The Power of ONE

Jamaica
Dominican Republic
Trinidad & Tobago

THE JMMB GROUP
JAMAICA | DOMINICAN REPUBLIC | TRINIDAD & TOBAGO

Annual Report 2013

Annual Report 2013

GROUP CORPORATE STRUCTURE

JAMAICA

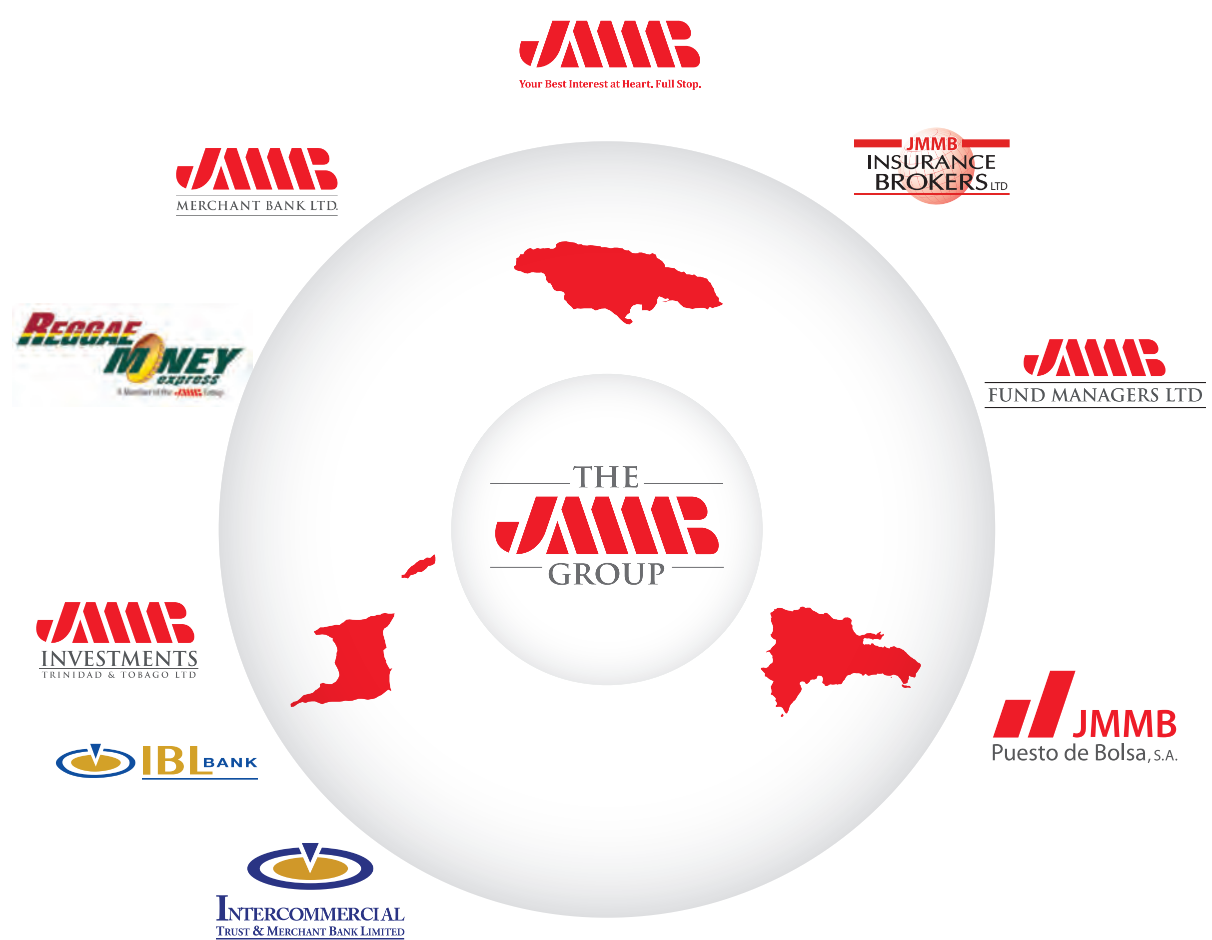
JMMB Ltd.

JMMB Merchant Bank Ltd.

JMMB Fund Managers Ltd.

JMMB Insurance Brokers Ltd.

Capital & Credit Remittance Ltd.
(Reggae Money Express)



TRINIDAD & TOBAGO

Intercommercial Trust
& Merchant Bank Ltd.

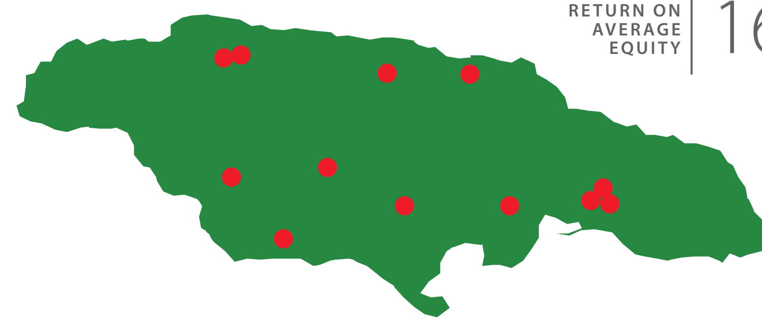
JMMB Investments Trinidad & Tobago Ltd.

IBL Bank Ltd.

DOMINICAN REPUBLIC

JMMB Puesto de Bolsa S.A.

JAMAICA



RETURN ON AVERAGE EQUITY 16.64%

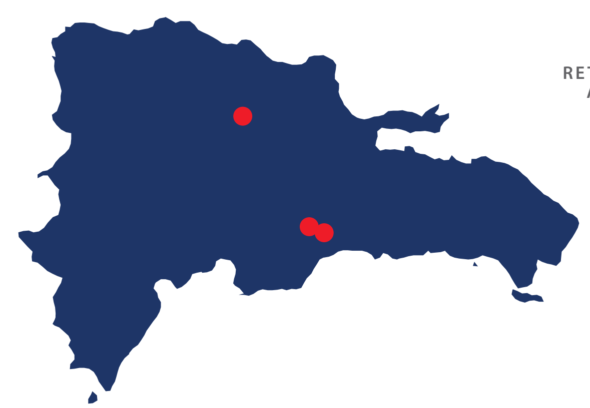
NET EARNINGS J$2.53B

JMMB ESTABLISHED 1992

FUNDS UNDER MANAGEMENT OR ASSET SIZE J$148.40B

SIZE OF TEAM 434

DOMINICAN REPUBLIC



RETURN ON AVERAGE EQUITY 81.57%

NET EARNINGS J$632.68M

JMMB ESTABLISHED 2006

FUNDS UNDER MANAGEMENT OR ASSET SIZE J$14.87B

SIZE OF TEAM 35

TRINIDAD & TOBAGO

RETURN ON AVERAGE EQUITY 7.87%

NET EARNINGS J$132.61M

JMMB ESTABLISHED 2005

FUNDS UNDER MANAGEMENT OR ASSET SIZE J$21.56B

SIZE OF TEAM 174

The Power Of One Group

The JMMB Group's international wealth of expertise, financial stability and strong ethical core have helped our clients weather the unforeseen and prosper in challenging times. It's what we do.

Today, we continue to grow, built on the strongest of foundations: the idea that standing for the best for all will lead us to the best possible future. We move forward as one, knowing that real strength comes from the heart.

Our Brand Promise

Our clients are at the heart of what we do! We are their financial companion, with their best interest at heart. We promise to give expert advice and deliver fair, simple solutions to achieve their goals. Being in their world, we go beyond banking, and offer a unique experience across our Group locations!

Our Mission

To maximize client satisfaction through exceptional client care and world class financial advice and expertise.

Solidity, ethics, credibility and openness are hallmarks of JMMB as experts in all aspects of our operations.

To be a dynamic, international, multifaceted financial group that has a caring, loving and fun environment where team members are productive, creative, happy and fulfilled.

THE JMMB GROUP

The Power of ONE

The JMMB Group is an international group of companies forged around a single vision of financial freedom for all. Driven by a shared passion for our clients' goals we move towards a definitive future, creating simple solutions that continue to change the way people think of finance. This unity of purpose spans geography, ethnicity and social position.

The same power of the individual, when magnified by the resonance of cooperative effort, moves mountains. That is the tremendous power in team because, when many come together as one, we shout louder, reach higher and go further. When that happens, ideas are made real and we create a future with everyone's best interest at heart. This is the unstoppable force of a simple but revolutionary philosophy: the power of one - one team, one love.

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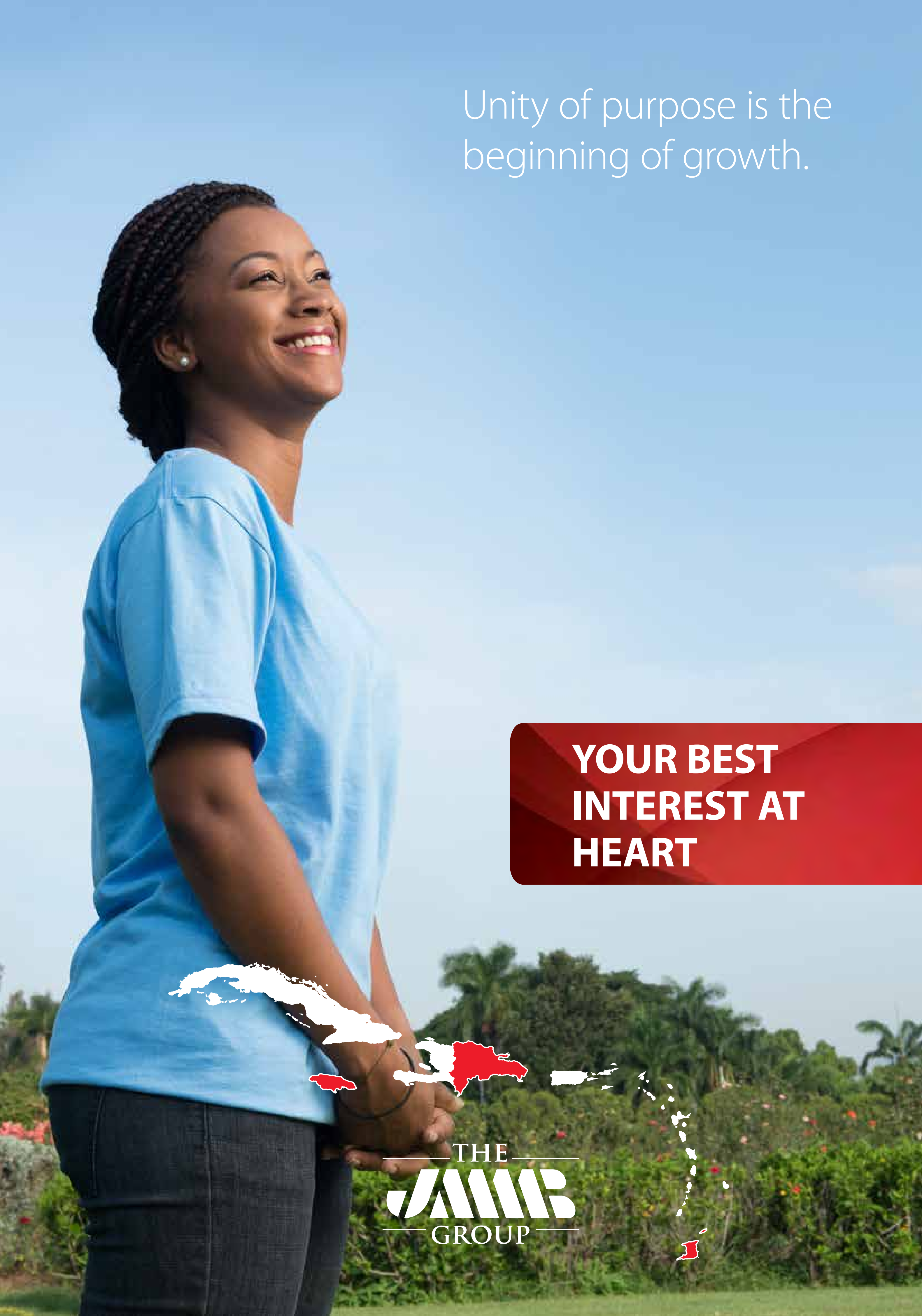


