 3 months	4,827,335	11,028,440	900,648	900,648
From 3 months to 1 year	100,000	443,733	-	-
From 1 year to 5 years	82,103	278,989	-	-
	5,009,438	11,751,162	900,648	900,648
Sovereign and corporate bonds:				
Within 3 months	84,025	246,571	-	-
From 3 months to 1 year	243,596	11,244,110	-	-
From 1 year to 5 years	10,756,608	5,753,603	-	-
Over 5 years	41,201,082	31,532,281	-	-
	52,285,311	48,776,565	-	-
Other [see (c) below]	2,723,083	1,577,891	18,908	18,908
	171,571,803	156,976,090	919,556	919,556

- (a) Government of Jamaica securities and certain other bonds are pledged as security for repurchase agreements (Note 23).
- (b) Government of Jamaica securities having an aggregate face value of \$199,000,000 (2016: \$196,750,000) have been pledged as collateral against possible overdrafts at the Central Bank and against uncleared effects at one of the company's bankers.
- (c) Other includes quoted equities, unit trusts and interest in pooled money market fund, for which there are no fixed maturity dates.

JMMB GROUP LIMITED

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16. Interest in Subsidiaries

	Company 2017 \$'000	Company 2016 \$'000
Shares at cost:		
Jamaica Money Market Brokers Limited	1,864,054	1,864,054
JMMB Merchant Bank Limited	4,885,176	4,885,176
JMMB Money Transfer Limited	50,789	42,789
	6,800,019	6,792,019

17. Investment Properties

The properties are measured at fair value, as appraised by professional, independent valuers every three years and in the intervening years by the directors. The valuation model considers the present value of the net cash flows that can be generated from the property, the condition of the buildings and their location (prime vs secondary), in addition to recent market transactions in the same proximity.

Investment properties generated revenue of \$1,437,000 (2016: \$1,928,000) and incurred expenses of \$8,434,000 (2016: \$9,753,000) for the year.

The fair value of the Group's investment properties is categorised as Level 3 in the fair value hierarchy as described in Note 29.

The technique used to determine the fair value of the Group's investment properties is as follows.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p>Market approach. This model takes into account:</p> <ul style="list-style-type: none"> • The fact that the intention is to dispose of the property in an open market transaction • The expected sale would take place on the basis of a willing seller and willing buyer; • A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market; • Values are expected to remain stable throughout the period of market exposure and disposal (hypothetical); and • The property will be freely exposed to the market. 	<ul style="list-style-type: none"> • Judgements about whether the property can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its use class. • The strength of demand for the property, given its condition, location and range of potential uses. • The potential rental value of the property in the current investment climate. 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> • The strength of the demand is greater/(less) than judged. • The potential rental income from the property is greater/ (less) than judged.

JMMB GROUP LIMITED

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18. Intangible Assets

	Computer Software \$'000	Customer List and Core Deposits \$'000	Licence \$'000	Goodwill \$'000	Other \$'000	Total \$'000
Cost						
31 March 2015	706,198	567,194	227,995	17,363	316,496	1,835,246
Acquired in business combination [Note 26(b)]	-	-	51,216	10,615	35,112	96,943
Additions	355,600	-	-	-	-	355,600
Exchange rate adjustment	2,835	5,620	3,381	-	4,837	16,673
31 March 2016	1,064,633	572,814	282,592	27,978	356,445	2,304,462
Acquired in business combination (Note 26)	-	15,123	-	-	-	15,123
Additions	304,276	-	-	-	-	304,276
Reclassification	14,616	-	-	-	-	14,616
Exchange adjustment	192	22,702	6,797	323	4,668	34,682
31 March 2017	1,383,717	610,639	289,389	28,301	361,113	2,673,159
Accumulated Amortisation						
31 March 2015	435,969	125,092	-	-	213,908	774,969
Charge for the year	68,702	55,162	-	-	39,009	162,873
Impairment	-	-	-	-	13,392	13,392
Exchange rate adjustment	990	820	-	-	2,260	4,070
31 March 2016	505,661	181,074	-	-	268,569	955,304
Charge for the year	137,278	57,737	-	-	-	195,015
Exchange adjustment	(1)	1,673	-	-	4,668	6,340
31 March 2017	642,938	240,484	-	-	273,237	1,156,659
Net Book Value						
31 March 2017	740,779	370,155	289,389	28,301	87,876	1,516,500
31 March 2016	558,972	391,740	282,592	27,978	87,876	1,349,158
31 March 2015	270,229	442,102	227,995	17,363	102,588	1,060,277

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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18. Intangible Assets (Continued)

Impairment testing for intangible assets with indefinited useful lives

Licences recognised in JMMB (Trinidad & Tobago) Limited and JMMB Holding Company Limited, SRL

The recoverable amount of the cash generating units (CGUs) in which the licences are included was based on value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The licences were valued using “with-and-without” (WOW) method which compares the present value of the cash flows “with the asset” in place to the present value of cash flows “without the asset.”

The key assumptions used in the estimation of the recoverable amounts were as follows:

	2017	2016
Discount rate	14%, 15.5%	14%, 15.5%
Long-term growth rate	3%	3%
Time to obtain licence	3-5 years	3-5 years

The discount rates were post-tax measures determined based on rates used for similar assets in the relevant countries, business risks and other company specific risks.

The cash flow projections include specific estimates for ten years and a terminal growth rate thereafter. The terminal growth rate was determined based on management’s estimate of the long-term compounded annual growth rates, consistent with assumption that a market participant would make. A ten year cash flow projection is considered more reflective of a stabilized level of earnings to estimate terminal value.

The estimated recoverable amounts of the CGUs was estimated to be higher than their recoverable amount and no impairment was identified.

JMMB GROUP LIMITED

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19. Property, Plant and Equipment

	The Group					
	Freehold Land and Buildings	Leasehold Improvement	Motor Vehicles	Computer Equipment	Equipment, Furniture and Fittings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
31 March 2015	1,213,100	575,915	57,617	663,437	1,516,794	4,026,863
Acquired on business combination (Note 26)	-	-	-	4,079	1,343	5,422
Additions	315,969	166,009	1,659	76,845	151,048	711,530
Disposals	-	(17,125)	-	-	(5,967)	(23,092)
Exchange adjustment	690	12,017	141	(570)	21,556	33,834
31 March 2016	1,529,759	736,816	59,417	743,791	1,684,774	4,754,557
Additions	569,490	56,710	-	199,871	160,916	986,987
Transfer	(204,267)	117,544	-	-	86,723	-
Reclassification	(5,815)	(40,289)	-	-	31,488	(14,616)
Disposals	-	(26,061)	(11,452)	-	(11,533)	(49,046)
Exchange adjustment	3,202	19,270	60	1,648	31,112	55,292
31 March 2017	1,892,369	863,990	48,025	945,310	1,983,480	5,733,174
Accumulated Depreciation						
31 March 2015	121,902	366,753	27,148	470,992	1,006,380	1,993,175
Acquired on business combination (Note 26)	-	-	-	1,548	1,197	2,745
Charge for the year	23,634	51,625	10,377	96,909	133,733	316,278
Disposals	-	(11,353)	-	-	(4,942)	(16,295)
Exchange adjustment	-	5,502	-	(965)	16,021	20,558
31 March 2016	145,536	412,527	37,525	568,484	1,152,389	2,316,461
Charge for the year	29,012	68,346	8,367	175,306	67,970	349,001
Disposals	-	(19,982)	(8,422)	-	(11,170)	(39,574)
Exchange adjustment	-	19,059	-	(73,560)	91,197	36,696
31 March 2017	174,548	479,950	37,470	670,230	1,300,386	2,662,584
Net Book Value						
31 March 2017	1,717,821	384,040	10,555	275,080	683,094	3,070,590
31 March 2016	1,384,223	324,289	21,892	175,307	532,385	2,438,096
31 March 2015	1,091,198	209,162	30,469	192,445	510,414	2,033,688

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31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

19. Property, Plant and Equipment (Continued)

	The Company			
	Leasehold Improvements	Furniture, Fixtures and Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
Acquired on group reorganisation and balance at 31 March 2016 and 31 March 2017	10,271	3,493	45	13,809
Depreciation				
Acquired on group reorganisation and balance at 31 March 2016 and 31 March 2017	9,958	3,493	45	13,496
Net Book Value				
31 March 2017	313	-	-	313
31 March 2016	313	-	-	313

20. Deferred Income Tax

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

Deferred income tax is calculated in full on temporary differences under the liability method using a principal tax rate of 33 $\frac{1}{3}$ % as deferred tax is currently applicable only to the jurisdiction that applies this rate.

