

DIRECTORS' STATEMENT

PERFORMANCE HIGHLIGHTS

Net Operating Revenue	J\$4.67 billion, grew by 15%
Net Interest Income	J\$2.07 billion, up 8%
Net Profit	J\$956.6 million, up 56%
Earnings per Stock Unit	J\$0.57, up from J\$0.38

The Directors are pleased to announce that the JMMB Group posted net profit of J\$956.6 million and earnings per share of J\$0.57 for the three months ended 30 June 2018 (Q1).

GROUP CEO'S COMMENTARY

Our objective this year is to intensify our focus on both consolidating and growing our regional integrated financial services business model.

We expect to further improve operational efficiency by standardising processes across our portfolio of companies within the Group while driving growth in our core business lines in all three territories. As part the growth focus, we will launch later this year our consumer finance service business line in Trinidad and Tobago as well as expand the provision of ATM services in Jamaica. We will also be focused on improving client experience, with particular emphasis on reducing wait time and client on-boarding time in our Financial Life Goal Centres.

We are pleased with our Q1 performance as net profit exceeded expectation. We also advanced three (3) strategic projects which will expand online services in the Dominican Republic, improve banking services in Jamaica and standardise client experience across the Group.

GROUP FINANCIAL PERFORMANCE

Net Operating Revenue

The JMMB Group posted net operating revenue of J\$4.67 billion during Q1. This represented a 15% growth when compared to the comparable period last year, and mainly emanated from increases in net interest income, FX trading gains and fees and commission income.

Net interest income grew by 8% or J\$155.9 million to J\$2.07 billion as there was strong growth in the loan and investment portfolios.

Fees and commission income was 32% higher at J\$481.6 million due to significant growth in managed funds and collective investment schemes across the Group.

Foreign exchange trading gains increased by 117% or J\$277.1 million to J\$514.6 million because of increased trading activity and a faster pace of depreciation.

Net gains on securities trading grew marginally by 4% to J\$1.60 billion as trading activities were tempered by the recent spate of Fed rate increases.

Segment Contribution

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

Net Operating Revenue	J\$'000	Contribution (%)
Financial & Related Services	2,658,819	57%
Banking & Related Services	1,914,358	41%
Other	94,210	2%
Total	4,667,387	100%

Financial and Related Services contributed J\$2.66 billion or 57% of net operating revenue. The contribution from the Banking & Related Services segment of J\$1.91 billion reflected a 41% increase, up from J\$1.36 billion last year, which was due in part to strong growth in the loan book which translated into increased net interest income as well as growth in FX trading gains.

Operating Efficiency

For Q1, the efficiency ratio was 72% compared to 74% in the prior period last year. Operating expenses for the reporting period amounted to J\$3.34 billion which was 11% higher than the prior period. This was attributed primarily to costs associated with our integrated Group sales and support framework coupled with the continued build-out of commercial banking services in Jamaica. The Group will continue to focus on extracting operational efficiency from all entities through the launch of its standardization and process improvements project.

GROUP FINANCIAL POSITION

Total Assets

At the end of the reporting period, the JMMB Group's asset base totalled J\$314.69 billion, up J\$22.98 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. During this quarter, the investment portfolio increased by J\$10.56 billion or 5% to J\$206.59 billion, while loans and advances grew by J\$4.31 billion or 8% to J\$59.93 billion. The credit quality of the loan portfolio continues to be comparable to international standards.

Growth in the asset base during this quarter was funded by increases in repos and customer deposits. Repos grew by J\$19.60 billion or 12% to J\$177.77 billion, while customer deposits increased by J\$4.92 billion or 9% to J\$57.09 billion.

Capital

During Q1, shareholders' equity has decreased by 9% to J\$26.30 billion. Even though net profit of J\$956.6M was generated over the period, shareholders' equity was impacted by the adoption of IFRS 9 and a decline in investment revaluation reserve due to the movement in emerging market bond prices. Nevertheless, the Group continued to be adequately capitalized and the individually regulated companies within the Group continued to exceed their regulatory capital requirements. The performance of the major subsidiaries is shown in the table below.