Corporate Profile

Since inception, JMMB has established itself as one of the leading brokerage houses in the Caribbean. The JMMB Group now offers a wide range of investment solutions, banking and insurance services in Jamaica, Trinidad & Tobago and the Dominican Republic. Known for its pioneering spirit, the JMMB Group has consistently introduced new products and services to its extensive client base of over 200,000 individuals, companies and institutions.

JAMAICA:
The Beginning

The brainchild of the late Joan Duncan, JMMB opened for business in November 1992 as the first Money Market Broker in Jamaica. The vision was to provide great investment opportunities to Jamaicans from all walks of life and companies of all sizes so they could benefit from great returns on safe investments. As Possibility Thinkers, Joan Duncan and co-founder Dr. Noel Lyon, created a company based on love that was committed to serving its clients, team members and shareholders.

Since then, the Company has become one of Jamaica's largest securities dealers with several subsidiaries in Jamaica, including: JMMB Securities Ltd, JMMB Insurance Brokers Ltd, JMMB Merchant Bank Ltd, Capital & Credit Remittance Ltd, and JMMB Fund Managers Ltd. The JMMB Group, inclusive of its subsidiaries, has over four hundred team members, thirteen locations and eleven Electronic Transaction Machines (ETMs), most offering dual currency options islandwide to ensure convenient access to a wide client base.

JMMB's Formula:
Vision + Values + Expertise = Phenomenal Success.

Regional Footprint

In line with our 2025 vision, the JMMB Group began its expansion to other Caribbean markets in 1999, through a successful joint venture establishing Caribbean Money Market Brokers (CMMB) in Trinidad and Barbados.

In 2005, as a means of deliberate business line diversification in the region, JMMB acquired 50% shareholding in Intercommercial Bank Ltd. (IBL Group) in Trinidad & Tobago.

In late 2012, the company opened JMMB Investments T&T.

JMMB Dominicana opened its doors in 2006 and in October 2007 was officially called JMMB Puesto de Bolsa with a mandate to actively develop the Money Market in one of the largest Spanish-speaking Caribbean islands. We currently have two locations in the Dominican Republic.

JMMB is listed on the Jamaica, Barbados and Trinidad and Tobago Stock Exchanges.

Business Line Diversification

On June 29, 2012, JMMB successfully completed the transaction to acquire the Capital & Credit Financial Group (CCFG) in Jamaica. This enabled the expansion of the JMMB Group to include the provision of Banking, Remittance and Unit Trust products and services to its extensive client base.

This transaction has resulted in tremendous benefits for shareholders of both companies and their clients. It gives the expanded entity the opportunity to deliver stronger financial performance and increased efficiencies by extracting synergies in products, technology platforms and operations. This has increased the overall growth prospects of the JMMB Group and shareholder value.

In 2009, our operations in the Dominican Republic successfully completed negotiations to acquire majority shareholding in a Savings and Loans bank and are awaiting final regulatory approval to complete the acquisition and expand its offerings.

Indeed, the Company's core values and principles ensure that JMMB continues on a path of sustainable growth in profitability and consistent growth in our client base through our commitment to meeting their needs.

Fulfilling Our Clients' Needs

The main activities of our group of companies are:

- Investments: J$, TT$, Peso, US$, Pounds, Euro, and CAD$
- Portfolio Management
- Financial Advisory Services
- Retail and Corporate Banking
- Corporate Finance
- Equities Trading
- Bonds Trading
- Unit Trust
- Cambio and FX Trading
- Remittance Services
- Pensions Management
- Insurance Brokerage (for individuals and companies)

Chairman's and Group CEO's Statement

We are pleased to present to you the Annual Report for the JMMB Group for the year ended March 31, 2013. It was a very successful year. Net profit increased by 72% to $3.86 billion, and shareholders' equity grew by 58% from $10.87 billion to $17.21 billion.

Our performance outside Jamaica was particularly impressive. In the Dominican Republic (DR) there was significant growth in the volume of business and in profit, and the InterCommercial Banking Group in Trinidad and Tobago reported a profit level that was the highest ever recorded. Both countries, DR and Trinidad & Tobago, contributed $659.1 million to the Group's profits.

This sterling performance of our non-Jamaican business operations is a vindication of our regional diversification policy and we will continue to take advantage of the opportunities in these markets to lay the foundation for cautious excursions elsewhere.

The Group's impressive performance is also a reflection of our business line diversification strategy. Regional and business line diversification are key elements in JMMB's ability to combat market uncertainties and to respond to ever-changing demand patterns by focusing on business aspects here and abroad that offer the greatest potential for long-term success.

A more in-depth analysis of the performance of each business line and of our overall results is presented in our Management's Discussion and Analysis section of this Report.

Key Highlights of the FY 2012/13

There were three significant events during the period. The first was that JMMB celebrated its 20th Anniversary on November 6, 2012. The second, the acquisition of the Capital & Credit Financial Group (CCFG), was successfully accomplished, and allowed JMMB to venture into a new business line in Jamaica, banking. The Group expects to realize the synergies from this acquisition through the build out of our Integrated Financial Services Model with our unique delivery of banking, investments and insurance brokering services. The third significant event was our re-entering the Securities business in Trinidad and Tobago. We hope to recapture the success we once enjoyed prior to our exit from that market in 2009.

72%

Net Profit incresed by 72%

J$659.1 Million

DR and Trinidad & Tobago contributed $659.1 million to the Group's profit

Charged by our mantra of *The Power of One – One Team and One Love* – JMMB remained true to its 20-year mission of advancement of all people in its delivery of assistance to those in need.

Client Intimacy:

The Heart of JMMB

Our clients continue to remain at the centre of our business model, the hallmark of our existence and success. As we continue to deliver on our Client Value Proposition, we will ensure that we create win/win holistic financial solutions to meet our clients' life goals whilst offering our unique client experience which enables the JMMB Group to boast a client base of over 200,000 clients. We are very grateful to you, our clients, who have stood with us through good and challenging times. Your loyalty and support are commendable and we thank you for your business.

Commitment to Community Development & Nation Building

Our corporate responsibility efforts continued throughout the year as the JMMB Group continued to affirm its dedication to community and nation building by participating or contributing to several high-impact outreach activities in the countries in which we operate. The outreach programmes spanned community enhancement, cultural initiatives, education and training, health, and sports. Charged by our mantra: The Power of One – One Team and One Love – JMMB remained true to its 20-year mission of advancement of all people in delivery of assistance to those in need.

Additionally, in Jamaica, JMMB continued to partner with the government in implementing workable solutions in the best interest of all Jamaicans. Our voluntary participation in the Government of Jamaica (GOJ) National Debt Exchange programme (NDX) was a signal of our continued commitment to the future of our country. Working together in a responsible way makes it possible for us to achieve the results we desire for ourselves and our country.

Acknowledgement

We wish to say thanks to our Directors in all of our Companies in Jamaica and abroad. The continued success of the JMMB Group would not have been possible without their unwavering commitment and contribution. They continued to ensure that our business decisions and initiatives were prudent and in line with our risk profile, our approved strategic initiatives and good governance practices. To the Directors who recently joined us we extend a warm welcome.

We also express our heartfelt gratitude to the management team for their expertise and hard work throughout the year which enabled the Group to deliver steady and strong results despite the local economic challenges. Our team members continued to be the engine of our operations and for their dedication and tireless commitment we take this opportunity to say many thanks.

To our valued shareholders and clients, we say thank you for your confidence in us and for your support. Your belief and trust in the JMMB Group propels us to continue on our path of success.

The Way Forward

Building on our strong performance in 2012/13, the JMMB Group remains well positioned to weather any economic tailwinds. We will continue our strategic efforts to meet the financial needs of our many clients and to secure good returns for our shareholders by soundly building out our integrated financial services model and delivering on our Client Value Proposition.

Thanks to our strategic positioning, focus on innovation and operational efficiency, sound client base and competent team, we can look to the future with the confidence that we can build on the strong performance we have delivered in the past.

Keith Duncan
Group Chief Executive Officer

Dr. Noel Lyon
Group Chairman

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Jamaica Pegasus Hotel, Grand Jamaican Suite, 81 Knutsford Boulevard, Kingston 5, Jamaica on Wednesday September 18 , 2013 at 10:00 A.M. to consider and if thought fit to pass the following resolution:

1. To receive the Reports of the Directors and Auditors and the Audited Accounts for the twelve (12) months ended March 31, 2013

To consider and (if thought fit) pass the following resolution:

"THAT the Reports of the Directors and Auditors and the Audited Accounts for the year ended March 31 2013 circulated with the notice convening the meeting be adopted.

2. To approve and ratify dividend payments

To consider and (if thought fit) pass the following resolution:

"THAT the interim dividends of Thirteen (13) Cents paid on December 21 2012 and Ten (10) Cents paid on March 28 2013 making a total of Twenty Three (23) Cents for the year, be and are hereby ratified and declared as final and that no further dividend be paid in respect of the year under review."