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

	The Group	
	2017	2016
	\$'000	\$'000
Deferred income tax assets	43,902	165,892
Deferred income tax liabilities	(1,232,702)	(677,531)
Net deferred income tax liabilities	<u>(1,188,800)</u>	<u>(511,639)</u>

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20. Deferred Income Tax (Continued)

Deferred income tax assets and deferred income liabilities are due to the following items:

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Deferred income tax assets -				
Investments	898,838	884,841	-	-
Other payables	22,028	24,535	-	-
Property, plant and equipment	22,618	4,501	-	-
Interest payable	343,554	342,828	-	-
Tax losses carried forward	222,521	472,203	-	-
	<u>1,509,559</u>	<u>1,728,908</u>	<u>-</u>	<u>-</u>
Deferred income tax liabilities -				
Investments	467,927	135,914	-	-
Unrealised foreign exchange gains	1,669,934	1,606,552	-	-
Property, plant and equipment	9,261	5,723	-	-
Accounts receivable	1,597	1,846	-	-
Interest receivable	549,640	490,512	-	-
	<u>2,698,359</u>	<u>2,240,547</u>	<u>-</u>	<u>-</u>
Net deferred income tax liabilities	<u>(1,188,800)</u>	<u>(511,639)</u>	<u>-</u>	<u>-</u>

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

	2017			
	The Group			
	Balance at Beginning of Year	Recognised in Income	Recognised in Other Comprehensive Income	Balance at End of Year
	\$'000	\$'000	\$'000	\$'000
		(Note 8)		
Tax losses carried forward	472,203	(249,682)	-	222,521
Investments	748,927	(60,321)	(257,695)	430,911
Accounts payable	24,535	(2,507)	-	22,028
Property plant and equipment	(1,222)	14,579	-	13,357
Interest payable	342,828	726	-	343,554
Unrealised gains	(1,606,552)	(63,382)	-	(1,669,934)
Accounts receivable	(1,846)	249	-	(1,597)
Interest receivable	(490,512)	(59,128)	-	(549,640)
	<u>(511,639)</u>	<u>(419,466)</u>	<u>(257,695)</u>	<u>(1,188,800)</u>

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20. Deferred Income Taxes (Continued)

	2016			
	The Group			
	Balance at Beginning of Year	Recognised in Income	Recognised in Other Comprehensive Income	Balance at End of Year
\$'000	\$'000	\$'000	\$'000	
		(Note 8)		
Tax losses carried forward	125,517	346,686	-	472,203
Investments	558,554	(33,294)	223,667	748,927
Accounts payable	9,893	14,642	-	24,535
Property plant and equipment	(14,230)	13,008	-	(1,222)
Interest payable	372,369	(29,541)	-	342,828
Unrealised gains	(1,151,681)	(454,871)	-	(1,606,552)
Accounts receivable	-	(1,846)	-	(1,846)
Interest receivable	(543,796)	53,284	-	(490,512)
	(643,374)	(91,932)	223,667	(511,639)

21. Share Capital

	2017	2016
	Number of Shares (‘000)	Number of Shares (‘000)
Authorised:		
Ordinary stock units of no par value	1,816,400	1,816,400
Fixed rate cumulative redeemable preference shares of no par	6,000,000	6,000,000
	<u>7,816,400</u>	<u>7,816,400</u>
	2017	2016
	Number of Shares (‘000)	Number of Shares (‘000)
Issued ordinary share capital:		
Ordinary stock units in issue	<u>1,630,552</u>	<u>1,630,552</u>

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21. Share Capital (Continued)

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Stated capital:				
1,630,552,532 (2016: 1,630,552,532) ordinary stock units	1,864,554	1,864,554	1,864,554	1,864,554
715,482,000 7.50% cumulative redeemable preference stock units	1,430,964	1,430,964	-	-
15,358,000 7.25% cumulative redeemable preference stock units	38,395	38,395	-	-
14,151,000 7.25% cumulative redeemable preference stock units	14,151	14,151	14,151	14,151
1,827,548,000 7.50% cumulative redeemable preference stock units	1,827,548	1,827,548	1,827,548	1,827,548
320,250 5.75% cumulative redeemable preference stock units	41,063	38,974	41,063	38,974
42,783,500 US\$ 6.00% cumulative redeemable preference stock units	5,485,700	5,206,752	5,485,700	5,206,752
	10,702,375	10,421,338	9,233,016	8,951,979
Less: redeemable preference stock units classified as liability	(8,837,821)	(8,556,784)	(7,368,462)	(7,087,425)
	1,864,554	1,864,554	1,864,554	1,864,554

On 14 January 2016, the company issued 14,151,000 and 1,827,548,000 7.25% and 7.50% fixed rate cumulative redeemable preference shares and 320,250 and 42,783,500 5.75% and 6.00% fixed rate cumulative redeemable preference shares at a price of J\$1.00 and US\$1.00 per share, respectively, by public offering.

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

- (i) The right to a cumulative preferential dividend payable monthly at the rate agreed for each class;
- (ii) The right, on winding up, to receive all arrears of dividend and repayment of the capital in priority to the ordinary shareholders;
- (iii) No right to vote, except where dividends are not paid for twelve months or on winding up of the company.

The rights attaching to the ordinary shares include the following:

- (i) Entitlement of dividends as declared from time to time (Note 10).
- (ii) Entitlement to one vote per share at meetings of the Company.

JMMB GROUP LIMITED

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31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

22. Reserves

(a) Retained Earnings Reserve

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

(b) Investment Revaluation Reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognized or impaired.

(c) Cumulative Translation Reserve

The cumulative translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

23. Securities Sold Under Agreements to Repurchase

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Denominated in Jamaica dollars	39,998,213	48,162,021	-	-
Denominated in United States dollars	95,245,532	84,101,086	-	-
Denominated in Pound Sterling	3,009,170	3,412,372	-	-
Denominated in Euro	22,470	118,740	-	-
Denominated in Dominican Republic Peso	14,645,279	12,985,415	-	-
Denominated in Canadian dollars	510,345	482,735	-	-
Denominated in Trinidad and Tobago dollars	3,216,586	-	-	-
	156,647,595	149,262,369	-	-

Repurchase agreements are collateralised by certain securities and other instruments held by the Group with a carrying value of \$166,522,193,000 (2016: \$160,067,969,000) (Notes 11, 14 and 15).

24. Notes Payable

	The Group	
	2017 \$'000	2016 \$'000
(i) Senior Unsecured US\$ Fixed Note	2,444,258	2,434,000
(ii) Subordinated debt	1,521,600	1,474,400
(iii) Subordinated debt	559,448	505,955
	4,525,306	4,414,355

JMMB GROUP LIMITED

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24. Notes Payable (Continued)

- (i) This note bore interest at 6.75% per annum, with interest payable on a quarterly basis up to its maturity on 18 July, 2016. The noteholders exercised their option to extend the maturity to 18 July, 2019 at an interest rate of 7.75% per annum.
- (ii) This represents subordinated debt of TT\$80 million issued by a subsidiary for a term of eight (8) years, maturing on 28 March 2022, at a fixed rate of 4.5% per annum.
- (iii) This represents subordinated debt of US\$4,151,000 issued by a subsidiary for a term of (5) years, maturing on 29 June 2020, at a fixed rate of 7.0% per annum.

25. Related Party Transactions and Balances

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

Related companies include subsidiaries and major shareholders. Related parties include directors, key management and companies for which the Group provides management services.

