



SUMMARY AUDITED FINANCIAL STATEMENTS

31 MARCH 2019

2019 HIGHLIGHTS

The Directors of JMMB Bank (Jamaica) Limited are pleased to share the summary of its Audited financials for the year ended March 31, 2019. The Bank continues to record success, with growth in all the major Banking Business lines. The core businesses of Loans and Deposits have seen significant growth resulting in substantial increases in core income when compared to prior year. In addition, there were also significant increases in volume driven Foreign Exchange Trading Income.

This continued growth and stability reflects the Bank's commitment to providing a superior client experience, and ensuring our clients and potential clients are kept at the core of the Bank's strategic efforts. The Bank will continue on the journey of offering a unique brand of Banking to the sector, by leveraging the JMMB way of partnering with clients to achieve their financial goals.

Financial Performance

The Bank recorded significant increases in profit before tax (PBT) of 71.30% over prior period. PBT for the year totaled J\$1.43 billion up from J\$837.50 million when compared to the similar period of 2018. Profit after tax also increased significantly by 79.72%, moving from \$636.56 million to \$1.14 billion.

The Bank's Total Assets increased year-over-year by approximately 23.30% or \$10.71 billion, moving from \$45.96 billion up to \$56.67 billion; this resulted from strategic objective of growing the core business lines. Growth were primarily achieved in the Loans and Deposit portfolios.

JMMB Bank also recorded growth in Net Operating Revenues, which increased by J\$1.27 billion or approximately 47.11% moving from J\$2.69 billion for period ending March 31, 2018 to J\$3.96 billion for this financial period ending March 31, 2019.

Net interest income (NII) also recorded a 27.15% increase, moving from J\$1.68 billion in 2018 to J\$2.14 billion in 2019, an increase of J\$456.75 million. This was largely due to the significant growth in the value of loans booked throughout the year. The increase in Total Revenue was also supported by increase in the other core business lines mainly in Foreign Currency Trading and Translation gains, which also recorded major increases of approximately 131.73%. There were one off gains from the disposal of securities, this as the Bank focused on rebalancing its Investment portfolio and source of income, towards Loan interest income with less dependence on income on Investments.

Non-interest expenses moved from \$1.86 billion to \$2.53 billion, an increase of 36.19% or \$671.34 million. The growth represents normal inflationary and business activities increases. The main growth were seen in other operating expenses, which resulted from further role-out of Commercial banking activities. There were increases of approximately 32.82% in Impairment loss on financial instruments, driven mainly by the increase in the Loans portfolio and the change in the new accounting requirement for IFRS 9 provisioning. Increases were also noted in Staff costs of 26.97% moving from \$1.02 billion in 2018 to \$1.30 billion in 2019, for the annual salary adjustments and other incentives as well as increases in the number of team members in order to achieve strategic objectives to enhance sales in the branch network and Corporate Banking Unit. The Bank commenced payment of management fees to the Group of \$210.40 million.

Loans

JMMB Bank's Loans portfolio increased by 25.84%, moving from \$26.89 billion to \$33.83 billion resulting in improved market share. This strong movement caused from growth in the wide range of borrowing solutions offered to both personal and business sectors to include the Small and Medium Enterprises (SME) sector of Jamaican businesses.

With the strong growth in the Bank's loan portfolio the Management of JMMB Bank continued its tight oversight on the quality of the Loans portfolio, thereby resulting in an acceptable delinquency rate of 1.66% in non-performing loans as a percentage of total loans for the year ended March 31, 2019.

Deposits

The Bank Deposit portfolio grew by approximately 25.25% or J\$7.84 billion, moving from \$31.06 billion to \$38.90 billion. The Bank remains committed to providing clients with a wide range of value added products and services and presenting solutions as viable alternatives to what obtains in the marketplace.

Strategic Focus/ Banking Outlook for FY 2019/2020

In the coming financial year, JMMB Bank will continue to focus on improving client satisfaction and engagement, by closely monitoring and addressing client's feedback. The Bank also intends to increase its footprint by at least one additional location during the year, in line with the Group's access strategy for Jamaica. Client access will continue to be a key focus, as the Bank also received regulatory approval to roll out its ATM network in providing clients with additional touch-points across the country. In addition to the foregoing, the Bank will continue to build out its suite of Commercial Banking products by designing solutions, which respond to client demand and market trends. These are tailored to meet clients' unique needs and assist in achieving their goals.