3. Retirement of Directors

The Directors retiring from office by rotation pursuant to Article 105 of the company's Articles of Association Mr Archibald Campbell, Mr Wayne Sutherland and Mr. Hugh Duncan who, being eligible, offer themselves for re-election.

To consider and (if thought fit) pass the following resolutions:

a. THAT Director Archibald Campbell who retires by rotation and being eligible for re election be and is hereby re-elected a Director of the Company;

b. THAT Director Wayne Sutherland who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company; and

c. THAT Director Hugh Duncan who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company.

4. To appoint auditors and authorise the Directors to fix the remuneration of the Auditors

To consider and (if thought fit) pass the following resolution:

"THAT KPMG, Chartered Accountants, having agreed to continue in office as auditors, be and are hereby appointed auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

Dated this 1st day of July 2013
By Order of the Board

Carolyn DaCosta

Secretary
Registered Office
6 Haughton Terrace
Kingston 10

NB: A member entitled to vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the company. Enclosed is a proxy form for your convenience, which must be lodged at the Company's Registered Office at least fortyeight hours before the time appointed for holding the meeting. The Proxy Form shall bear the stamp duty of $100.00. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the proxy.

Ten-Year Statistics Review

Year End Results to March 31, 2013

	2013 (J$`000)	2012 (J$`000)	2011 (J$`000)	2010 (J$`000)	2009 (J$`000)	2008 (J$`000)	2007 (J$`000)	2006 (J$`000)	2005 (J$`000)	2004 (J$`000)
GROUP FINANCIAL DATA										
Total assets	166,860,961	124,736,554	113,019,058	122,975,370	111,193,465	102,415,766	89,618,957	81,880,170	63,889,888	61,215,631
Investment Securities	138,412,944	108,153,801	98,233,393	104,887,535	96,260,862	85,570,383	76,362,152	63,285,620	48,481,878	37,828,581
Other interest earning assets	14,118,039	5,929,366	3,996,291	6,113,434	4,904,285	8,395,103	6,709,864	11,230,218	9,525,011	18,363,805
Repurchase agreements	135,907,311	107,591,924	97,068,266	102,844,985	90,110,998	88,246,690	77,353,059	70,761,258	54,791,793	55,102,420
Stockholders' equity	17,212,876	10,872,131	9,402,331	6,890,736	5,326,814	6,660,504	7,244,608	7,198,449	5,800,961	4,012,109
Funds under management	165,584,482	121,683,458	111,423,910	122,876,617	110,184,670	111,757,466	88,631,247	79,414,404	63,982,494	63,833,807
PROFITS AND DIVIDENDS										
Operating revenue net of interest expense	6,243,316	5,987,479	4,073,084	3,095,678	4,849,213	3,324,949	3,384,483	2,845,131	2,566,810	1,990,529
Operating expenses	4,616,625	3,214,703	2,585,949	2,109,128	2,455,567	2,177,396	1,708,729	1,496,190	1,206,293	1,001,663
Profit before tax	3,647,375	2,814,017	1,509,635	1,028,312	1,544,528	1,254,902	1,526,459	1,844,422	1,765,177	1,518,604
Net profit	3,856,863	2,240,456	1,142,930	986,378	1,102,622	1,061,610	1,098,603	1,590,430	1,648,481	1,547,155
Dividends paid and proposed (in respect of the financial year)	375,027	453,650	234,142	204,874	175,606	336,579	292,677	263,411	263,411	234,142
Profit retained (in respect of the financial year)	3,481,836	1,786,806	908,788	781,504	927,016	725,031	805,926	1,327,019	1,385,070	1,313,013
FINANCIAL RATIOS										
Earnings per stock unit (cents)	2.35	1.51	76	67	75	73	75	109	113	106
Dividends per stock unit (cents)	23	31	16	14	12	23	20	18	18	16
Dividend payout ratio	9.7%	20.2%	20.5%	20.8%	15.9%	31.7%	30.6%	16.6%	15.9%	15.13%
Price earnings ratio (multiple)	3	6	6	6	8	16	14	12	15	16
Return on average equity	27.47%	22.10%	14.03%	16.15%	18.40%	15.27%	15.21%	24.47%	33.60%	38.56%
Return on average assets	2.65%	1.88%	0.97%	0.84%	1.03%	1.11%	1.28%	2.18%	2.64%	2.53%
Book value per stock unit (J$)	10.24	7.37	6.39	4.69	3.63	4.54	4.95	4.92	3.96	2.74
Net interest margin	3.05%	3.10%	2.46%	1.71%	1.34%	1.63%	1.68%	1.79%	3.30%	2.56%
Efficiency ratio (Admin. exp/ Revenue)	73.08%	53.59%	63.08%	67.80%	49.70%	65.49%	50.52%	52.60%	47.00%	50.32%
Capital Adequacy Ratio (Company only)	16.65	22.61%	39.88%	44.60%	47.40%					
OTHER DATA										
Exchange rate J$ per US$1.00	98.41	87.10	85.63	89.39	88.35	71.02	68.14	65.50	61.54	60.90
Inflation rate (year over year) (%)	9.13%	7.30%	7.80%	13.31%	12.40%	19.90%	6.60%	11.10%	12.40%	17.30%
Market Price per share (JSE closing price-J$)	6.20	9.81	4.61	4.00	6.00	11.75	10.50	12.62	17.00	16.65
Number of stock units at year end	1,630,552,530	1,463,386,752	1,463,386,752	1,463,386,752	1,463,386,752	1,463,386,752	1,463,386,752	1,463,386,752	1,463,386,752	1,463,386,752
Market capitalisation	10,109,425,686	14,355,824,037	6,746,212,927	5,853,547,008	8,780,320,512	17,194,794,336	15,365,560,896	18,467,940,810	24,877,574,784	24,365,389,421

Corporate Information

Client Care: 1 (876) 998-JMMB (5662)

From the USA and Canada: 1-877-533-5662
From the UK: 0 800 404 9616
Opening Hours: Mondays – Fridays 8:00 a.m. – 7:00 p.m.
Saturdays: 9:00 a.m. – 7:00 p.m.

JMMB Headquarters

6 Haughton Terrace
Kingston 10
Tel: 876 920-5040 -1
Fax: 876 960-9546 (for invest) 920-7281
Opening Hours: Mondays – Fridays 8:30 a.m. – 4:00 p.m.

JMMB BRANCH LOCATIONS

Brown's Town Agency

Brown's Town
Unit 3, Burlington Point
2 Church Street
Brown's Town, St. Ann
Tel: 876 917-8721/4
Opening Hours: Mondays – Fridays 9:00 a.m – 2:00 p.m.

Haughton Avenue Branch

5 Haughton Avenue
Kingston 10
Tel: 876 920-5050
Fax: 876 920-7281 or 998-9380
Opening Hours: Mondays – Fridays 8:30 a.m – 4:00 p.m.
Drive Thru Mondays – Fridays 9:00 am – 5:00 p.m.
Saturdays: 10:00 a.m. – 2:00 p.m.

Knutsford Boulevard Branch

11 Knutsford Boulevard
New Kingston
Kingston 5
Tel: 876 960-3911
Fax: 960-3927 or 960-4455
Opening Hours: Mondays – Fridays 8:30 a.m. – 4:00 p.m.

Junction Agency

Shop 2, Roye's Plaza
Main Street, Junction
St. Elizabeth
Tel: 876 965-8005
Opening Hours: Mondays – Fridays 9:00 a.m. to 4:00 p.m.

Mandeville Branch

23 Ward Avenue
Mandeville, Manchester
Tel: 876 625-2351, 876 625-4450 - 2
Fax: 876 625-2352
Opening Hours: Mondays – Fridays 9:00 a.m. – 4:00 p.m.

Montego Bay Branch

Suite 1, Fairview Office Park
Alice Eldemire Drive
Montego Bay, St. James
Tel: 876 979-6052
Fax: 876 979-1566
Opening Hours: Mondays – Fridays 9:00 a.m. – 4:00 p.m.

May Pen Branch

Shop 28B, Bargain Village Plaza
35 Main Street
May Pen, Clarendon
Tel: 876 786-0101
Fax: 876 786-3660
Opening Hours: Mondays – Fridays 9:00 a.m. – 4:00 p.m.

Ocho Rios Branch

Guardian Life Building
2 Graham Street
Ocho Rios, St. Ann
Tel: 876 795-3651 or 876 795-3627
Fax: 876 795-3886
Opening Hours: Mondays – Fridays 9:00 a.m – 4:00 p.m.

Portmore Branch

47-48 West Trade Way
Portmore Town Centre
Portmore, St. Catherine
Tel: 876 939-3205
Fax: 876 939-3207
Opening Hours: Mondays – Fridays 10:30 a.m. – 6:00 p.m.
Saturdays: 10:30 a.m. – 2:00 p.m.

Santa Cruz Branch

Shop # 2 Oasis Plaza, Coke Drive
Santa Cruz, St. Elizabeth
Tel: 876 966-2512 or 966-3786 OR 966-3493
Fax: 876 966-9816
Opening Hours: Mondays – Fridays 9:00 a.m. – 4:00 p.m.

ETM Dual Currency Service (US$ & J$)

- Haughton Terrace
- Phoenix Avenue
- Knutsford Boulevard
- Portmore
- Montego Bay
- Ocho Rios
- Mandeville
- Santa Cruz

ETM Service (J$)

- May Pen

Email: info@jmmb.com
Website: www.jmmb.com

SUBSIDIARIES

JMMB SECURITIES LIMITED

6 Haughton Terrace
Kingston 10
Tel: 876 920-5040 - 1 or 998-5662
Fax: 876 960-8106
Opening Hours: Mondays – Fridays 8:30 a.m. – 4:00p.m.
Website: www.jmmbsecurities.com
Email: info@jmmbsecurities.com

Board of Directors

Dr. Noel Lyon – Chairman
Archibald A. Campbell
Julian Mair
Keith Duncan
Patricia Sutherland
Kisha Anderson
Keisha Forbes
Paul Gray
Carolyn Dacosta – Company Secretary

JMMB Insurance Brokers Limited

3rd Floor
11 Knutsford Boulevard
New Kingston
Kingston 5
Tel: 876 920-5040 - 1
Fax: 876 960-3927 or 998-9380
Opening Hours: Mondays – Fridays 8:30 a.m. – 4:00 p.m.
Website: www.jmmbinsurance.com
Email: info@jmmbinsurance.com

Board of Directors

Dr. Noel Lyon – Chairman
Archibald A. Campbell
Cecile Cooper
Keith Duncan
Kisha Anderson
Paul Gray
Carolyn Dacosta – Company Secretary

JMMB Puesto de Bolsa S.A.