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

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Directors-				
Notes receivable	138,658	539,163	-	-
Interest payable	(202)	(155)	-	-
Customer deposits	(101,189)	(100,981)	-	-
Repurchase agreements	(39,364)	(79,927)	-	-
Major shareholders -				
Notes receivable	324,037	324,037	-	-
Subsidiaries -				
Resale agreements	-	-	343,412	506,956
Notes receivable	-	-	5,934,345	5,680,469
Interest receivable	-	-	73,957	23,906
Due from subsidiary	-	-	227,377	-
Payables	-	-	(4,890,595)	(4,709,588)

JMMB GROUP LIMITED

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31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

25. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Directors:				
Interest income	12,103	12,004	-	-
Interest expense	(2,078)	(3,051)	-	-
Major shareholders:				
Interest income	184	46,828	-	-
Interest expense	(15,571)	(5,045)	-	-
Subsidiaries:				
Interest income	-	-	467,767	96,785
Managed funds:				
Gain on sale of securities	1,404,631	1,122,590	-	-
Interest expense	(982,325)	(62,489)	-	-

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

	The Group	
	2017 \$'000	2016 \$'000
Directors emoluments:		
Fees (note 7)	152,007	102,473
Management remuneration	58,921	53,842
Other key management compensation:		
Short-term employee benefits	332,004	303,051
Post-employment benefits	13,762	13,645
	556,694	473,011

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26. Business Combinations

(a) *Acquisition of assets and liabilities of Corporacion de Credito America S.A.*

On 20 February 2017, JMMB Holding Company, SRL, a 100% owned subsidiary, acquired control of the assets and liabilities of Corporacion de Credito America S.A. a savings and loan bank in the Dominican Republic. The acquisition of the portfolio resulted in net liabilities of RD\$32.2 million (J\$87.6 million).

The net liabilities acquired were transferred simultaneously to Banco Rio De Ahorro Y Credito JMMB Bank S.A. (Banco Rio) (at the same values at which they were acquired).

JMMB Holding Company, SRL is required to invest RD\$32.2 million (J\$87.6 million) in Banco Rio to cover the losses incurred on the acquisition.

Valuations of acquired tangible and intangible assets are not finalised. Management expects that this assessment will be concluded by the next financial year end. Details of the provisional purchase price allocation among net assets acquired are as follows:

	2017
	\$'000
Purchase consideration – cash paid	-
Fair value of net liabilities acquired	(87,646)
Loss on acquisition of portfolio	<u>(87,646)</u>

The assets and liabilities arising from the acquisition are as follows:

	Fair Value
	\$'000
Cash and cash equivalents	112,744
Investment securities	484,646
Loans and notes receivable	335,664
Intangible assets	15,123
Accounts receivable	10,591
Customer deposits	(1,028,723)
Accounts payable	<u>(17,691)</u>
Net liabilities acquired	<u>(87,646)</u>
Cash consideration	-
Cash equivalents acquired	<u>112,744</u>
Net cash inflow on acquisition	<u>112,744</u>

JMMB GROUP LIMITED

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31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

26. Business Combinations (Continued)

(b) *Acquisition of Banco Rio De Ahorro Y Credito*

On 1 July 2015, JMMB Holding Company, SRL, a 100% owned subsidiary, acquired 90% equity and obtained management control of Banco Rio De Ahorro Y Credito JMMB Bank S.A., a savings and loan bank in the Dominican Republic for US\$2,150,000 (J\$252.7 million).

Valuations of acquired tangible and intangible assets are now finalised. Details of the purchase price allocation among net assets acquired and goodwill are as follows:

	2016
	\$'000
Purchase consideration – cash paid	252,734
Fair value of net assets acquired	(242,119)
Goodwill	<u>10,615</u>

The assets and liabilities arising from the acquisition are as follows:

	Fair Value
	\$'000
Cash and cash equivalents	391,729
Investment securities	39,919
Loans and notes receivable	757,648
Property, plant and equipment and intangible assets	2,677
Intangible assets	86,328
Accounts receivable	37,926
Customer deposits	(1,034,032)
Due to financial institutions	(781)
Accounts payable	(21,985)
Net assets	<u>259,429</u>
Net assets acquired 90%	<u>242,119</u>
Cash consideration	(252,735)
Cash and cash equivalents acquired	<u>391,729</u>
Net cash inflow on acquisition	<u>138,994</u>

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26. Business Combinations (Continued)

(b) Acquisition of Banco Rio De Ahorro Y Credito (continued)

Up to 31 March 2016, the acquired business contributed J\$143,100,000 in revenues and incurred operating expenses of J\$174,663,000 for the Group. If the acquisition had occurred on the 1 April 2015, management estimates that revenue contributed by the subsidiary would have been J\$182,356,000, and net loss for the year would have been J\$33,540,000. In determining these amounts management has assumed that the fair value adjustments, determined previously, that arose on the acquisition date would have been the same if the acquisition had occurred on the 1 April 2015.

(c) Merger of Capital & Credit Financial Group with JMMB Group Limited

On 31 March 2016, Jamaica Money Market Brokers Limited, transferred direct ownership of Capital & Credit Financial Group Limited (CCFG) to JMMB Group Limited. All of CCFG's assets and liabilities were merged with the parent company. Consequently, JMMB Merchant Bank Limited and JMMB Money Transfer Limited became wholly owned subsidiaries of JMMB Group Limited. Capital & Credit Holdings Inc. was wound up during the year and Capital & Credit Financial Group is being wound up.

The assets and liabilities of CCFG Group transferred to JMMB Group Limited are as follows:

	\$'000
Cash and cash equivalents	337
Investment and resale agreements	648
Investment in subsidiaries	2,279,222
Property, plant and equipment and intangible assets	313
Income tax recoverable	13,096
Accounts receivable	52
Due to subsidiary	(64,999)
Accounts payable	(655)
Net assets	<u>2,228,014</u>
Purchase consideration	1,995,844
Net assets acquired	<u>(2,228,014)</u>
Reserve arising on acquisition	<u>232,170</u>
Cash consideration	-
Cash and cash equivalents acquired	<u>337</u>
Net cash inflow on merger	<u>337</u>

JMMB GROUP LIMITED

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27. Non-Controlling Interest

The following table summarises information relating to the Group's material non-controlling interest (NCI), JMMB Puesto de Bolsa, S.A. before any intra-group eliminations.

(a) Statement of financial position

	2017	2016
	20%	20%
	\$'000	\$'000
NCI percentage		
Total assets	25,257,375	22,390,811
Total liabilities	21,838,391	19,368,910
Net assets	<u>3,418,984</u>	<u>3,021,901</u>
Carrying amount of NCI	<u>888,630</u>	<u>792,265</u>

(b) Profit and loss account and other comprehensive

income Revenue	2,548,498	2,305,816
Profit	188,464	205,030
Other comprehensive income	290,892	140,318
Profit allocated to NCI	<u>37,693</u>	<u>34,642</u>
Other comprehensive income allocated to NCI	<u>96,364</u>	<u>33,915</u>

(c) Statement of cash flows

Cash flows from operating activities	2,366,348	(2,430,341)
Cash flows from investment activities	(2,255,689)	3,356,433
Cash flows from financing activities	145,697	(62,569)
Net (decrease)/increase in cash and cash equivalents	<u>(35,038)</u>	<u>863,523</u>

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28. Financial Risk Management

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

(a) Introduction and overview

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

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

Risk management framework

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

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

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

(i) Risk Management Committee

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

(ii) Board Credit Committees

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

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31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Risk management framework (continued)

(iii) Audit Committees

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

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

(iv) Investment Committees

The Investment Committees are management committees responsible for the management of market risks. The committee monitors the composition of assets and liabilities, evaluates potential market risk involved in launching new products, reviews and articulates funding policy and decides optimal ways of managing the Group's liquidity.

(b) Credit risk

The Group assumes credit risk, which is the risk that its customers or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit exposures arise principally in lending and investment activities. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty, or groups of related counterparties and to geographical and industry segments.

Credit review process

The Group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

(i) Loans and notes receivable

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

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

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28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Credit review process (continued)

(i) Loans and notes receivable (continued)

Exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees. Counterparty limits are established by the use of a credit classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risk to which it is exposed and to take corrective action.

Loan and notes receivable that are cash secured are not included in a credit classification, based on the Group's rating grades.

(ii) Investments and resale agreements

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

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

(iii) Cash and cash equivalents

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

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

Loans and notes receivable – Cash and other near cash securities, mortgages over commercial and residential properties, charges over general business assets such as premises, equipment, inventory, accounts receivable, marketable securities and motor vehicles.

Resale agreements – Government of Jamaica and Bank of Jamaica securities. The collateral obtained (including accrued interest) is at least 100% of the sum of the principal value of the resale agreement plus interest to be earned.