In keeping with the overall national growth agenda for Jamaica, JMMB Bank will seek to sharpen its focus on SME's, by providing solutions specific to the unique needs of this sector. This in accordance with EPOC new thrust to strengthen SME in the country. JMMB Bank fully supports the financial inclusion mandate and will continue to remain accessible to all Jamaicans.

Shareholder's Equity

The Bank's total Shareholders' Equity increased by \$573.55 million or 7.12% and is currently at \$8.63 billion up from \$8.06 billion at the end of the prior financial year. This as the Bank continues to maintain a sound Capital Base to support its strategic growth. This ensures the safety of the Bank's clients, fosters investor confidence, while facilitating the opportunity to grow its portfolios.

Earnings per Stock

JMMB Bank delivered Earnings per Share (EPS) of \$1.78, an 80% increase when compared to 99 cents in the prior year. EPS is based on Profit After Tax and the weighted average number of shares in issue (641,159,682).

Acknowledgements

The Board of Directors wishes to express sincere gratitude to our dedicated team members and loyal clients both local and overseas. We also thank our business associates, regulators and partners across the JMMB Group for their continued support and commitment, to the growth and development of JMMB Bank (Jamaica) Limited.

We are committed to excellence and in pursuit thereof, as we look forward to an even more successful 2019/20 financial year for the benefit of all our stakeholders.



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INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the Members of
JMMB BANK (JAMAICA) LIMITED

Opinion

The summary financial statements set out on pages 3 to 7, which comprise the summary statement of financial position as at 31 March 2019, the summary profit and loss account, summary statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited financial statements of JMMB Bank (Jamaica) Limited ("the Bank") for the year ended 31 March 2019.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the Practice Statement 2016-1, *Summary Financial Statements*, issued by the Institute of Chartered Accountants of Jamaica.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards which were applied in the preparation of the audited financial statements of the Bank. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Audit Opinion

We expressed an unmodified audit opinion on the audited financial statements in our report dated June 28, 2019.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with Practice Statement 2016-1, *Summary Financial Statements*, issued by the Institute of Chartered Accountants of Jamaica.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are 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".

Chartered Accountants
Kingston, Jamaica

June 28, 2019

**SUMMARY FINANCIAL STATEMENTS
PREPARED FROM THE AUDITED FINANCIAL STATEMENTS**

**Profit and Loss Account
Year ended 31 March 2019**

(expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000
Net interest income and other revenue		
Interest income calculated using the effective interest method	3,302,084	2,836,523
Interest expense	(1,163,025)	(1,154,210)
Net interest income	<u>2,139,059</u>	<u>1,682,313</u>
Fee income	218,905	183,742
Foreign exchange trading and translation	963,309	415,705
Gains on sale of investments	609,410	332,460
Other income	30,502	78,460
Total other operating revenue	<u>1,822,126</u>	<u>1,010,367</u>
Net interest income and other revenue	<u>3,961,185</u>	<u>2,692,680</u>
Non-interest expenses		
Impairment losses on financial instruments	173,521	130,639
Staff costs	1,297,467	1,021,844
Bank charges	99,651	79,945
Property expenses	73,374	64,988
Depreciation and amortisation	119,770	78,039
Information technology costs	99,584	88,844
Marketing and corporate affairs	40,804	43,529
Professional fees	51,476	111,007
Management fees	210,398	-
Regulatory costs	52,254	37,205
Irrecoverable General Consumption Tax	78,665	69,719
Asset tax	98,806	74,695
Other operating expenses	<u>130,746</u>	<u>54,723</u>
Total non-interest expenses	<u>2,526,516</u>	<u>1,855,177</u>
Profit before taxation	1,434,669	837,503
Taxation	<u>(290,626)</u>	<u>(200,941)</u>
Profit for year	<u><u>1,144,043</u></u>	<u><u>636,562</u></u>

The notes on page 7 are an integral part of the summary financial statements.