Acropolis Center
Winston Churchill Avenue, 12th Floor
Tel: 809 566-JMMB (5662)
Fax: 809 620-JMMB (5662)
Website: www.jmmbdominicana.com

Board of Directors

Dr. Noel Lyon – Chairman
Keith Duncan
Julian Mair
Patricia Sutherland
Donna Duncan-Scott
Jose de Moya – Secretary
Ricardo Ginebra
Roberto Jimenez Collie
Guillermo Arancibia – Country Manager

JMMB Fund Managers

JMMB Headquarters
6 Haughton Terrace
Kingston 10
Tel: 876 920-5040 - 1
Fax: 876 960-9546 (for invest) 920-7281
Opening Hours: Mondays – Fridays 8:30 a.m. – 4:00 p.m.

Board of Directors

Dr. Noel Lyon – Chairman
Archibald Campbell
Keith Duncan
Patricia Sutherland
Kisha Anderson
Paul Gray
Sheldon Powe
Carolyn Dacosta – Company Secretary

JMMB Merchant Bank: (Formerly Capital and Credit Merchant Bank)

Head Office and New Kingston Branch

6-8 Grenada Way
Kingston 5,
Jamaica, W.I.
Telephone: 876 960-5320
Toll Free: US and Canada: 1-866-858-8269
England: 0-800-085-7910
Fax: 876 960-1381

Montego Bay Branch

25 Church Street
Montego Bay, St. James,
Jamaica, W.I.
Telephone: 876 979-1707
Fax: 876 952-4647

Ocho Rios Branch

2 Graham Street,
Ocho Rios St. Ann,
Jamaica, W.I.
Telephone: 876 974-8507
Fax 876 974-8631

Board of Directors

Dennis Harris – Chairman
Dr. Noel Lyon
V. Andrew Whyte
Archibald Campbell
Rodger Braham
Gregory Shirley
Vintoria Bernard
Martin Lyn
Maurice Clarke
Khary Sharpe
Donna Duncan-Scott
Keith Duncan
Carolyn DaCosta – Company Secretary

Capital & Credit Remittance Ltd (Reggae Money Express)

Company Headquarters
Business Office:
6 - 8 Grenada Way
Kingston 5,
Jamaica, W.I.
Telephone: 876 929-1660
Toll Free 1-888-991-2062/7
Fax: (876) 960-2833
E-mail: reggaemoney@jmmb.com

Board of Directors

Dr. Noel Lyon – Chairman
Keith Duncan
Andrew Cocking
V. Andrew Whyte
Maurice Barnes
Kisha Anderson
Sheldon Powe
Carolyn DaCosta – Company Secretary

ASSOCIATED COMPANIES

Intercommercial Bank Limited

DSM Plaza, Old Southern Main Road
Chaguanas
Trinidad and Tobago
Tel: 868 665-4425
Fax: 868 665-6663
Website: www.ibltt.com

Intercommercial Trust and Merchant Bank Limited

Furness Building
90 Independence Square
Port of Spain, Trinidad and Tobago
Tel: 868 627-3264 or 627-5068 or 623-0924
Fax: 868 665-6663

Directors' Report

The Directors are pleased to present their report for the year ended March 31, 2013. The report represents the results for Jamaica Money Market Brokers Limited and its subsidiaries (collectively referred to as "the Group") and its interest in associated companies.

GROUP RESULTS

- Operating revenue net of interest expense was J$6.24 billion (2012: J$5.99 billion).
- The profit before income tax was J$3.65 billion (2012: J$2.81 billion).
- The profit attributable to equity holders of the parent after income tax was J$3.74 billion (2012: J$2.22 billion).
- Shareholders' equity was J$17.21 billion (2012: J$10.87 billion).

The Directors recommend that the interim dividends paid on December 21, 2012, and March 28, 2013 be ratified and declared as final and that no further dividend be paid in respect of the year under review.

In accordance with Article 105 of the Company's Articles of Association, the Directors retiring from office by rotation are Mr. Archibald Campbell, Mr. Wayne Sutherland and Mr. Hugh Duncan who, being eligible, offer themselves for re-election.

The auditors KPMG Chartered Accountants, have indicated their willingness to continue in office pursuant to Section 154 of the Companies Act, 2004.

The Directors wish to thank management and all team members of the Group for their performance during the year under review.

As always, we wish to express our sincere appreciation to the clients and our shareholders for their continued support and partnership.

By Order of the Board

Dated this July 1, 2013

Carolyn DaCosta
Company Secretary

Through collaboration
we find our real power.

PROVEN EXPERTISE / EFFECTIVE CORPORATE GOVERNANCE

Board of Directors

1. **Donna Duncan-Scott**
   Group Executive Director -
   Culture & Human Development
2. **Rodger Braham**
   Director
3. **Dennis L. Harris**
   Director
4. **V. Andrew Whyte**
   Director
5. **Keith Duncan**
   Group Chief Executive Officer
6. **Dr. Anne Crick**
   Director
7. **Hugh Duncan**
   Director
8. **Archibald A. Campbell**
   Deputy Chairman
9. **Wayne Sutherland**
   Director
10. **Dr. Noel Lyon**
    Chairman
11. **Carolyn DaCosta**
    Group Company Secretary

Profile of the Board of Directors

Noel Lyon, PhD

Group Chairman

Biography

Dr. Noel Lyon chairs many subsidiaries and associated companies, including JMMB Insurance Brokers Ltd; JMMB Securities Ltd; JMMB Puesto de Bolsa, SA; JMMB Dominicana, SA; Intercommercial Bank Ltd and Intercommercial Trust & Merchant Bank Ltd. He is also a Director of JMMB Merchant Bank Ltd (formerly Capital & Credit Merchant Bank)

He has served on the boards of several private and public entities including the National Development Bank of Jamaica Ltd, Jamaica Venture Fund Ltd, Bank of Jamaica, Frome Monymusk Land Company Ltd, Jamaica Bauxite Mining Co Ltd, Jamaica Stock Exchange Ltd, Jamaica Unit Trust Services Ltd, Clarendon Alumina Production Ltd and Braco Resorts Ltd.

Year of Appointment 1992

Education Dr Lyon attended Kingston College, the University of Guelph (BSA, MSc), Harvard University (PhD Economics) and Harvard Business School.

Keith Duncan

Group Chief Executive Officer

Biography

Keith Duncan joined JMMB as Trading Manager in 1993 and in 2000 became the Deputy Managing Director. In 2005, he was promoted to Group Chief Executive Officer and has responsibility for overall performance and charting the strategic direction of the Group.

A true visionary and strategist, he has 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 Financial Services Commission (FSC) in designing and implementing new structures and models to enhance the effectiveness of Jamaica's market players.

Keith was instrumental in the strategic acquisition of the Capital & Credit Financial Group in 2012, which has resulted in JMMB becoming an even more formidable financial services group of companies. In March 2011, under his leadership, the company was conferred with the prestigious Jamaica Chamber of Commerce 'Best of the Chamber Award' in the 'Large' category.

In addition to his responsibilities as CEO of the JMMB Group, Keith is known for his commitment to youth development. From 2003 to 2009, he served as chairman of the National Youth Service, working closely with the respective boards and teams to accomplish the objective of reforming Jamaica's youth into purposeful citizens.

Year of Appointment 1999

Education Keith holds a B.A. (Economics) from the University of Western Ontario in Canada and is a Chartered Financial Analyst.

Donna Duncan-Scott

Group Executive Director - Culture & Human Development

Biography

In 1998, following the passing of Joan Duncan, Donna assumed the role of Managing Director of JMMB, maintaining the company's premier position as industry leader and, together with the team, established the largest brokerage house in the Caribbean. In 2005, she demitted the office of Managing Director to give more focus to raising her two daughters.

For the past seven years, Donna has successfully applied her passion for the empowerment of others to her position of Group Executive Director of Culture & Human Development. With her strong commitment to individuals reaching their full potential, she leads the team responsible for preserving the group's unique culture – creativity and innovation at work in a dynamic environment which is based on Love, Integrity, Fun and Togetherness. As such, her team nurtures the interests and growth of their fellow team members, taking time to understand their strengths, goals and aspirations, then providing the necessary support to ensure team members tap into the power within and manifest this power to the benefit of all. Her enthusiasm and genuine desire to empower and inspire JMMB team members has led to the creation of programmes, practices and policies which have proved instrumental in upholding JMMB's core ideals of Love, Integrity, Openness and having the Best Interest of all at heart.

Donna's belief in transformation and self actualization is manifested in the guiding principle; "We were born to manifest the glory of God. It is not just in some of us, it is in every one of us." – Marion Williamson

Year of Appointment 1994

Education Following the attainment of her Bachelor of Science Degree in Engineering, Donna was employed as an Industrial Engineer before moving into Production Control at Goodyear. She then pursued her MBA at the Richard Ivey School of Business at the University of Western Ontario in Canada. In 1999, she gained her Certified Financial Analyst (CFA) accreditation.

Archibald A. Campbell

Group Deputy Chairman

Biography

Archibald was appointed Deputy Chairman of JMMB in 2004 and is Chairman of the Board of Trustees of the JMMB Pension Fund and the Risk, Audit and Finance sub-committees of JMMB. Additionally he sits on the Boards of JMMB Merchant Bank (formerly Capital & Credit Merchant Bank) and JMMB Insurance Brokers Limited.

He read for both his Master and Bachelor of Science degrees in Accounting at The UWI, Mona. Archibald served as a Lecturer at his alma mater and is currently the University Bursar/Chief Financial Officer with regional oversight for The UWI. Before joining The UWI faculty he served in senior positions at several local financial institutions and Touche Ross Thorburn & Co. (now Deloitte).

Archibald is the immediate Past President of the Institute of Chartered Accountants of Jamaica and is also a Fellow for that organization. He has served as an accounting expert in arbitration as well as a Director of several companies including Sugar Company of Jamaica Holdings (SCJH) and International Hotels Limited among other major corporations.

Year of Appointment 1998

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

Carolyn DaCosta

Group Company Secretary

Biography

Carolyn has provided the JMMB Group with nearly two decades of stellar service, beginning her stint in 1995 as a Branch Supervisor. Following this, she has held several senior positions including Branch Manager for JMMB's flagship location, Settlement Manager, Technical Operations and Compliance Manager.

She has operated in the role of Group Company Secretary since 2008. In this capacity, she has an overarching responsibility for ensuring that the organization 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 JMMB's commitment to effective corporate governance, she ensures the compliance of all relevant statutory and regulatory requirements, as well as the management of the internal audit process, monitoring changes in relevant legislation and the regulatory environment and taking appropriate action. Her role further involves ensuring the proper appointment, orientation and training of directors and executive team members.