Company	Regulatory Measure	Minimum Requirement	30-Jun-18
Jamaica Money Market Brokers Limited	Regulatory capital to risk weighted assets ratio	10%	15.10%
JMMB Bank (Ja) Limited	Regulatory capital to risk weighted assets ratio	10%	15.79%
JMMB Bank (T&T) Limited	Regulatory capital to risk weighted assets ratio	10%	17.46%
JMMB Securities Limited	Net free capital	J\$74.4 million	J\$470.9 million
JMMB Puesto de Bolsa, S.A.	Minimum capital	RD\$5 million	RD\$1,437 million

Off-Balance Sheet Funds under Management

In alignment with the Group's strategy to provide complete, customized financial solutions for each client, we experienced growth in our off-balance sheet products which include pension funds, unit trusts and money market funds. The total invested in off-balance sheet products as at the end of June 2018 stood at J\$132.05 billion compared to J\$114.75 billion as at end of June 2017.

The JMMB Group in the Community

JMMB Group seeks to establish genuine links between the organization and the wider society, in which it operates, in keeping with its commitment to help others to realize their greatness. As such, JMMB Group is committed to being actively concerned with the conservation, preservation and sustenance of communities by supporting entrepreneurial and educational initiatives, national development and community outreach efforts.

The JMMB Joan Duncan Foundation in Jamaica, during the period, focused primarily on youth entrepreneurial initiatives with several stakeholders namely: Katalyxt Youth Innovators Competition, Jamaica 4H Clubs and Junior Achievement Jamaica. The Foundation provided financial backing for prizes to the top entrepreneurs in the 7th staging of the Katalyxt Youth Innovators Competition, which is geared towards engaging young innovators drawn from high schools island wide, from third to sixth form. The programme aims to develop an appetite for innovation and encourage students to pursue entrepreneurship as a viable career path. Additionally, the Foundation supported the Junior Achievement's programme - Marketing Maven competition, and the Young Farmers' Business Clinic, held as part of the Jamaica 4H Club national

expo. Furthermore, the annual Joan Duncan Memorial Lecture was held under the theme, 'Political Leadership: An Enabler or Disabler to Jamaica's Economic Growth', in collaboration with the University of Technology, Jamaica. The lecture which is designed to honour the life and legacy of co-founder, Joan Duncan, was delivered by veteran politician, Dr. D. K. Duncan; with several experts sharing on the occasion as panelists. The Foundation remains committed to national development through sports and education as evidenced by its continued financial support for the Jamaica Football Federation's (JFF) programmes and UWI Endowment, which totals US\$1 million. Furthermore, the Foundation's national project, Conversations for Greatness, a transformational project being implemented in collaboration with the Ministry of Education; aimed at inspiring school teachers, administrators and other support staff to become passionate about being transformational educators. Thus far this initiative is rolled out in over 60 schools island wide, reaching almost 3000 individuals, and since the reporting period, has continued to bolster its capacity as it targets completion of 150 schools by December 2018. As evidence of the success of the project, there has been a reduction in absenteeism, improvement in academic performance and greater synergies among the teachers and administrators, at schools who have completed the programme.

In the Dominican Republic, the team remains committed to partnering with UNPHU Emprende, the Entrepreneur division of the Universidad Nacional Pedro Henriquez Ureña. During the annual innovation and entrepreneurial contest hosted by UNPHU, JMMB provides a special Corporate Social Responsibility award for the most socially responsible project, in order to nurture young entrepreneurs and inspire corporate social responsibility in new business ventures. Additionally, the company has established 1 of 4 national entrepreneurship centres with UNPHU, and will continue this partnership to institute another centre, as a joint initiative with the government, the education ministry and the private sector. JMMB Puesto de Bolsa continues to provide funding to selected children's homes to support the welfare of orphaned children and other community outreach initiatives.