**SUMMARY FINANCIAL STATEMENTS
PREPARED FROM THE AUDITED FINANCIAL STATEMENTS**

**Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 March 2019**

(expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000
Profit for year	<u>1,144,043</u>	<u>636,562</u>
Other comprehensive income		
Items which are, or may be reclassified to profit or loss:		
Unrealised gains arising on revaluation of fair value through other comprehensive income (FVOCI) /available-for-sale financial investments, net of tax	10,763	83,851
Reclassification of losses realised and reported in profits	(443,332)	(215,266)
Other comprehensive loss for the year	<u>(432,569)</u>	<u>(131,415)</u>
Total comprehensive income for the year	<u><u>711,474</u></u>	<u><u>505,147</u></u>

**SUMMARY FINANCIAL STATEMENTS
PREPARED FROM THE AUDITED FINANCIAL STATEMENTS**

**Statement of Financial Position
31 March 2019**

(expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000
Assets		
Cash and balances with banks	10,082,439	7,258,492
Investment in securities	3,516,040	4,353,616
Securities purchased under resale agreements	851,492	1,326,387
Pledged assets	7,391,669	5,229,431
Loans and notes receivable	33,834,510	26,887,901
Accounts receivable	223,508	140,877
Intangible asset	342,833	273,819
Property, plant and equipment	210,098	170,444
Customers' liabilities under acceptances, guarantees and letters of credit as per contra	213,042	317,731
Total Assets	<u><u>56,665,631</u></u>	<u><u>45,958,698</u></u>

The notes on page 7 are an integral part of the summary financial statements.

**SUMMARY FINANCIAL STATEMENTS
PREPARED FROM THE AUDITED FINANCIAL STATEMENTS**


Statement of Financial Position (Continued)

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000
Liabilities		
Securities sold under repurchase agreements	6,375,816	4,389,232
Deposits	38,904,121	31,060,570
Due to other financial institution	190,927	348,005
Accounts payable	1,037,090	463,485
Deferred tax liability	79,714	292,203
Promissory note	1,000,537	1,002,877
Taxation payable	232,434	26,190
Liabilities under acceptances, guarantees and letters of credit as per contra	213,042	317,731
Total Liabilities	48,033,681	37,900,293
Stockholders' Equity		
Share capital	1,732,888	1,732,888
Statutory reserve fund	1,055,915	941,511
Retained earnings reserve	3,715,442	3,715,442
Capital redemption reserve	85,488	85,488
Fair value reserve	132,434	541,404
Loan loss reserve	367,541	265,856
Retained earnings	1,542,242	775,816
	8,631,950	8,058,405
Total Liabilities and Stockholders' Equity	56,665,631	45,958,698

The summary financial statements on pages 3 to 7 were approved by management on June 28, 2019 and signed on its behalf by:


Dennis L. Harris Chairman


Keith P. Duncan Director

The notes on page 7 are an integral part of the summary financial statements.