Year of Appointment 2008

Education Carolyn's professional qualifications include an undergraduate degree from the University of the West Indies and an MBA in Finance from the Manchester Business School. She is also a Fellow Member of the International Compliance Association and a Justice of the Peace for the parish of St. Catherine.

Hugh Duncan

Director

Biography

Hugh Duncan is the Group Head of Capital Markets for the JMMB Group. Prior to this, he was the CEO and Managing Director of the Intercommercial Bank Limited (IBL) for over six years. He was the Director of Capital Markets-Northern Caribbean region with FirstCaribbean International Bank

(FCIB) and prior to joining FCIB he served for 5 years as a member of Citibank's International staff, based in Manila Philippines. He was also the Corporate Bank Head for Citibank (Trinidad) from 1995 to 1999, before joining Citibank's international staff.

In addition to his wide range of experience in the financial services sector, Hugh held senior positions with the Jamaica Bauxite Mining Company Limited and the Petroleum Company of Trinidad & Tobago Ltd. (Petrotrin).

Year of Appointment 2006

Education Hugh has an MBA from Concordia University and a Bachelor of Commerce Degree from Sir George Williams University, Montreal, Canada.

Profile of the Board of Directors

Wayne Sutherland

Director

Biography

Wayne is the Managing Director of Jamaica Venture Fund Ltd., a company that makes venture capital investments. He serves as a Director of Intercommercial Bank Limited (IBL).

He was the Managing Director of Butterkist Limited and under his leadership that company won several major industry awards including the Jamaica Exporters Association Champion Exporter in 1992. A former Director of Jamaica's Securities Commission, (now the Financial Services Commission), Wayne is currently Chairman of the boards of Johnson Benjamin & Associates Limited, Kencasa Construction & Project Management Limited and St. Hugh's Preparatory School. He sits on several other boards including Mapco Printers Limited.

Year of Appointment 2003

Education He holds a Bachelor of Science degree from UWI (1986) and an MBA (1990) from the Columbia University Graduate School of Business.

V. Andrew Whyte

Director

Biography

Andrew is the Finance Manager at Jamaica Producers Group. Prior to joining JPG, he worked for several years in the banking industry.

He is a board member of JMMB Merchant Bank (formerly Capital & Credit Merchant Bank), where he chairs the bank's Audit Committee. He is also a member of the JMMB's Audit, Finance and Risk Committees. He currently chairs the Board of Management of Emmanuel Christian Academy as well as the Board of Trustees of the JPG Pension Plan.

Year of Appointment 2002

Education Andrew has an MBA and a BSc in Chemical Engineering.

Anne Crick, PhD

Director

Biography

Anne chairs the Human Resource, Nominations and Corporate Governance sub-committees.

Anne is a member of the Jamaica Customer Service Association and an Honorary Fellow of the Jamaica Institute of Management. Her areas of specialty include tourism, quality service management and organisational culture and change. She is also a Senior Lecturer at UWI and a former Associate Dean and former Head of Department for the Centre of Hospitality and Tourism Management (Nassau) and Management Studies (Mona).

Year of Appointment 2006

Education Anne holds a PhD in Organizational Management from Rutgers State University (2000), a Master of Science degree (Hons) from Pennsylvania State University, and a BSc in Hotel Management (UWI). Anne is also a certified Senior Advisor.

Rodger Braham

Director

Biography

Rodger Braham sits on the Risk, Nomination and Governance Committees. He also sits on the Board of Directors of JMMB Merchant Bank (formerly Capital & Credit Merchant Bank) and is a member of the Credit Committee. He has over thirty years experience in commercial and development banking. As a Management Consultant, he has undertaken assignments in a wide range of industries.

Rodger is also a former Director of the National Housing Trust. He is an approved mentor for companies listing on the Junior Stock Exchange.

Year of Appointment 2008

Education He holds the Associate of Chartered Institute of Bankers designation from the Institute of Bankers of London and a Bachelor in Business Administration from the University of Technology. He has also participated in Harvard University's Programme for Management Development.

Dennis L. Harris

Director

Biography

Dennis sits on both the Human Resource, Audit and Finance sub-committees. He also chairs the board of JMMB Merchant Bank (formerly Capital & Credit Merchant Bank).

Dennis is the Managing Director of Unicomer Jamaica (Courts) Ltd (the largest furniture and appliance retailer in Jamaica), a position he has held since 2011.

He possesses a strong track record in finance and business operations and prior to his current position was the Regional Finance Director for Courts' operations in the Caribbean with specific responsibility for Finance, Treasury, Credit and Information Technology. Dennis also serves as a Director on the Board of Unicomer Jamaica Limited and CGM Gallagher Group Limited and is a Chartered Accountant.

Year of Appointment 2000

Education He is an FCCA Certified Professional Accountant.

Disclosure of Shareholdings

JAMAICA MONEY MARKET BROKERS LIMITED		
TOP 10 SHAREHOLDERS AS AT MARCH 31, 2013		
		ORDINARY SHARES
		1,630,552,530
SHAREHOLDERS	SHAREHOLDINGS	%
NCB CAPITAL MARKETS (IN ESCROW)	428,777,325	26.296
TRUSTEES JMMB ESOP	164,726,375	10.102
COLONIAL LIFE INSURANCE CO LTD	103,453,776	6.345
CONCISE E.I. LTD	59,965,366	3.678
CONCISE R.I. LTD	52,514,785	3.221
CONCISE O.N. LTD	51,892,839	3.183
JVF O.N. LTD	50,245,884	3.082
JVF E.I. LTD	48,681,216	2.986
JVF O.E. LTD	46,261,146	2.837
GRACELYN O.E. LTD.	44,775,196	2.746

LIST OF DIRECTORS AND SENIOR MANAGERS		
DIRECTORS	SHAREHOLDING- ORDINARY	CONNECTED PARTIES
NOEL A. LYON	31,146	
	44,775,196	GRACELYN O.E. LTD
	46,261,146	JVF O.E. LTD
	25,310	NICOLE LYON
DONNA DUNCAN-SCOTT	7,678,110	ESOP
	28,548	ALWYN SCOTT
	50,245,884	JVF O.N. LTD
	51,892,839	CONCISE O.N. LTD
ARCHIBALD CAMPBELL	18,400	
	344,827	ODETTE CAMPBELL
KEITH DUNCAN	20,590	
	59,965,366	CONCISE E.I. LTD
	48,681,216	JVF E.I. LTD
	2,246,745	ESOP
V. ANDREW WHYTE	NIL	
WAYNE SUTHERLAND	NIL	
	52,514,785	CONCISE R.I. LTD
	37,910,791	JVF R.I. LTD
DENNIS HARRIS	364,277	
DR ANNE CRICK	5,234	
HUGH DUNCAN	4,828	
RODGER BRAHAM	NIL	
	393,038,647	

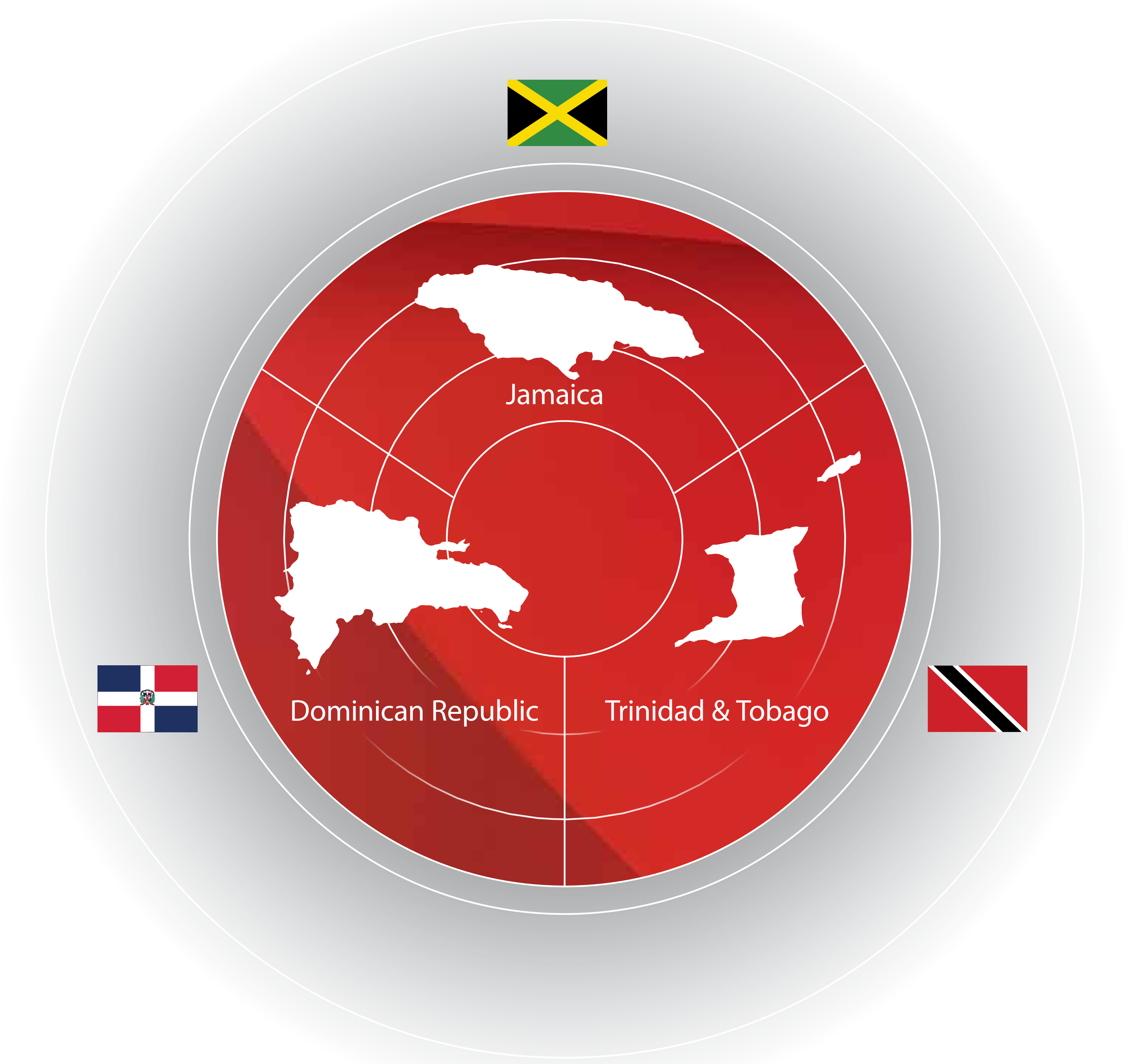
ETLS	SHAREHOLDING- ORDINARY	CONNECTED PARTIES
DONNA DUNCAN-SCOTT	7,678,110	ESOP
	28,548	ALWYN SCOTT
	50,245,884	JVF O.N. LTD
	51,892,839	CONCISE O.N. LTD
KEITH DUNCAN	20,590	
	2,246,745	ESOP
	59,965,366	CONCISE E.I. LTD
	48,681,216	JVF E.I. LTD
CECILE COOPER	181,790	ESOP
SHELDON POWE	23,000	
	2,022,857	ESOP
CAROLYN DACOSTA	1,047,705	
	57,921	ESOP
	4,357	CRAIG DACOSTA
	127,169	DERMOTT DACOSTA
	4,795	MERLINE DACOSTA
	5,237	AMANDA DACOSTA
KISHA ANDERSON	660,395	
	57,921	ESOP
	11,500	ELIZABETH THOMPSON
	10,000	REBEKAH HOILETT
	1,500	GAIL BARRETT
PAUL GRAY	658,507	
	699,043	ESOP
JULIAN MAIR	212,500	
	239,711	ESOP
PATRICK ELLIS	966,872	ESOP
JANET PATRICK	808,823	ESOP
	18,432	
IMANI DUNCAN-PRICE	1,043,767	ESOP
	4,900	STEPHEN PRICE
HUGH DUNCAN	4,828	
DAMION BROWN	2,400	
	2,400	ANIKA BROWN
	4,800	DAPHNE DOONQUAH