Management monitors the market value of collateral held and where necessary, requests additional collateral in accordance with the underlying agreement.

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28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Exposure to credit risk

Impairment

The main considerations for the loans and notes receivable impairment assessments include arrears of principal, or interest overdue by more than 90 days, or whether there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract.

The Group addresses impairment assessment by reviewing all loans and notes receivable with risk ratings of 5 and above.

Individually assessed allowances are provided for financial assets based on a review conducted at least quarterly, or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all accounts. The assessment normally encompasses collateral held and the anticipated receipts for that individual account.

The internal rating tool assists management to determine whether objective evidence of impairment exists, based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

Credit quality

The credit quality of the Group's loan portfolio is stated below:

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Neither past due nor impaired – standard	38,841,508	30,016,608	5,934,345	5,680,469
Past due but not impaired	5,937,433	5,258,333	-	-
Past due and impaired	3,675,153	3,303,106	-	-
Gross	48,454,094	38,578,047	5,934,345	5,680,469
Less: allowance for impairment	(1,320,960)	(1,127,790)	-	-
Net	47,133,134	37,450,257	5,934,345	5,680,469

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Exposure to credit risk (continued)

The aging of the Group's past due loans at the reporting date was as follows:

	The Group	
	2017	2016
	\$'000	\$'000
Past due 1 – 30 days	3,964,420	3,481,705
Past due 31 – 60 days	1,783,478	1,112,281
Past due 61 – 90 days	1,157,934	652,148
More than 90 days	2,706,754	3,315,305
	9,612,586	8,561,439

Loans become past due when payments are not received on contractual repayment dates. The majority of past due loans are not considered impaired.

Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum credit exposure, that is, the amount of loss that would be suffered if every counter-party to the Group's financial assets were to default at once, is represented as follows:

- (1) For financial assets recognised at the reporting date:

The carrying amounts of financial assets as shown on the statement of financial position.

- (2) For financial assets not recognised at the reporting date:

	The Group	
	2017	2016
	\$'000	\$'000
Loan commitments	2,194,035	2,072,600
Guarantees and letters of credit	1,395,058	44,948
	3,589,093	2,117,548

- (i) Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. The Group does not occupy repossessed properties for business or other use.

The carrying value of the loans on which the collateral was repossessed during the year was \$55,503,000 (2016: \$35,710,000).

JMMB GROUP LIMITED

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31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Renegotiated loans and leases

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continual review.

There are no loan that would otherwise be past due or impaired, whose terms have been renegotiated.

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

	The Group				
	2017				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Concentration by sector					
Government of Jamaica	-	-	-	111,695,795	111,695,795
Other sovereign bonds	-	-	-	37,696,764	37,696,764
Bank of Jamaica	3,063,479	-	-	4,903,388	7,966,867
Corporate	-	20,113,191	-	15,076,939	35,190,130
Financial institutions	17,831,674	1,803,139	915,006	2,198,917	22,748,736
Retail	-	25,216,804	-	-	25,216,804
	<u>20,895,153</u>	<u>47,133,134</u>	<u>915,006</u>	<u>171,571,803</u>	<u>240,515,096</u>
Concentration by location					
Jamaica	8,803,724	24,438,256	915,006	126,275,409	160,432,395
North America	1,894,188	135,390	-	1,849,322	3,878,900
Trinidad and Tobago	7,598,973	20,582,029	-	19,270,138	47,451,140
Dominican Republic	2,403,079	1,785,779	-	22,604,756	26,793,614
Other	195,189	191,680	-	1,572,178	1,959,047
	<u>20,895,153</u>	<u>47,133,134</u>	<u>915,006</u>	<u>171,571,803</u>	<u>240,515,096</u>

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Exposure to credit risk

	The Group				
	2016				
	Cash and cash equivalents \$'000	Loans and notes receivable \$'000	Resale agreements \$'000	Investment securities \$'000	Total \$'000
Concentration by sector					
Government of Jamaica	-	-	-	103,840,128	103,840,128
Other sovereign bonds	-	-	-	24,072,687	24,072,687
Bank of Jamaica	3,340,700	-	-	11,194,795	14,535,495
Corporate	-	21,182,300	-	16,541,998	37,724,298
Financial institutions	22,169,021	276,514	221,506	1,326,482	23,993,523
Retail	-	15,991,443	-	-	15,991,443
	<u>25,509,721</u>	<u>37,450,257</u>	<u>221,506</u>	<u>156,976,090</u>	<u>220,157,574</u>
Concentration by location					
Jamaica	14,371,143	17,600,050	221,506	117,013,023	149,205,722
North America	2,837,233	121,283	-	19,773	2,978,289
Trinidad and Tobago	7,891,049	18,651,925	-	9,075,666	35,618,640
Dominican Republic	99,184	1,064,756	-	20,268,376	21,432,316
Other	311,112	12,243	-	10,599,252	10,922,607
	<u>25,509,721</u>	<u>37,450,257</u>	<u>221,506</u>	<u>156,976,090</u>	<u>220,157,574</u>

	The Company				
	2017				
	Cash and cash equivalents \$'000	Loans and notes receivable \$'000	Resale agreements \$'000	Investment securities \$'000	Total \$'000
Concentration by sector					
Financial institutions	642	5,934,345	343,412	919,556	7,197,955
Concentration by location					
Jamaica	642	5,293,245	343,412	919,556	6,556,855
Trinidad and Tobago	-	641,100	-	-	641,100
	<u>642</u>	<u>5,934,345</u>	<u>343,412</u>	<u>919,556</u>	<u>7,197,955</u>

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(b) Credit risk (continued)

	The Company				
	2016				
	Cash and cash equivalents \$'000	Loans and notes receivable \$'000	Resale agreements \$'000	Investment securities \$'000	Total \$'000
Concentration by sector					
Financial institutions	7,623	5,680,469	506,956	919,556	7,114,604
Concentration by location					
Jamaica	7,623	5,071,969	506,956	919,556	6,506,104
Trinidad and Tobago	-	608,500	-	-	608,500
	7,623	5,680,469	506,956	919,556	7,114,604

Collateral and other credit enhancements held against financial assets

The Group holds collateral against loans and advances to customers and others in the form of mortgage interests over property, other registered securities over other assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over balances with banks or broker/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities.

JMMB GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(b) Credit risk (continued)

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

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

	The Group				The Company			
	Loans and notes receivable		Resale agreements		Loans and notes receivable		Resale agreements	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Against neither past due nor impaired financial assets:								
Cash secured	4,785,446	3,397,258	-	-	5,934,345	5,680,469	343,412	513,436
Property	22,248,080	19,788,212	-	-	-	-	-	-
Debt securities	5,299,408	3,935,588	934,173	231,117	-	-	-	-
Liens on motor vehicles	4,777,259	3,120,319	-	-	-	-	-	-
Equities	190,542	203,025	-	-	-	-	-	-
Other	6,357,081	6,944,074	-	-	-	-	-	-
Subtotal	43,657,816	37,388,476	934,173	231,117	5,934,345	5,680,469	343,412	513,436
Against past due but not impaired financial assets:								
Cash secured	93,705	239,768	-	-	-	-	-	-
Property	4,837,339	4,432,887	-	-	-	-	-	-
Liens on motor vehicles	1,064,882	706,229	-	-	-	-	-	-
Debt securities	817,425	633,636	-	-	-	-	-	-
Other	1,510,816	1,321,726	-	-	-	-	-	-
Subtotal	8,324,167	7,334,246	-	-	-	-	-	-
Against past due and impaired financial assets:								
Property	1,627,640	1,119,103	-	-	-	-	-	-
Liens on motor vehicles	54,751	201,382	-	-	-	-	-	-
Other	367,332	-	-	-	-	-	-	-
Subtotal	2,049,723	1,320,485	-	-	-	-	-	-
Total	54,031,706	46,043,207	934,173	231,117	5,934,345	5,680,469	343,412	513,436

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(c) Liquidity risk

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

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

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

Liquidity risk management process

The Group's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Optimising cash returns on investments;
- (iv) Managing the concentration and profile of debt maturities.