**SUMMARY FINANCIAL STATEMENTS
PREPARED FROM THE AUDITED FINANCIAL STATEMENTS**

**Statement of Changes in Equity
Year ended 31 March 2019**

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital \$'000	Statutory Reserve Fund \$'000	Retained Earnings Reserve \$'000	Capital Redemption Reserve \$'000	Fair Value Reserve \$'000	Loan Loss Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balances at 31 March 2017	1,732,888	846,026	3,215,442	85,488	672,819	194,019	1,106,576	7,853,258
Profit for the year							636,562	636,562
Other comprehensive income for the year:								
Unrealised gains on available-for-sale investments, net of tax	-	-	-	-	83,851	-	-	83,851
Reclassification of gains realised and reported in profits, net of tax	-	-	-	-	(215,266)	-	-	(215,266)
Other comprehensive income	-	-	-	-	(131,415)	-	-	(131,415)
Total comprehensive income for the year	-	-	-	-	(131,415)	-	636,562	505,147
Transfer to loan loss reserve	-	-	-	-	-	71,837	(71,837)	-
Transfer to retained earnings reserve	-	-	500,000	-	-	-	(500,000)	-
Transfer to statutory reserve fund	-	95,485	-	-	-	-	(95,485)	-
Transactions with owners:								
Dividends	-	-	-	-	-	-	(300,000)	(300,000)
Balances at 31 March 2018	1,732,888	941,511	3,715,442	85,488	541,404	265,856	775,816	8,058,405
Adjustments on initial application of IFRS 9	-	-	-	-	23,599	(32,956)	(28,572)	(37,929)
Adjusted balances at 1 April 2018	1,732,888	941,511	3,715,442	85,488	565,003	232,900	747,244	8,020,476
Profit for the year	-	-	-	-	-	-	1,144,043	1,144,043
Other comprehensive loss for the year:								
Unrealised gains on FVOCI investments, net of tax	-	-	-	-	10,763	-	-	10,763
Reclassification of losses realised and reported in profits, net of tax	-	-	-	-	(443,332)	-	-	(443,332)
Other comprehensive loss	-	-	-	-	(432,569)	-	-	(432,569)
Total comprehensive income for the year	-	-	-	-	(432,569)	-	1,144,043	711,474
Transfer to loan loss reserve	-	-	-	-	-	134,641	(134,641)	-
Transfer to statutory reserve fund	-	114,404	-	-	-	-	(114,404)	-
Transactions with owners:								
Dividends	-	-	-	-	-	-	(100,000)	(100,000)
Balances at 31 March 2019	1,732,888	1,055,915	3,715,442	85,488	132,434	367,541	1,542,242	8,631,950

The notes on page 7 are an integral part of the summary financial statements.

SUMMARY FINANCIAL STATEMENTS
PREPARED FROM THE AUDITED FINANCIAL STATEMENTS

Statement of Cash Flows
Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	2019	2018
	\$'000	\$'000
Cash Flows from Operating Activities		
Profit for the year	1,144,043	636,562
Adjustments for:		
Interest Income	(3,302,084)	(2,836,523)
Interest expense	1,163,025	1,154,210
Net Impairment loss on investment securities	29,711	-
Net Impairment loss on loans and notes receivable	115,735	124,107
Depreciation and amortisation	119,770	78,039
Taxation	290,626	200,941
	<u>(439,174)</u>	<u>(642,664)</u>
Changes in operating assets and liabilities		
Accounts receivable	(68,036)	(10,700)
Loans receivable	(7,090,648)	(7,605,888)
Accounts payable	573,604	71,791
	<u>(7,024,254)</u>	<u>(8,187,461)</u>
Interest received	3,344,690	2,700,797
Interest paid	(1,142,438)	(1,160,877)
Taxation paid	(92,387)	(14,324)
Cash used in operating activities	<u>(4,914,389)</u>	<u>(6,661,865)</u>
Cash Flows from Investing Activities		
Acquisition of property and equipment, and intangible asset	(228,438)	(244,673)
Investments (net)	(490,217)	(3,014,703)
Securities purchased under resale agreements	(2,142,557)	2,365,748
Cash used in investing activities	<u>(2,861,212)</u>	<u>(893,628)</u>
Cash Flows from Financing Activities		
Deposits	7,857,515	9,737,141
Securities sold under repurchase agreements	1,952,077	(950,577)
Due to other financial institution	(157,060)	(70,365)
Promissory note	(2,400)	1,002,560
Dividends paid	(100,000)	(300,000)
Cash provided by financing activities	<u>9,550,132</u>	<u>9,418,759</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(11,714)</u>	<u>(2,443)</u>
Net increase in cash and cash equivalents	1,762,817	1,860,823
Cash and cash equivalents at beginning of year	4,895,742	3,034,919
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>6,658,559</u></u>	<u><u>4,895,742</u></u>

Notes to the Summary Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

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

2. Basis of preparation

- (a) These summary financial statements comply with the provisions of the Practice Statement, *Summary Financial Statements*. They do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.
- (b) An unmodified audit opinion has been issued on the full financial statements as at and for the year ended March 31, 2019, from which these summary statements have been extracted, and were authorised for issue by the directors on June 27, 2019. A copy of the audited full financial statements are available on the Bank's website at www.jmmb.com.
- (c) The full financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) and relevant provisions of the Jamaican Companies Act. They have been prepared on the historical cost basis, except for certain financial assets which are measured at fair value.