APPLIED KNOWLEDGE / EXPERTISE

Cooperation is the fuel that drives the region.

Regional Macro Economic Landscape:

Jamaica, Dominican Republic and Trinidad & Tobago



CURRENCY

JAMAICAN DOLLAR

POPULATION

2,706,000

GDP PER CAPITA

US$9,100

INDUSTRIES:

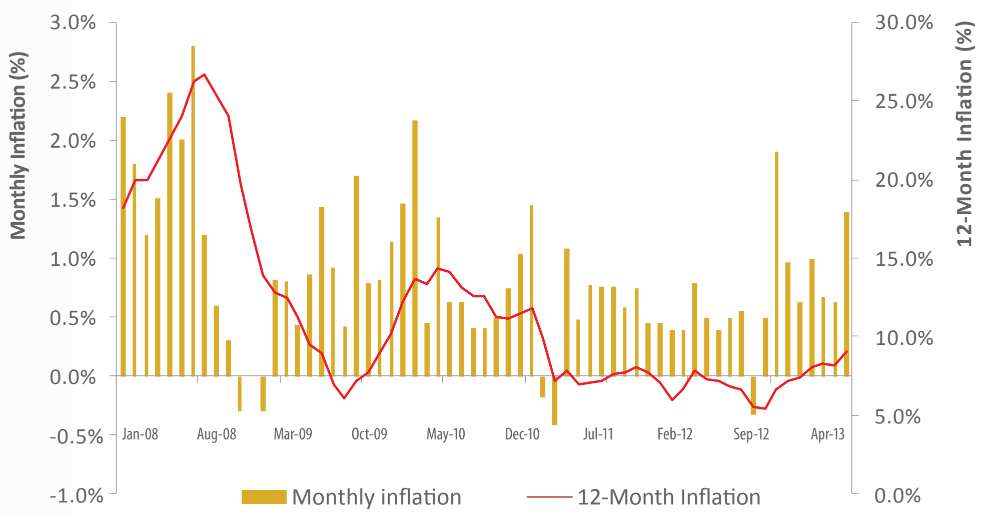
ALUMINA & BAUXITE
TOURISM
AGRICULTURE
– SUGAR
– RUM
– COFFEE

JAMAICA

Jamaica Review

The economic environment during Fiscal Year (FY) 2012/13 was affected by uncertainty. Delays in concluding an agreement with the International Monetary Fund (IMF), and challenges in closing a fiscal gap led to a decline in investor confidence. The deterioration in confidence manifested itself in increased volatility in the foreign exchange market as well as capital markets tensions. The world economic backdrop was soft, which, in tandem with already tepid domestic demand, saw economic growth remaining soft.

Price Movements (Jan-08 to Mar-13)

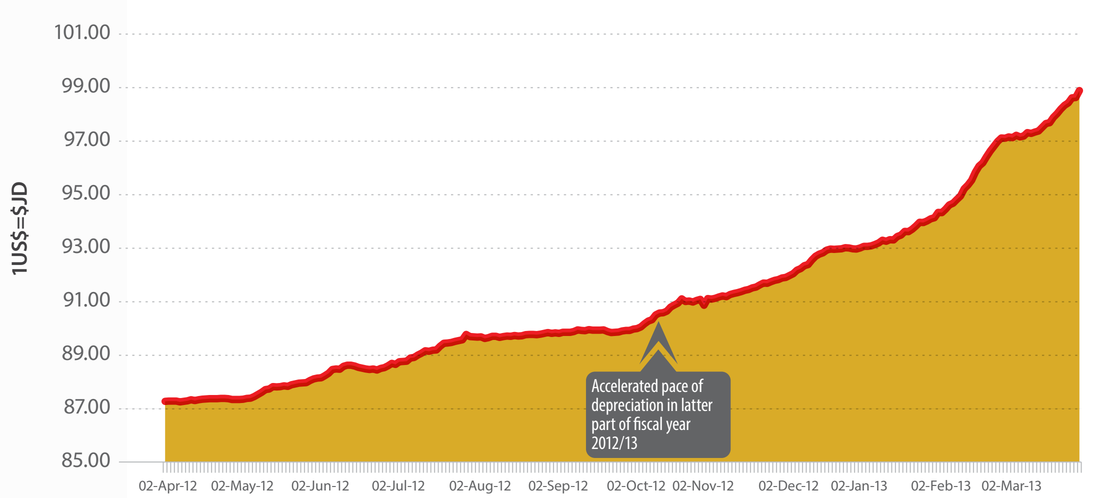


Source:JMMBIR, STATIN

The upside risk for inflation is high in the near term. The greater upside risk is supported by the lagged impact of increased taxes in January 2013, continued commodity price pressures and the lagged impact of the recent currency depreciation. Likely weak consumer demand could abate some of the inflationary push.

The Exchange Rate

DAILY JD$-US$ FOREIGN EXCHANGE CHART (APRIL 1, 2012 - MARCH 28, 2013)



Source JMMBIR, BOJ

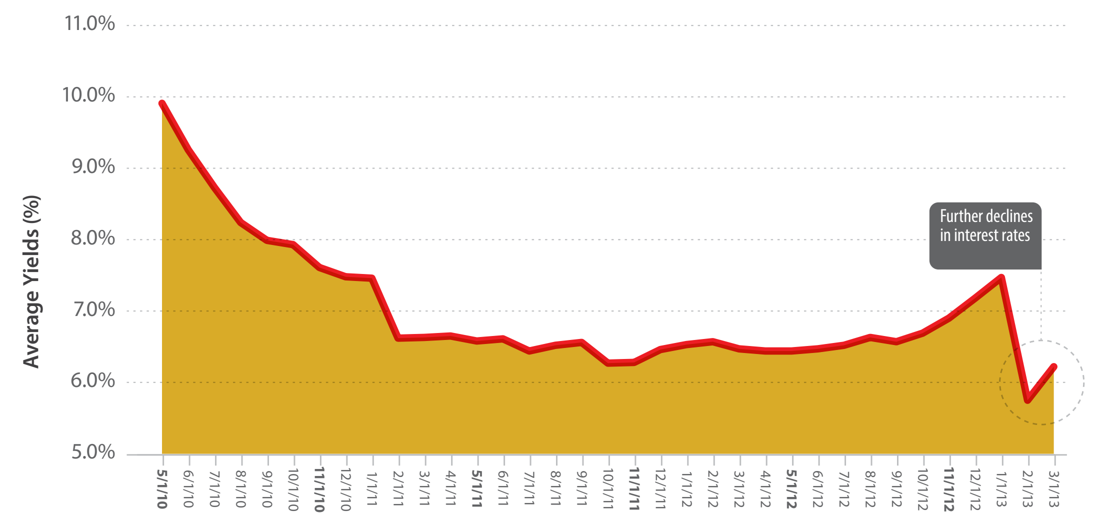
Date

Over the fiscal year, currency pressures intensified as market uncertainty increased. Continued delays in the IMF programme, soft fiscal data, continued lack of multilateral loan support and weakening reserves contributed to the expected depreciation of the Jamaican dollar. Between the end of March 2012 and March 2013 the currency depreciated by 11.59 JD, which is approximately a 13.3 percent depreciation. Over the same period the Net International Reserves (NIR) declined by approximately US$892.9Mn. The level of gross reserves is below the internationally accepted level of reserve adequacy of 12 weeks.

Interest Rate Review

During the 2012/13 fiscal year, the yield on 6-month Treasury bill rates fluctuated within the range 5.75 percent to 7.47 percent range. Three-month Treasury bills fluctuated between 5.5 percent and 7.67 percent, while 1-month Treasury bills fluctuated between 5.25 percent and 6.81 percent. Following the Treasury bill auction in March 2013, the average yield on 6-month Treasury bills (Benchmark Interest Rate) stood at 6.22 percent, an increase of 47 basis points relative to the previous month. Yields on 3-month Treasury bills increased to 5.82 percent coming from 5.50 percent the previous month, while yields on 1-month Treasury bills increased by 11 basis points to 5.36 percent coming from 5.25 percent.