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

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

JMMB GROUP LIMITED

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31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

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

	2017				
	The Group				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Customer deposits	29,776,612	6,272,519	13,613,201	49,662,332	49,087,511
Due to other banks	301	-	524,536	524,837	418,313
Securities sold under agreements to repurchase	108,001,514	46,851,241	4,313,204	159,165,959	156,647,595
Notes payable	21	-	4,597,009	4,597,030	4,525,306
Redeemable preference shares	-	-	9,018,707	9,018,707	8,837,821
Payables	2,446,790	-	-	2,446,790	2,446,790
	<u>140,225,238</u>	<u>53,123,760</u>	<u>32,066,657</u>	<u>225,415,655</u>	<u>221,963,336</u>

	2016				
	The Group				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Customer deposits	24,915,138	4,679,161	12,218,962	41,813,261	41,296,373
Due to other banks	-	-	652,622	652,622	499,166
Securities sold under agreements to repurchase	106,023,154	28,329,639	17,525,010	151,877,803	149,262,369
Notes payable	2,388,652	91,907	2,004,976	4,485,535	4,414,355
Redeemable preference shares	-	-	8,676,645	8,676,645	8,556,784
Payables	1,772,308	-	-	1,772,308	1,772,308
	<u>135,099,252</u>	<u>33,100,707</u>	<u>41,078,215</u>	<u>209,278,174</u>	<u>205,801,355</u>

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

	2017				
	The Company				
	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Contractual Cash Flow \$'000	Carrying Amount \$'000
Financial Liabilities					
Redeemable preference shares	-	-	7,461,646	7,461,646	7,368,462
Due to subsidiary	4,890,595	-	-	4,890,595	4,890,595
Payables	3,154	-	-	3,154	3,154
	4,893,749	-	7,461,646	12,355,395	12,262,211
	2016				
	The Company				
	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Contractual Cash Flow \$'000	Carrying Amount \$'000
Financial Liabilities					
Redeemable preference shares	-	-	7,177,600	7,177,600	7,087,425
Due to subsidiary	4,709,588	-	-	4,709,588	4,709,588
Payables	3,154	-	-	3,154	3,154
	4,712,742	-	7,177,600	11,890,342	11,800,167

(d) Market risk

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

The overall responsibility for market risk management is vested in the Board Risk Management Committee. The Risk Department is responsible for the development of detailed risk management policies (subject to review and approval by the Board Risk Management Committee) and for the day-to-day review of their implementation.

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

JMMB GROUP LIMITED

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31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(d) Market risk (continued)

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

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

The Group uses VaR limits for its overall portfolio and for sub-portfolios. The overall structure of VaR limits is subject to review and approval by the Board Risk Management Committee. VaR is measured at least once daily. Daily reports of utilization of VaR limits are prepared by the Risk department and regular summaries submitted to the Board Risk Management Committee.

A summary of the VaR position of the Group's overall portfolio as at 31 March 2017 and during the year then ended is as follows:

	31 March	Average for Year	Maximum during Year	Minimum during Year
	\$'000	\$'000	\$'000	\$'000
2017 Overall VaR	2,239,790	5,981,726	12,410,350	1,636,423
2016 Overall VaR	1,636,510	2,194,863	4,688,218	739,638

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

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions that it undertakes in foreign currencies that give rise to the net currency gains and losses recognised during the year. Such exposures comprise the assets and liabilities of the Group that are not denominated in its functional currency. The Group ensures that the risk is kept to an acceptable level by monitoring its value at risk exposure.

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk (continued)

At the reporting date, the Jamaica dollar equivalents of net foreign currency assets/(liabilities) were as follows:

	The Group	
	2017	2016
	\$'000	\$'000
United States dollars	(5,533,400)	10,870,326
Great Britain pounds	(18,861)	(38,827)
Euros	47,740	64,676
Trinidad and Tobago dollars	277,225	425,560
Canadian dollars	41,169	46,390

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and company had significant exposure on their monetary assets and liabilities and the estimated effect of changes in rates on profit for the year. The change in currency rates below represents management's assessment of a reasonably probable change in foreign exchange rates at the reporting date:

Currency:	The Group			
	2017		2016	
	Change in Currency Rate %	Effect on Profit \$'000	Change in Currency Rate %	Effect on Profit \$'000
		\$'000		
USD	6	(332,004)	6	646,820
GBP	6	(1,132)	6	(2,330)
EUR	6	2,864	6	3,881
CAD	6	2,470	6	25,534
TT	6	16,634	6	2,783
		311,168		676,688

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk

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

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

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

	2017					
	The Group					
	Within 3 Months \$'000	3 to 6 Months \$'000	6 to 12 Months \$'000	1 to 5 Years \$'000	Non-Interest Bearing \$'000	Total \$'000
Financial Assets						
Cash and cash equivalents	20,895,153	-	-	-	-	20,895,153
Loans and notes receivable	23,833,413	57,222	2,966,780	18,783,914	1,491,805	47,133,134
Securities purchased under agreements to resell	915,006	-	-	-	-	915,006
Investment securities	13,289,304	25,287	476,227	155,070,853	2,710,132	171,571,803
Total financial assets	58,932,876	82,509	3,443,007	173,854,767	4,201,937	240,515,096
Financial Liabilities						
Deposits	37,165,481	-	5,349,876	1,422,945	5,149,215	49,087,517
Due to other financial institutions	299	-	-	418,014	-	418,313
Securities sold under agreements to repurchase	107,399,909	13,883,293	31,267,649	4,096,744	-	156,647,595
Notes payable	2,444,259	-	-	2,081,047	-	4,525,306
Redeemable preference shares	5,293,245	-	3,544,576	-	-	8,837,821
Other payables	-	-	-	-	2,446,790	2,446,790
Total financial liabilities	152,303,193	13,883,293	40,162,101	8,018,750	7,596,005	221,963,342
Total interest rate sensitivity gap	(93,370,317)	(13,800,784)	(36,719,094)	165,836,017	(3,394,068)	18,551,754
Cumulative interest rate sensitivity gap	(93,370,317)	(107,171,101)	(143,890,195)	21,945,822	18,551,754	

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2016					Total \$'000
	The Group					
	Within 3 Months \$'000	3 to 6 Months \$'000	6 to 12 Months \$'000	1 to 5 Years \$'000	Non-Interest Bearing \$'000	
Financial Assets						
Cash and cash equivalents	25,489,991	2,405	-	-	17,325	25,509,721
Loans and notes receivable	21,692,419	832,176	2,187,686	11,223,824	1,514,152	37,450,257
Securities purchased under agreements to resell	120,494	101,012	-	-	-	221,506
Investment securities	11,214,524	10,216,912	3,295,947	130,670,816	1,577,891	156,976,090
Total financial assets	58,517,428	11,152,505	5,483,633	141,894,640	3,109,368	220,157,574
Financial Liabilities						
Deposits	31,507,962	-	4,499,142	887,913	4,401,356	41,296,373
Due to other financial institutions	-	-	-	499,166	-	499,166
Securities sold under agreements to repurchase	106,210,247	26,867,288	14,285,434	1,899,400	-	149,262,369
Notes payable	-	2,434,000	-	1,980,355	-	4,414,355
Redeemable preference shares	1,469,359	-	-	7,087,425	-	8,556,784
Other payables	-	-	-	-	1,772,308	1,772,308
Total financial liabilities	139,187,568	29,301,288	18,784,576	12,354,259	6,173,664	205,801,355
Total interest rate sensitivity gap	(80,670,140)	(18,148,783)	(13,300,943)	129,540,381	(3,064,296)	14,356,219
Cumulative interest rate sensitivity gap	(80,670,140)	(98,818,923)	(112,119,866)	17,420,515	14,356,219	

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2017					
	The Company					
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Non Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash and cash equivalents	642	-	-	-	-	642
Loans and notes receivable	-	5,934,345	-	-	-	5,934,345
Securities purchased under agreements to resell	343,412	-	-	-	-	343,412
Investment securities	-	900,648	-	-	18,908	919,556
Total financial assets	344,054	6,834,993	-	-	18,908	7,197,955
Financial Liabilities						
Redeemable preference shares	-	-	-	7,368,462	-	7,368,462
Other payables	-	-	-	-	3,154	3,154
Due to subsidiary	-	-	-	-	4,890,595	4,890,595
Total financial liabilities	-	-	-	7,368,462	4,893,750	12,262,211
Total interest rate sensitivity gap	344,054	6,834,993	-	(7,368,462)	(4,874,842)	(5,064,252)
Cumulative interest rate sensitivity gap	344,054	7,179,047	7,179,047	(189,415)	(5,064,257)	