The JMMB Group team in Trinidad & Tobago, partnered with The United Way for the hosting of its annual United Way Day of Caring - one of Trinidad and Tobago's largest national volunteer initiatives - using targeted projects to serve the needs and development of children. As part of Day of Caring, the JMMB team alongside other community stakeholders also joined forces to refurbish the Bamboo Presbyterian School, and share in a day of fun with scores of students, at that school. Additionally, the JMMB team participated in the annual Trinidad & Tobago Cancer Society Bubbles Run, which seeks to bring awareness to the disease. The event also commemorates cancer survivors and those who have succumbed to the disease.

General

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

A handwritten signature in blue ink that reads "Archibald Campbell".

Archibald Campbell
Chairman

A handwritten signature in black ink that reads "Keith P. Duncan".

Keith P. Duncan
Group Chief Executive Officer

JMMB GROUP LIMITED

Consolidated Profit and Loss Account

Period ended 30 June 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30-Jun-18 \$000	Unaudited Three Months Ended 30-Jun-17 \$000
Net Interest Income and Other Revenue		
Interest income	4,236,751	3,956,196
Interest expense	(2,167,005)	(2,042,370)
Net Interest Income	2,069,746	1,913,826
Fees and commissions income	481,638	363,827
Gain on securities trading, net	1,596,780	1,539,178
Foreign exchange margins from cambio trading	514,645	237,539
Dividends	4,578	11,355
Operating Revenue Net of Interest Expense	4,667,387	4,065,725
Operating expenses	(3,344,296)	(3,003,359)
Impairment loss on financial assets	(112,940)	(104,316)
Operating Profit	1,210,151	958,050
Other income	5,339	36,419
Profit before Taxation	1,215,490	994,469
Taxation	(258,880)	(381,075)
Profit for the Period	956,610	613,394
Attributable to:		
Equity holders of the parent	935,904	616,537
Non-controlling interest	20,706	(3,143)
	956,610	613,394
Earnings per stock unit	\$0.57	\$0.38

JMMB GROUP LIMITED

Consolidated Statement of Comprehensive Income

Period ended 30 June 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30-Jun-18 \$000	Unaudited Three Months Ended 30-Jun-17 \$000
Profit for the Period	956,610	613,394
Other comprehensive income/ (loss)		
<i>Items that may be reclassified to profit or loss:</i>		
Unrealised gains / (loss) on available for sale investments	-	(224,923)
Net loss on investment in debt instruments measured at FVOCI	(2,042,596)	-
Foreign exchange translation differences on translation of foreign subsidiaries	369,323	(3,790)
<i>Items that will not be reclassified to profit or loss:</i>		
Net loss on investment in equity instruments designated at FVOCI	(4,758)	-
Total other comprehensive income/(loss), net of tax	<u>(1,678,031)</u>	<u>(228,713)</u>
Total comprehensive income/(loss) for period	<u>(721,421)</u>	<u>384,681</u>
Total comprehensive income attributable to:		
Owners of the parent	(694,013)	406,072
Non-controlling interest	<u>(27,408)</u>	<u>(21,391)</u>
	<u>(721,421)</u>	<u>384,681</u>