SIX MONTHS TREASURY BILL YIELD JAN-2008 TO MAR-2013



Source JMMBIR, BOJ

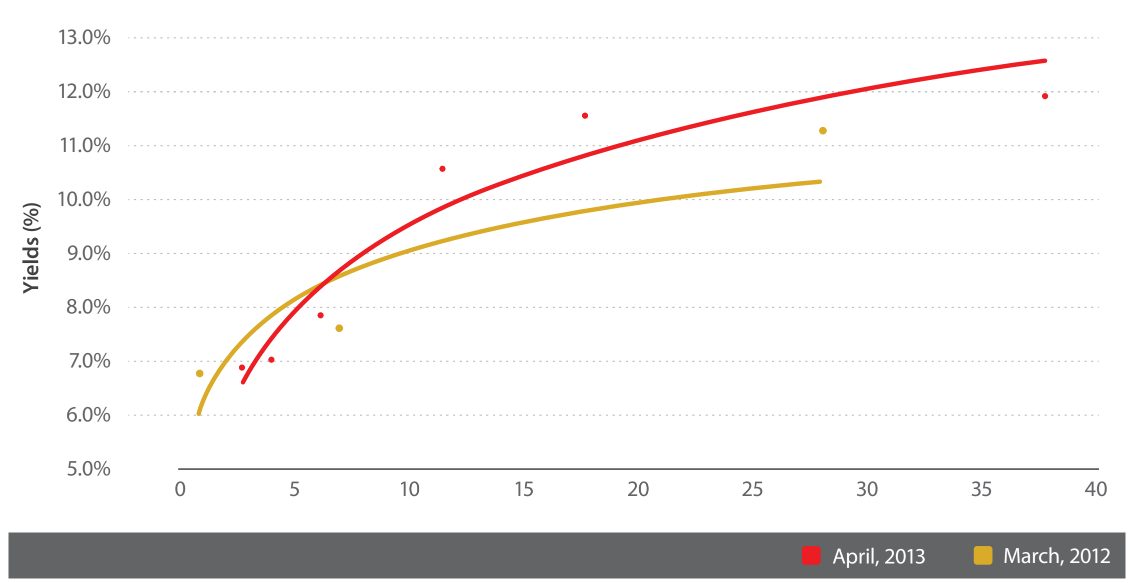
Period

BOJ Monetary Policy Rate

The Bank of Jamaica (BOJ) kept the rate applicable to its 30-day Certificates of Deposit (CDs) at 6.25 percent for most of Calendar year 2012/13. The Bank reduced the rates on 30-day Certificates of Deposits by 50 basis points in February 2013, following the implementation of the National Debt Exchange programme (NDX). The bank also expanded the tenure of CDs used to conduct open market operations to include a 49 day, 182 and 364 day instrument.

Interest rates on the Bank of Jamaica (BOJs) 30-day Certificates of Deposit stands at 5.75. The last rate cut was on 25 February 2013, when the bank reduced rates by 50 basis points. The last rate cut, which reduced coupon rates on domestic bonds and saved close to J$17Bn.

J$ YIELD CURVE



Source JMMBIR, JSDA, JBA

Tenure

The Jamaican dollar yield curve has steepened in over the fiscal year. The National Debt Exchange programme contributed to a large part of the steepening of the yield curve. Rates on the short end of the yield curve were reduced and the maturities extended. The increase in yields at the medium to long end of the yield curve reflects the possibility of an increase in investors' perceived risk on the long end as doubts were still high on the possibility of an IMF agreement.

THE 2013/14 BUDGET

BUDGET 2013/14				
LINE ITEMS	ACTUAL 2012/13	BUDGET 2013/14	DEVIATION	PERCENTAGE CHANGE
TAX REVENUE	319,764.9	360,500.00	40,735.10	12.7%
GROWTH	10.3	12.7	240.0%	
NON- TAX REVENUE + BAUXITE LEVY	19,947.3	36,100.00	16,152.70	81.0%
CAPITAL REVENUE	1,015.8	1,100.00	84.20	8.3%
GRANT	3,940.5	9,400.00	5,459.50	138.5%
TOTAL REVENUES	344,668.5	407,100.00	62,431.5	18.1%
TOTAL REVENUES (EXCL NHT)	344,668.5	396,000.00	51,331.5	14.9%
GROWTH (%)	6.9	14.9	8.0	
TOTAL EXPENDITURE (EXCL AMORTIZATION)	406,126.8	415,206.1	9,079.3	2.2%
RECURRENT EXPENDITURE	367,733.7	370,504.3	2,770.7	0.8%
PROGRAMMES	90,639.2	92,967.2	2,327.9	2.6%
WAGES AND SALARIES	147,608.0	157,970.4	10,362.4	7.0%
INTEREST EXPENSE	129,486.4	119,566.8	(9,919.6)	-7.7%
DOMESTIC	86,310.1	75,523.1	(10,787.0)	-12.5%
EXTERNAL	43,176.3	44,043.7	867.4	2.0%
CAPITAL EXPENDITURE	38,393.2	44,701.8	6,308.6	16.4%
AMORTIZATION	196,404.4	105,680.4	(90,724.0)	-46.2%
PRIMARY BALANCE	68,028.1	111,460.6	43,432.6	63.8%
FISCAL DEFICIT	-61,458.3	-8,106.1	53,352.2	-86.8%
PRIMARY BALANCE/GDP	5.0	7.5	2.5	
FISCAL DEFICIT/GDP	-4.5	-0.5	4.0	
TAX REVENUE/GDP	23.7	24.2	50.0%	2.1%
WAGES AND SALARIES/GDP	10.9	10.6	-30.0%	-2.8%
MEMO:				
GDP	1,352,000.0	1,492,000.0		
SOURCE:JMMIBR,MOFJ				

The Minister of Finance tabled a 2013/14 budget with a view to make further advancements towards an IMF agreement, and lay the platform for sustainable economic growth and development. The nation is targeting a fiscal deficit (revenue less expense plus amortization of debt) of approximately -0.5 percent of GDP (or approximately -J$8.1Bn), which is a J$53.3Bn improvement over the fiscal deficit of the previous fiscal year. The fiscal policy actions are also expected to push the primary surplus (total revenues less non debt related expenditure) from 5.3 to 7.5 percent of GDP, a J$43.4Bn improvement.

At an earlier stage in the budgeting process, the Minister of Finance outlined expenditure plans totaling J$520.9Bn, which is a J$81.6Bn reduction over the prior year. Total expenditure plans account for amortization payments of J$105.7Bn, housekeeping expenses of J$92.97Bn, infrastructure spending of J$44.7Bn and interest expense of J$119.6Bn. Of the J$119.6Bn in interest expense, J$75.5Bn is domestic and J$44.04Bn is external.

Most of the reduction in planned expenditure for Fiscal Year 2013/14 relative to actual spending in the prior year was due primarily to the liability management programme with local bond holders. First, there was the National Debt Exchange (NDX) programme held in February 2013 that extended maturities and reduced interest payments. The total savings from the NDX were estimated at 1.25 percent of GDP annually. There was also a second round of debt exchange held with key financial institutions. The debt exchanges in total led to savings of J$10Bn in domestic interest expense and amortization savings of J$90Bn.

On the financing side, the Minister of Finance (MOF) outlined that Jamaica should receive J$407.1Bn in revenues, which will be complemented by approximately J$103.3Bn in borrowings and J$10.3Bn in the use of cash on hand. Of the J$407.1Bn in revenues, Tax Receipts accounts for J$360.5Bn, Non-tax receipts for J$34.6Bn (of which annual drawdown from the National Housing Trust accounts for J$11.1Bn), Bauxite Levy J$1.5Bn, Capital Revenues J$1.1Bn and Grants J$9.4Bn. Of the J$103.3Bn in expected borrowings, J$89.5Bn will be external and J$13.8Bn will be domestic.

The IMF Programme

The government has a staff level agreement with the International Monetary Fund and the IMF board review is scheduled to occur later. The government is hoping to enter into a 4-year Extended Fund Facility (EFF) where the nation should receive SDR 615Mn (US$ 958Mn) in balance of payment support. In honoring their part of the bargain, the government agreed to implement the following quantitative and structural benchmarks:

- Passage of Public Debt Management Act
- Reform of tax policy and tax administration
- Wage restraint with unions representing at least 70% of public sector workers, keeping wages & salaries/GDP at or below 9% by 2015/16
- A national debt exchange programme
- Debt/GDP ratio of 96% by FY2019/20
- Legislative and regulatory reforms to reduce financial risk to the budget and the financial system
- Enhance the social safety net

Budget Outlook

Given the soft economic conditions in Jamaica, raising the revenues outlined in the 2013/14 budget may be challenging. Real GDP growth is expected to decline or remain flat. Inflation could increase in light of the delayed impact of the exchange rate, although the inflation pass-through could be hampered by weak purchasing power.

On the positive side, the Government's plans to retire local debt maturities may create excess liquidity in financial markets. Consequently, there could potentially be further reductions in interest rates and by extension financing costs for the government. The government plans to amortize J$76.4Bn in domestic debt while issuing approximately J$13.8Bn, which leaves an excess of approximately J$62.6Bn. Given the regulatory structure of the financial markets in Jamaica, the increase in market liquidity could remain in domestic markets at least in the near term.

Growth Outlook

In the near term, real sector activity in Jamaica could remain soft in aggregate, with the potential for gradual improvement over the medium term. Downside risks are present due to unresolved fiscal challenges that persist primarily in the USA, the EU and Jamaica, soft consumer demand, increasing input prices and soft investor sentiment. On the positive side, sectors such as tourism, bauxite and construction may remain resilient. Construction could also remain resilient owing to an increase in private investment. Over the medium term, there is considerable upside potential for the transportation sector and those with significant linkages to same, opening up the possibility of the trade hub becoming a reality.

Over the long run the growth recovery depends in large part on the ability of the government to address key structural impediments to growth generation. Some of the structural impediments to growth, such as the efficiency of public service delivery, are expected to be addressed within the context of the current IMF agreement. Nevertheless, there are broader issues that need to be dealt with. The issues of crime, high energy costs and labour force productivity are key elements of the growth reform agenda in Jamaica.