	2016					
	The Company					
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Non-Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash and cash equivalents	7,623	-	-	-	-	7,623
Loans and notes receivable	-	5,680,469	-	-	-	5,680,469
Securities purchased under agreements to resell	506,956	-	-	-	-	506,956
Investment securities	-	900,648	-	-	18,908	919,556
Total financial assets	514,579	6,581,117	-	-	18,908	7,114,604
Financial Liabilities						
Redeemable preference shares	-	-	-	7,087,425	-	7,087,425
Other payables	-	-	-	-	3,154	3,154
Due to subsidiary	-	-	-	-	4,709,588	4,709,588
Total financial liabilities	-	-	-	7,087,425	4,712,742	11,800,167
Total interest rate sensitivity gap	514,579	6,581,117	-	(7,087,425)	(4,693,834)	(4,685,563)
Cumulative interest rate sensitivity gap	514,579	7,095,696	7,095,696	8,271	(4,685,563)	

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31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

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

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net profit based on the floating rate financial assets and financial liabilities. The sensitivity of stockholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the gross effects of the assumed changes in interest rates. The correlation of a number of variables will have an impact on market risk. It should be noted that movements in these variables are non-linear and are assessed individually.

	The Group			
	2017		2016	
	Effect on Profit 2017 \$'000	Effect on Equity 2017 \$'000	Effect on Profit 2016 \$'000	Effect on Equity 2016 \$'000
Change in basis points				
JMD/USD				
-100/-50	(212,947)	5,585,006	(313,393)	4,128,923
+100/+100 (2016:+250/+200)	208,892	(8,041,340)	362,669	(5,972,124)

Equity price risk

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

The Group's equity securities are listed on the Jamaica and Trinidad and Tobago stock exchanges. A 5% increase or decrease in quoted bid prices at the reporting date would result in an increase or decrease, respectively, in equity of \$69,882,000 (2016: \$52,980,000) for the Group.

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(e) Operational risk

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

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

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

- requirement for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of control and procedures;
- requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of a contingency plan;
- risk mitigation, including insurance where this is effective.

Compliance with the Group's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to senior management and the Audit Committee.

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(f) Capital management

The Company and its subsidiaries have regulatory oversight from several regulators that impose capital requirements for various entities.

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

- (i) To comply with the capital requirements set by the regulators of the financial markets where the entities within the Group operate;
- (ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- (iii) To maintain a strong capital base to support the development of its business.

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

The regulated authorities require each regulated entity to:

- (i) Hold the minimum level of the regulatory capital; and
- (ii) Maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

Certain subsidiaries regulatory capital is divided into two tiers:

- (i) Tier 1 capital: share capital, share premium, retained earnings, investment revaluation reserve and cumulative translation reserve.
- (ii) Tier 2 capital: redeemable preference shares and investment revaluation reserve.

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

The regulated companies within the Group with prescribed capital requirements are Jamaica Money Market Brokers Limited (JMMB), JMMB Securities Limited (JMMSL), JMMB Fund Managers Limited (JMMBFM), JMMB Insurance Brokers Limited (JMMBIB), JMMB Money Transfer Limited (JMMBMT), JMMB Puesto de Bolsa, Banco Rio De Ahorro Y Credito JMMB Bank S.A (JMMBBR), JMMB Sociedad Administradora De Fondos De Inversion, S.A. (SAFI), JMMB Merchant Bank Limited (JMMBMB), JMMB Bank (T&T) Limited (JMMBBTT), Intercommercial Trust and Merchant Bank Limited (ITMBL), JMMB Investment (Trinidad and Tobago) Limited (JMMBITT) and JMMB Securities (T&T) (JMMBSTT).

The table and notes below summarise the composition of regulatory capital and the ratios of the regulated companies within the Group for the years ended 31 March 2017 and 31 March 2016.

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

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(f) Capital management (continued)

	JMMB		JMMBSL		JMMBIB	
	2017 J\$'000	2016 J\$'000	2017 J\$'000	2016 J\$'000	2017 J\$'000	2016 J\$'000
Tier 1 capital	16,091,617	14,764,928	664,309	595,088	90,906	89,716
Tier 2 capital	5,603,408	5,659,712	6,465	-	-	-
Total regulatory capital	21,695,025	20,424,640	670,774	595,088	90,906	89,716
Risk-weighted assets:						
On-balance sheet	124,056,531	112,754,966	715,914	563,165	-	-
Foreign exchange exposure	9,345,749	8,893,446	352,713	144,084	-	-
Total risk-weighted assets	133,402,280	121,648,412	1,068,627	707,249	-	-
Actual regulatory capital to risk weighted assets	16%	17%	63%	84%	-	-
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	-	-
	ITMBL		JMMBBTT		JMMBMB	
	2017 TT\$'000	2016 TT\$'000	2017 TT\$'000	2016 TT\$'000	2017 J\$'000	2016 J\$'000
Regulatory capital –						
Tier 1 capital	23,934	23,474	129,130	119,706	5,634,880	5,042,706
Tier 2 capital	326	130	77,444	73,401	187,471	116,256
Total regulatory capital	24,260	23,604	206,574	193,107	5,822,351	5,158,962
Total required capital	-	-	-	-	3,527,902	2,727,020
Risk-weighted assets –						
On balance sheet	15,982	26,142	1,065,372	1,036,792	29,929,071	24,542,968
Off balance sheet	-	-	-	-	3,435,211	2,163,428
Foreign exchange exposure	-	-	-	-	1,914,738	563,802
	15,982	26,142	1,065,372	1,036,792	35,279,020	27,270,198
Actual regulatory capital to risk weighted assets	152%	90%	19%	19%	17%	19%
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	10%	10%

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(f) Capital management (continued)

	JMMBFM	
	2017	2016
	\$'000	\$'000
Tier 1 capital	455,594	320,357
Tier 2 capital	-	-
Actual regulatory capital	<u>455,594</u>	<u>320,357</u>
Required level of regulatory capital	<u>77,905</u>	<u>39,512</u>
Total risk-weighted assets	<u>556,462</u>	<u>282,225</u>
Tier one capital ratio to risk-weighted assets capital	<u>82%</u>	<u>114%</u>

- (i) The capital requirement for JMMBIB is to maintain a minimum capital base of \$10 million.
- (ii) The capital requirement for JMMB Puesto de Bolsa S.A. is RD\$5 million plus other reserve which is 5% of liquid profits.
- (iii) The capital requirement of JMMB Investments (Trinidad and Tobago) Limited and JMMB Securities (T&T) Limited is to maintain a minimum capital base of TT15 million and TT6 million respectively.
- (iv) The capital requirement for JMMB Sociedad Administradora De Fondos De Inversion, S.A. (SAFI) is to maintain a minimum capital base of RD\$15 million or at least 1% of the ratio of total asset to funds under management (AUM/Capital).
- (v) The capital requirement for AFP JMMB BDI S.A. is to maintain a minimum capital base of RD\$10 million.
- (vi) The capital requirement for Banco Rio De Ahorro Y Credito JMMB Bank S.A is to maintain a minimum capital to risk weighted asset (CAR) in excess of 10%. The company's CAR at 31 March was 13.3%.

The regulated entities within the Group have complied with all externally imposed capital requirements throughout the year.

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

29. Financial Instruments – Fair Value

(a) Definition and measurement of fair values

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

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

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

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

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

There were no transfers between levels during the year.