JMMB GROUP LIMITED

Consolidated Statement of Financial Position

Three-month period ended 30 June 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 30-Jun-18 \$'000	Unaudited as at 30-Jun-17 \$'000	Audited as at 31-Mar-18 \$'000
ASSETS			
Cash and cash equivalents	33,729,475	35,533,110	27,837,273
Interest receivable	3,790,626	3,115,681	3,429,115
Income tax recoverable	940,943	1,108,809	999,611
Loans and notes receivable	59,932,199	48,246,209	55,625,743
Other receivables	3,796,428	817,448	2,055,252
Investments and resale agreements	206,586,128	173,796,574	196,025,869
Investment properties	463,109	449,860	489,616
Property, plant and equipment and intangible assets	4,865,139	4,718,995	4,820,390
Deferred tax asset	304,041	42,073	115,130
Customers' liability under acceptances, guarantees and letters of credit as per contra	284,737	221,531	317,731
	<u>314,692,825</u>	<u>268,050,290</u>	<u>291,715,730</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	(1,180,071)	2,003,515	1,752,810
Cumulative translation reserve	255,562	300,380	(87,147)
Retained earnings	14,701,817	12,163,610	14,776,222
	<u>25,246,917</u>	<u>25,937,114</u>	<u>27,911,494</u>
Non-controlling interest	1,050,977	867,238	1,092,253
Total equity	<u>26,297,894</u>	<u>26,804,352</u>	<u>29,003,747</u>
Liabilities			
Customer deposits	57,085,469	50,874,490	52,165,066
Due to other banks	307,245	390,566	347,948
Notes payable	27,406,937	5,550,811	27,561,706
Securities sold under agreements to repurchase	177,770,396	169,495,480	158,167,289
Redeemable preference shares	18,190,970	8,833,941	17,843,757
Interest payable	1,724,550	1,387,036	1,385,823
Income tax payable	1,318,488	329,523	1,292,843
Other payables	4,169,225	2,689,181	3,178,736
Deferred income tax liabilities	136,914	1,473,379	451,084
Liability under acceptances, guarantees and letters of credit as per contra	284,737	221,531	317,731
	<u>288,394,931</u>	<u>241,245,938</u>	<u>262,711,983</u>
	<u>314,692,825</u>	<u>268,050,290</u>	<u>291,715,730</u>



Archibald Campbell
Chairman



Keith P. Duncan
Group Chief Executive Officer

JMMB GROUP LIMITED

Consolidated Statement of Changes in Stockholders' Equity

Three-month period ended 30 June 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Retained Earnings Reserve	Investment Revaluation Reserve	Cumulative Translation Reserve	Retained Earnings	Attributable to holders of the Parent	Non-Controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at March 31, 2017 (Audited)	1,864,554	9,605,055	2,202,115	312,246	11,922,100	25,906,070	888,629	26,794,699
Profit for the period	-	-	-	-	616,537	616,537	(3,143)	613,394
Other comprehensive income/(loss) for period	-	-	(198,600)	(11,866)	-	(210,466)	(18,248)	(228,714)
Total comprehensive income for period	-	-	(198,600)	(11,866)	616,537	406,071	(21,391)	384,681
Dividends paid	-	-	-	-	(375,027)	(375,027)	-	(375,027)
Balances at 30 June 2017 (unaudited)	1,864,554	9,605,055	2,003,515	300,380	12,163,610	25,937,114	867,238	26,804,352
Balances at March 31, 2018 (Audited)	1,864,554	9,605,055	1,752,810	(87,147)	14,776,222	27,911,494	1,092,253	29,003,747
Changes on initial application of IFRS 9 (note 2)	-	-	(960,255)	-	(570,060)	(1,530,315)	(13,868)	(1,544,183)
Balances at April 1, 2018 (unaudited)	1,864,554	9,605,055	792,555	(87,147)	14,206,162	26,381,179	1,078,385	27,459,564
Profit for the period	-	-	-	-	935,904	935,904	20,706	956,610
Other comprehensive income/(loss) for period	-	-	(1,972,626)	342,709	-	(1,629,917)	(48,114)	(1,678,031)
Total comprehensive income/(loss) for period	-	-	(1,972,626)	342,709	935,904	(694,013)	(27,408)	(721,421)
Paid in capital	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(440,249)	(440,249)	-	(440,249)
Balances at 30 June 2018 (unaudited)	1,864,554	9,605,055	(1,180,071)	255,562	14,701,817	25,246,917	1,050,977	26,297,894

JMMB GROUP LIMITED

Consolidated Statement of Cash Flows

Three-month period ended 30 June 2018

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30-Jun-18 \$'000	Unaudited Three Months Ended 30-Jun-17 \$'000
Cash Flows from Operating Activities		
Profit for the period	956,610	613,394
Adjustments for:		
Unrealised gains on trading securities	(10,281)	(39,191)
Depreciation and amortisation	162,199	131,796
	<u>1,108,528</u>	<u>705,999</u>
Changes in operating assets and liabilities	18,739,610	14,132,987
Net cash provided by operating activities	<u>19,848,138</u>	<u>14,838,986</u>
Cash Flows from Investing Activities		
Investment securities, net	(13,180,477)	(587,341)
Purchase of property, plant and equipment and computer software	(180,442)	(263,701)
Net cash used in investing activities	<u>(13,360,919)</u>	<u>(851,042)</u>
Cash Flows from Financing Activities		
Notes payable	(154,768)	1,025,040
Dividends paid	(440,249)	(375,027)
Net cash (used in)/provided by financing activities	<u>(595,017)</u>	<u>650,013</u>
Net increase in cash and cash equivalents	5,892,202	14,637,957
Cash and cash equivalents at beginning of year	<u>27,837,273</u>	<u>20,895,153</u>
Cash and cash equivalents at end of period	<u><u>33,729,475</u></u>	<u><u>35,533,110</u></u>

JMMB GROUP LIMITED

Notes to the Financial Statements

Three-month period ended 30 June 2018

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Three-month period ended 30 June 2018				
	Financial & Related Services	Banking & Related Services	Others	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	4,454,926	2,340,371	44,434	-	6,839,731
Intersegment revenue	250,041	3,749	-	(253,790)	-
Total segment revenue	4,704,967	2,344,120	44,434	(253,790)	6,839,731
Profit before tax	503,676	707,490	4,324	-	1,215,490
Taxation					(258,880)
Profit for the period					956,610
Total segment assets	281,280,807	90,908,687	1,602,959	(59,099,628)	314,692,825
Total segment liabilities	255,640,399	78,377,451	1,556,469	(47,179,388)	288,394,931
Interest Income	2,890,612	1,344,915	1,224	-	4,236,751
Operating expenses	2,146,625	1,157,352	40,319	-	3,344,296
Depreciation & amortisation	105,803	53,506	2,890	-	162,199
Capital expenditure	85,822	37,635	56,985	-	180,442

JMMB GROUP LIMITED

Notes to the Financial Statements

Three-month period ended 30 June 2018

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Three months period ended 30 June 2017				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	4,362,722	1,744,891	36,901	-	6,144,514
Intersegment revenue	293,895	26,539	-	(320,434)	-
Total segment revenue	4,656,617	1,771,430	36,901	(320,434)	6,144,514
Profit before tax	721,192	273,827	(550)	-	994,469
Taxation					(381,075)
Profit for the period					613,394
Total segment assets	244,673,073	76,974,284	1,484,580	(55,081,647)	268,050,290
Total segment liabilities	219,522,727	65,323,211	1,432,803	(45,032,803)	241,245,938
Interest income	2,699,569	1,254,967	1,660	-	3,956,196
Operating expenses	1,987,354	978,554	37,451	-	3,003,359
Depreciation and amortisation	93,182	36,295	2,319	-	131,796
Capital expenditure	175,320	85,626	2,755	-	263,701

JMMB GROUP LIMITED

Notes to the Financial Statements

Three-month period ended 30 June 2018

(Expressed in Jamaican dollars unless otherwise indicated)

1. Identification

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

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

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

JMMB GROUP LIMITED

Notes to the Financial Statements

Three-month period ended 30 June 2018

(Expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies

(a) Basis of preparation

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

All amounts are stated in Jamaican dollars unless otherwise indicated.