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

29. Financial Instruments - Fair Value (Continued)

(b) Techniques for measuring fair value of investment securities classified as Level 2

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

(c) Accounting classifications and fair values

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

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

JMMB GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

29. Financial Instruments - Fair Value (Continued)

	The Group							
	2017			Fair value				
	Loan and receivables \$'000	Available-for-sale \$'000	At fair value through profit & loss account \$'000	Held to maturity \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets measured as fair value								
Ordinary shares quoted	-	408,131	445,331	-	853,462	853,462	-	853,462
Certificates of Deposit	-	5,009,441	-	-	5,009,441	-	5,009,441	5,009,441
Government of Jamaica Securities	-	97,061,290	-	-	97,061,290	-	97,061,290	97,061,290
Government of Jamaica guaranteed	-	4,675,555	-	-	4,675,555	-	4,675,555	4,675,555
Corporate bonds	-	12,959,675	416,038	-	13,375,713	-	13,375,713	13,375,713
Foreign Government Securities	-	30,997,682	47,075	-	31,044,757	-	31,044,757	31,044,757
Money market funds	-	1,376,520	-	-	1,376,520	-	1,376,520	1,376,520
Units in unit trusts	-	162,198	-	-	162,198	-	162,198	162,198
Other	-	88,992	-	-	88,992	-	88,992	88,992
	-	152,739,484	908,444	-	153,647,928	853,462	152,794,466	153,647,928
Financial assets not measured at fair value								
Government of Jamaica Securities	14,492,680	-	-	-	14,492,680	-	17,556,076	17,556,076
Sovereign bonds	110,553	-	-	57,060	167,613	-	123,091	123,091
Government of Jamaica guaranteed	3,101,770	-	-	-	3,101,770	-	3,296,304	3,296,304
Other	161,812	-	-	-	161,812	-	161,812	161,812
	17,866,815	-	-	57,060	17,923,875	-	21,137,283	21,137,283

JMMB GROUP LIMITED NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

29. Financial Instruments - Fair Value (Continued)

	The Group						
	2016						
	Carrying amount			Fair value			
Loan and receivables \$'000	Available-for-sale \$'000	At fair value through profit & loss account \$'000	Held to maturity \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets measured as fair value							
Ordinary shares quoted	-	378,383	265,426	-	643,809	-	643,809
Certificates of Deposit	-	11,405,864	-	-	11,405,864	-	11,405,864
Government of Jamaica Securities	-	76,086,900	150,971	-	76,237,871	-	76,237,871
Government of Jamaica guaranteed	-	5,908,979	-	-	5,908,979	-	5,908,979
Credit default swap	-	-	1,652,182	-	1,652,182	-	1,652,182
Corporate bonds	-	4,382,501	45,672	-	4,428,173	-	4,428,173
Foreign Government Securities	-	23,823,705	-	-	23,823,705	-	23,823,705
Money market funds	-	584,079	-	-	584,079	-	584,079
Units in Unit Trust	-	186,038	-	-	186,038	-	186,038
Other	-	170,765	-	-	170,765	-	170,765
	-	122,927,214	2,114,251	-	125,041,465	643,809	124,397,656
Financial assets not measured at fair value							
Credit link note	-	-	-	9,538,595	-	-	9,910,127
Certificates of deposit	345,297	-	-	-	-	-	345,297
Government of Jamaica Securities	18,535,833	-	-	-	-	-	20,215,190
Sovereign bonds	94,946	-	-	97,897	-	-	88,841
Government of Jamaica guaranteed	3,308,415	-	-	-	-	-	3,336,450
Other corporate bonds	13,642	-	-	-	-	-	8,185
	22,298,133	-	-	9,636,492	-	-	33,904,090
				31,934,625			33,904,090

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

29. Financial Instruments - Fair Value (Continued)

		The Company	
		2017	
		Carrying amount	Fair value
		Available for-sale	Level 2
		\$'000	\$'000
Financial assets measured as fair value			
Certificates of deposit		900,648	900,648
Ordinary share unquoted		18,909	18,909
		919,557	919,557
<hr/>			
		2016	
		Carrying amount	Fair value
		Available for-sale	Level 2
		\$'000	\$'000
Financial assets measured as fair value			
Certificates of deposit		900,648	900,648
Ordinary share unquoted		18,909	18,909
		919,557	919,557

30. Post-employment Benefits

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

The fund is administered by trustees and the assets are held separately from those of the Group. Under the rules of the Fund, an actuarial valuation should be carried out by the appointed actuaries every three years. An actuarial valuation of the fund was done as at 31 December 2014 by ACTMAN International Limited, independent actuaries. 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 Trinidadian subsidiaries operate a two tiered defined contribution plan which is in compliance with the provisions of the Income Tax Act of Trinidad & Tobago section 134(6). Under the terms of employment, the entities are obligated to contribute on behalf of all eligible employees an amount of 10% of the employees' pensionable salary directly to the plan. In addition, all eligible employees contribute an amount of 5% of their pensionable salary to individual annuities.

The contributions for the year amounted to \$172,107,000 (2016: \$144,145,000) for the Group.

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

31. Managed Funds

The Group acts as agent and earns fees for managing clients' and investment funds on a non-recourse basis under management agreements. This includes some of the assets of the Group's pension fund (Note 30). Although the Group is the custodian of the securities in which the clients participate, it has no legal or equitable right or interest in these securities. Accordingly, the securities in which the clients' funds are invested have been excluded from these financial statements.

At 31 March 2017, funds managed in this way by the Group amounted to \$88,662,224,000 (2016:\$ 85,577,544,000) which includes assets of the Group's pension fund (Note 30), amounting to \$2,572,052,000 (2016: \$1,907,779,000). The financial statements included the following assets held in (liabilities payable to) the managed funds:

	The Group	
	2017	2016
	\$'000	\$'000
Investments	802,061	584,079
Interest payable	(2,459)	(2,963)
Securities sold under agreements to repurchase	(42,107,145)	(36,458,195)
Customer deposits	(3,019,652)	(2,163,420)

32. Commitments

(i) Endowment Fund

The JMMB Group and the Joan Duncan Foundation established an endowment Fund ("the Fund") of US\$1 million which will be administered by the University of the West Indies and Mona school of Business and Management. The main purpose of the Fund is to provide scholarships, bursaries, student training and development, academic staff development and case writing. Disbursements to the Fund will be made over a period of six years.

(ii) Operating Leases

The Group has entered into several lease agreements for rental of offices. The amount charged to profit or loss during the year is \$375,830,000 (2016: \$244,979,000).

As at 31 March 2017, the Group is committed to make future lease payments as follows:

	The Group	
	2017	2016
	\$'000	\$'000
Less than one year	375,830	180,529
Between one and five years	1,126,742	597,503
More than five years	467,281	492,649
	<u>1,969,853</u>	<u>1,270,681</u>

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

33. Change in Accounting Policies

Except for the changes below, the Group has consistently applied the accounting policies set out in note 34 to all periods presented in these financial statements.

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

The detail, nature and effects of the changes are explained below:

- IAS 1, *Presentation of Financial Statements* has been amended to clarify or state the following:
 - Specific single disclosures that are not material do not have to be presented even if they are the minimum requirements of a standard.
 - The order of notes to the financial statements is not prescribed.
 - Line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material.
 - Specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
 - The presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never be, reclassified to profit or loss.
- IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are amended as follows:
 - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
 - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.
- Amendments to IAS 27, *Equity Method in Separate Financial Statements* allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.
- Amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*, in respect of Sale or Contribution of Assets between an Investor and its Associate or Joint Venture require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.
- Amendments to IFRS 11, *Accounting for Acquisitions of Interests in Joint Operations* require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value but previously held interests will not be remeasured.

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

33. Change in Accounting Policies (Continued)

The detail, nature and effects of the changes are explained below (continued):

- IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 28, *Investments in Associates and Joint Ventures* have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.
- Improvements to IFRS 2012-2014 Cycle contain amendments to certain standards and interpretations applicable to the Group as follows:
 - IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognises any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.
 - IFRS 7, *Financial Instruments: Disclosures*, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities* (Amendment to IFRS 7) are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting*, require their inclusion.
 - IAS 34, *Interim Financial Reporting*, has been amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report". The interim financial report is incomplete if the interim financial statements and any disclosures incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

The adoption of these amendments did not result in any change to the presentation and disclosures in the financial statements except for the re-ordering of the significant accounting policies to note 34 of the financial statements.

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies

Except for the changes explained in note 33, the Group has consistently applied the following accounting policies to all period presented in these financial statements.

(a) Basis of consolidation

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

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

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

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

(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.

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (continued)

(b) Financial instruments

General

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

(i) Classification of financial instruments

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

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

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

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

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

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

(ii) Recognition and derecognition - non-derivative financial assets and financial liabilities –

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The Group initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

General (continued)

(iii) Measurement and gains and losses - Non-derivative financial assets

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

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

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

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

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

(i) Cash and cash equivalents

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

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

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(iii) Measurement and gains and losses - Non-derivative financial assets (continued)

(ii) Investment securities

Investment securities are classified, recognised/derecognised and measured in the manner set out for financial assets under “General” in this note 2(c) above.

(iii) Resale and repurchase agreements

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

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

(iv) Loans and notes receivable and other receivables

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

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

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

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

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

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(iii) Measurement and gains and losses - Non-derivative financial assets (continued)

(iv) Loans and notes receivable and other receivables (continued)

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

Statutory and other regulatory loan loss reserve requirements that exceed the amounts required under IFRS are dealt with in a non-distributable loan loss reserve as an appropriation of retained earnings.

(v) Accounts payable

Accounts payable are measured at amortised cost.

(vi) Interest-bearing borrowings

Interest-bearing borrowings [other than repos, which are described in Note 2(c) (iii)] are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption recognised in the profit or loss over the period of the borrowings on an effective yield basis.

(vii) Embedded derivatives

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

(c) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(c) Property, plant and equipment

Property, plant and equipment, with the exception of freehold land and paintings, on which no depreciation is provided, are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Freehold buildings	2½% - 5%
Leasehold improvements	The shorter of the estimated useful life and the period of the lease
Motor vehicles	20%
Computer equipment	20% - 25%
Other equipment, furniture and fittings	10% - 20%

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

(d) Intangible assets

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

(i) Computer software

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

(ii) Goodwill

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

(iii) Customer lists and core deposits

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

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(d) Intangible assets (continued)

(iv) Licences

These assets represents the value of JMMB Securities Limited's seat on the Jamaica Stock Exchange and the banking licence and securities licence acquired for JMMB Bank (T&T) Limited and JMMB Securities (T&T) Limited, which have indefinite useful lives. These assets are tested for impairment annually, and whenever there is an indication that the asset may be impaired, the carrying amount is reduced to the recoverable amount.

(v) Other intangibles

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Jamaican dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

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

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

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

(iii) Group companies

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

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

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(f) Share capital

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

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

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

(g) Taxation

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

(i) Current income tax

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

(ii) Deferred income tax

Deferred income tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(h) Impairment

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

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

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(i) Calculation of recoverable amount

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

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

(ii) Reversals of impairment

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

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

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

(i) Revenue recognition

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

(i) Interest income

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

(ii) Fees and commissions

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

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(i) Revenue recognition (continued)

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

(iii) Dividends

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

(j) Employee benefits

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

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

Pensions are the Group's only post-employment benefit. Pension fund costs included in Group profit or loss represent contributions to the defined-contribution funds which the Group operates to provide retirement pensions for the Group's employees (Note 30). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged off when due.

(k) Operating leases

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

(l) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Board of Directors.

(m) Interest expense

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

(n) Borrowings

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

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(o) Investment properties

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

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

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

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.
- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:
 - The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
 - A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
 - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
 - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.
 - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.
- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

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

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

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

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

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

- IFRIC 22, *Foreign Currency Transactions and Advance Consideration*, effective for annual reporting periods beginning on or after January 1, 2018, addresses how to determine the transaction date when an entity recognises a non-monetary asset or liability (e.g. non-refundable advance consideration in a foreign currency) before recognising the related asset, expense or income. It is not applicable when an entity measures the related asset, expense or income or initial recognition at fair value or at the fair value of the consideration paid or received at the date of initial recognition of the non-monetary asset or liability.

An entity is not required to apply this interpretation to income taxes or insurance contracts that it issues or reinsurance contracts held.

The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

JMMB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

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

- Improvements to IFRSs 2014-2016 contain amendments to certain standards applicable to the Group as follows:
 - IFRS 12, *Disclosure of Interests in Other Entities*, effective retrospectively for annual reporting periods beginning on or after January 1, 2017, has been amended to clarify that the disclosure requirements for interests in other entities also apply to interests that are classified as held for sale or distribution.
 - IAS 28, *Investments in Associates and Joint Ventures*, effective retrospectively for annual reporting periods beginning on or after January 1, 2018, has been amended to clarify or state the following:
 - (i) A venture capital organisation, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis.
 - (ii) A non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries. This election can be made separately for each investment entity associate or joint venture.

The Group is assessing the impact, if any, that these, new and amended standards and interpretations will have on its future financial statements when they are adopted.

APPENDIX 4

US\$ OFFER



USD APPLICATION FORM

Third Named Joint Holder – First Name/ Last Name

Citizenship

Taxpayer Registration Number

Email Address

Signature

US\$ Bank Draft drawn on a Jamaican commercial bank payable to "JMMBGL Preference Share Offer 2018 USD"

Debit my/our JMMB Account

Payment made to JMMB A/C# 4535932 ino JMMBGL Preference Share Offer 2018 JMD for **JCSD Fee payment**

Debit my/our JA\$ JMMB Account for **JCSD Fee payment**

Transfer via NCB Elink:
Beneficiary Bank: National Commercial Bank, Duke Street
Account Type: Chequing
Account Name: Jamaica Money Market Brokers Limited
Account Number: 066317145

* **Special Instructions:** FOR FURTHER CREDIT TO JMMB A/C 4202189 PAYMENT FOR: INSERT PRIMARY APPLICANT'S NAME

SEND EMAIL TO JMMB AT: CENTRALIZED_PROCESSING@JMMB.COM WITH DETAILS OF THE TRANSFER i.e. DATE OF TRANSFER, APPLICANT'S NAME, AMOUNT TRANSFERRED, JMMB ACCOUNT & TRANSACTION REFERENCE NUMBER

REFUND DETAILS

Credit my/our JMMB A/c # or Cheque

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

1. Application must be for a minimum of 5,000 shares with increments in multiples of 500 shares. Applications in any other increment will not be accepted or processed.
2. All applications must be accompanied by the JCSD application fee of J\$163.10 (inclusive of GCT).
3. All completed applications must be delivered to any of the locations as detailed in the Prospectus.
4. Primary applicants must be at least 18 years old and be an eligible investor as defined in the Prospectus.
5. If you are applying jointly with any other person, you must complete the Joint Holder Information and each joint holder must sign the Application Form at the place indicated.
6. All applicants must attach copies of their Government Issued ID as well as their TRN card (if ID provided is not a Jamaican Driver's Licence displaying their TRN).

THIS SECTION FOR BROKERS USE ONLY

Date Application Received: Time Received _____ Branch _____
DD MM YYYY

Received By: _____ (Name) _____ (Signature)

PAYMENT METHOD

Payment Method: Cheque Internal Transfer ELINK Transfer

Payment Reference Number

JMD\$ OFFER



JMD APPLICATION FORM

Third Named Joint Holder – First Name/ Last Name

Citizenship

Taxpayer Registration Number

Email Address

Signature

PAYMENT INFORMATION

Payment options: J\$ Manager's Cheque, Debit my/our JMMB Account, Transfer via RTGS/ACH/NCB Elink

REFUND DETAILS

Refund options: Credit my/our JMMB A/c #, Cheque, Transfer to other bank as follows

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

- 1. Application must be for a minimum of 25,000 shares... 2. All applications must be accompanied by the JCSD application fee... 3. All completed applications must be delivered to any of the locations... 4. Details for wire transfer payments:

Table with 3 columns: RTGS - Retail Clients, RTGS - Corporate Clients, FOR J\$ ELECTRONIC TRANSFERS*:- ACH/NCB Elink

* Special Instructions: FOR FURTHER CREDIT TO JMMB A/C 4535932 PAYMENT FOR: INSERT PRIMARY APPLICANT'S NAME

SEND EMAIL TO JMMB AT: CENTRALIZED_PROCESSING@JMMB.COM WITH DETAILS OF THE TRANSFER i.e. DATE OF TRANSFER, APPLICANT'S NAME, AMOUNT TRANSFERRED, JMMB ACCOUNT & TRANSACTION REFERENCE NO.

- 5. Primary applicants must be at least 18 years old... 6. If you are applying jointly with any other person... 7. All applicants must attach copies of their Government Issued ID...

THIS SECTION FOR BROKERS USE ONLY

Date Application Received: DD MM YYYY Time Received Branch

Received By: (Name) (Signature)

PAYMENT METHOD

Payment Method: Cheque Internal Transfer RTGS/ACH/ELINK Transfer

Payment Reference Number



Tel: **998-JMMB**
5 6 6 2



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