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

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

(i) Classification and measurement

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

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

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

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

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

JMMB GROUP LIMITED

Notes to the Financial Statements

Three-month period ended 30 June 2018

(Expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

(ii) Impairment of financial assets

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

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

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

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

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

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

(b) Basis of consolidation

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

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

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

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

JMMB GROUP LIMITED

Notes to the Financial Statements

Three-month period ended 30 June 2018

(Expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (continued)

(c) Earnings per stock unit

Earnings per stock unit ("EPS") is computed by dividing profit attributable to the equity holders of the parent of J\$935,904,499 (2017 – J\$616,537,427) by the number of stock units in issue during the period, numbering 1,630,552,532 (2017 – 1,630,552,532).

(d) Managed funds

The Group acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. At 30 June 2018, funds managed in this way amounted to J\$132,054,417,751 (2017 – J\$114,747,073,034).

(e) Comparative Information

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

JMMB GROUP LIMITED

Share Ownership of the Directors and Executive Team Leaders (ETLs)
Period ended 30 June 2018

Directors	Ordinary Shareholding	Connected Parties
Donna Duncan-Scott	7,678,110	ESOP
	36,776,951	JVF O.N. LTD
	38,530,103	CONCISE O.N. LTD
Archibald Campbell	18,400	
	344,827	ODETTE CAMPBELL
Keith P. Duncan	20,591	
	59,965,366	CONCISE E.I. LTD
	40,311,674	JVF E.I. LTD
	846,745	ESOP
V. Andrew Whyte	-	
Wayne Sutherland	-	
	28,540,838	CONCISE R.I. LTD
Dennis Harris	364,277	
Dr. Anne Crick	5,234	
Hugh Duncan	4,828	
Reece Kong	-	
Audrey Welds	100,000	
Audrey Deer Williams	-	
Andrew Cocking	10,000,000	
Hugh W. Powell	57,800	
Patricia Daley Smith	-	
Patria-Kaye Aarons	-	
Executive Team Leaders	Ordinary Shareholding	Connected Parties
Donna Duncan-Scott	7,678,110	ESOP
	36,776,951	JVF O.N. LTD
	38,530,103	CONCISE O.N. LTD
Keith Duncan	20,591	
	846,745	ESOP
	59,965,366	CONCISE E.I. LTD
	40,311,674	JVF E.I. LTD
Carolyn DaCosta	169,069	
	57,921	ESOP
	3,357	CRAIG DACOSTA
	127,169	DERMOTT DACOSTA
	4,795	MERLINE DACOSTA
	5,237	AMANDA DACOSTA
Kisha Anderson	500,110	
	57,921	ESOP
	29,328	ELIZABETH THOMPSON
	10,000	REBEKAH HOILETT
	1,500	GAIL BARRETT
Paul Gray	80	
	699,043	ESOP
	554,866	TEVERLY GRAY
Julian Mair	239,711	ESOP
Patrick Ellis	239,872	ESOP
Janet Patrick	18,432	
	808,823	ESOP
Damion Brown	210,677	ESOP
Kerry Ann Stimpson	780,032	ESOP
Claudine Tracey	908,000	ESOP
Gregory Hines		

JMMB GROUP LIMITED

Top 10 Largest Shareholders of the JMMB Group
Period ended 30 June 2018

Name of Shareholder	Number of Shares	Percentage Ownership
NCB CAPITAL MARKETS (IN ESCROW)	428,777,325	26.30%
TRUSTEES JMMB ESOP	149,635,832	9.18%
COLONIAL LIFE INSURANCE CO (TRINIDAD) LTD	103,453,776	6.34%
NATIONAL INSURANCE FUND	79,672,997	4.89%
CONCISE E.I. LTD	59,965,366	3.68%
SJIML A/C 3119	56,372,550	3.46%
JVF O.E. LTD	44,484,372	2.73%
JVF E.I. LTD	40,311,674	2.47%
CONCISE O.N. LTD	38,530,103	2.36%
GRACELYN O.E. LTD.	37,175,196	2.28%
Total	1,038,379,191	63.68%