J$407.1 Billion

Projected MOF 2013-2014 Revenue

1.25%

Total savings from NDX 1.25% of Annual GDP

POPULATION

10,088,598

INDUSTRIES:

TOURISM
SUGAR PROCESSING
FERRONICKEL
GOLD MINING
TEXTILES
CEMENT
TOBACCO

CURRENCY

PESO

GDP PER CAPITA

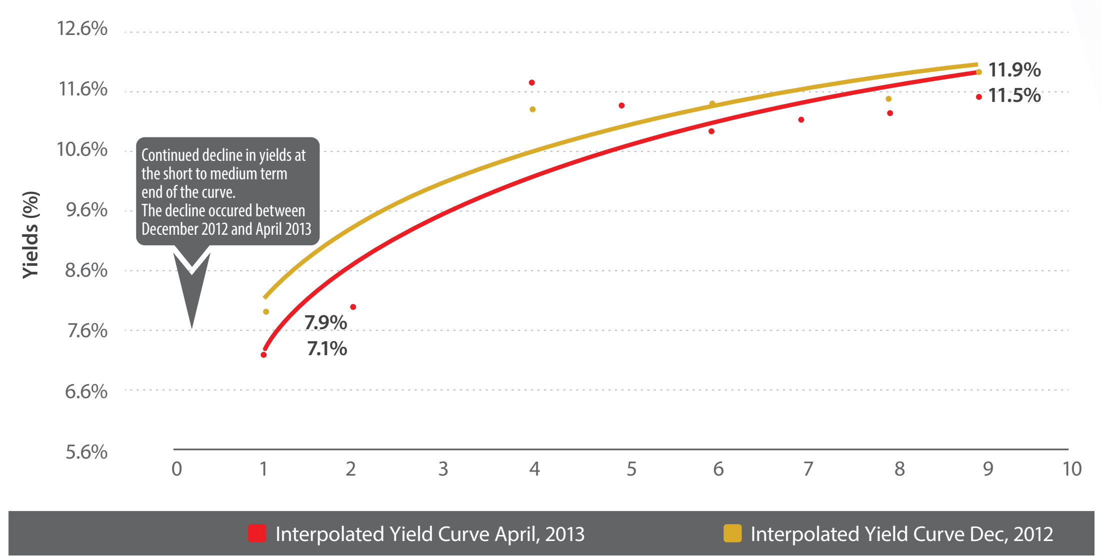
US$9,600

DOMINICAN REPUBLIC

Dominican Republic

Economic growth in the Dominican Republic slowed further in 2012 to 3.9 percent, coming from 4.5 percent in 2011. Over the same period, the 12-month inflation rate remained low. The 12-month inflation rate ended calendar year 2012 at 3.91 percent, while the annualized core inflation rate stood at 3.75 percent. Central bank monetary authorities had programmed for a 12-month inflation rate of 5.5 percent, with a lower limit and upper limit of 4.5 and 6.5 percent respectively. The central bank of the Dominican Republic (DR) reduced its key monetary policy rate (MPR) by 175 basis points since the start of 2012. The reduction in interest rates came within the context of low inflation and low growth both domestically and externally.

PESO YIELD CURVE



Source : JMMBIR, Ministerio de Hacienda

Tenure

The DR Budget

CENTRAL GOVERNMENT ACCOUNTS		BUDGET
PERIOD (IN $RD MN)	2012	2013
Non Tax Revenue	6,962.5	16,421.2
Capital	11.1	14.7
Grants	4,950.3	4,277.9
Tax Revenue	309,060.1	363,711.5
Third Party Funds	......	
TOTAL REVENUE	320,984.0	384,425.3
Recurrent Expenditure	317,901.4	356,708.5
Programmes	182,479.7	192,902.1
Wages and Salaries	89,190.3	99,603.6
Interest Expenditure	46,231.3	64,202.7
Domestic	26,580.0	43,429.7
External	19,168.0	20,416.4
Other	483.4	356.7
Capital Expenditure	127,667.8	98,018.8
TOTAL EXPENDITURE	445,569.2	454,727.3
Amortization	63,272.5	68,507.1
Domestic	26,305.0	22,035.0
External	25,670.2	46,472.1
Other	11,297.3	7,612.0
Fiscal Deficit	(124,585.15)	(70,301.99)
Primary Balance	(78,353.83)	(6,099.27)
Fiscal Deficit/GDP	-5.4%	-2.8%
Primary Balance/GDP	-3.4%	-0.2%

Source: JMMBIR, Ministerio de Hacienda

The 2013 Budget is targeted at improving the quality of life, while maintaining macroeconomic and fiscal stability. In this vein, fiscal authorities allocated greater spending to social goods and services particularly in the areas of education, health, social security and justice. In order to promote improved welfare of the poor and the vulnerable in society, emphasis was also placed on enhancing employment opportunities through investment in micro, small and medium sized enterprises.

Though priority was placed on social spending, the 2013 Budget is tight. The government has committed to restrain spending on most goods and services (except the areas of education, health, military and national police) at 2011 levels. They also committed to maintaining public wages at 2012 levels. Infrastructure spending will be approximately 2 percent of GDP lower than the previous budget. On the negative side, transfers to public sector institutions (including the electricity company) are slated to increase by 4.2 percent under an oil price assumption of 106.2 per barrel.

On the revenue side, a number of revenue enhancing initiatives were outlined. Administrative changes aimed at increasing compliance were a part of the suite of measures directed at growing revenues to approximately RD$380.1Bn, which is approximately 15.26 percent of GDP and an increase of 9.6 percent for 2012. The revenue enhancing initiatives include a 2013 tax package aimed at getting just about 1.5% of GDP or approximately RD$33Bn.

Fiscal authorities are targeting a fiscal deficit of approximately 2.8 percent of GDP, a 61.6 percent improvement over the fiscal deficit of 2012. The deficit is expected to be financed mainly from multilateral agencies and the issuance of bonds in both the domestic and external markets. In total, the central government is expected to borrow RD$70.3Bn to finance the deficit and approximately RD$68.5Bn to amortize debt. Fiscal authorities have been in the international capital market doing a road show, with a view to test the appetite for a US$1Bn bond issue sometime later in 2013. Legislations have also been passed for RD$45Bn of domestic debt in 2013 budget.

Both peso yields and yields on USD dollar denominated DR credit have recorded strong declines over calendar year 2012. On the peso denominated side yields are estimated to have declined by an average of 345 basis points. On the US denominated side, yields have declined by an average of approximately 163 basis points.

CURRENCY

TRINIDAD & TOBAGO

DOLLAR

POPULATION

1,346,000

GDP PER CAPITA

US$10,048

INDUSTRIES:

PETROLEUM

PETROLEUM PRODUCTS

METHANOL

STEEL PRODUCTS

AMMONIA

CEMENT

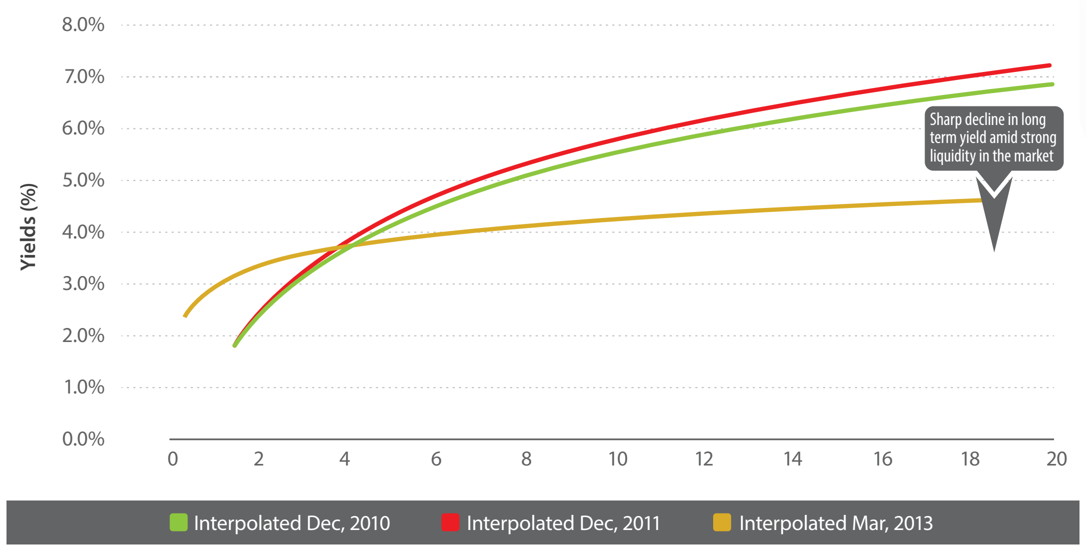
TRINIDAD & TOBAGO

Trinidad & Tobago

Since the world recession in 2008, the Trinidad & Tobago economy has been recording below trend growth. In 2012, real GDP growth was at 1.2 percent following a 2.1 percent decline in the previous year. The weak growth seen in the TT economy came within the context of sluggish growth within the Caribbean region and a slow recovery in natural gas prices and supply bottlenecks.

Headline inflation headed south over the fiscal year. As at March 2013, headline inflation stood at 6.9 percent and core inflation at 2.2 percent. There was a sharp increase in headline inflation during 2010 and 2012. The sharp increase in inflation came primarily from a supply shortfall in food, as weather related shocks disrupted crop yields. Core inflation (which excludes food) remained largely stable during 2010 and 2012; maintaining a declining trend; albeit there has been a slight increase in 2012.

TT$ YIELD CURVE



Source JMMBIR, TTSE

Tenure

Within the context of the low growth and low inflation environment, the Central Bank of Trinidad & Tobago (CBTT) reduced rates on a total 600 basis points since January 2009, bringing repo rates from 8.75 percent to a low of 2.75 percent. T-bill yields have followed a similar trajectory declining to near zero. The TT Yield curve shows that TT dollar yields at the long end of the yield curve declined significantly.

SELECTED MACROECONOMIC DATA

INDICATORS	2010	2011	2012	2013
Real GDP Growth	0.2	-2.6	1.2	2.0
Nominal GDP Growth	8.3	14.5	2.1	8.36
GDP Per Capita (In US$)	15,826.6	17,060.0	17,934.9	18,769.5
Inflation (12-Month)	13.4	5.3	7.17	6.2
Central Bank Repo Rate	3.8	3.0	2.8	2.5
Current Account Surplus/ GDP	20.2	7.8	7.4	12
NIR (US$Mn)	9,070.0	9,822.7	9,200.7	9,421.0
Nir In Months Of Imports	13.1	13.5	10.4	12.8
Fiscal Deficit/GDP	-2.2	-2.7	-4.4	-4.0
Debt/GDP	54.7	49.5	59.5	58.3
Credit Rating (S&P)	A/Stable	A/Stable	A/Stable	A/Stable
HSF/1 (NAV in US Bn)	3.7	4.2	4.4	4.5

Source: JMMBIR,MOFTT, S&P,CBTT, Bloomberg

1: HSF Heritage and Stabilization Fund

Trinidad and Tobago (TT) has maintained relatively favorable credit ratings. TT's credit ratings are supported by relatively strong macroeconomic fundamentals. Debt levels are relatively low at just under 60 percent of GDP. Of that 60 percent close to 13 percentage points account for debt instruments issued in the process of managing market liquidity. Another 13 percentage points are due to debt issued for managing the CLICO debacle. Trinidad and Tobago also has a relatively low fiscal deficit of approximately -4.4 percent, with substantial room for expansionary fiscal policy. Additionally, the economy has the benefit of a large stabilization fund of approximately US$4.4Bn and large net international reserves with import cover of close to a year. On the negative side, the nation has been experiencing weak growth in recent times, due in part to energy related supply bottlenecks and weak demand from regional counterparts.

58.3%

Debt as percentage of GDP

1.2%

Real GDP Growth

There is genuine power in the connection of ideas.

WINNING SOLUTIONS / KNOW-HOW / GROWTH

Management's Discussion & Analysis

Keith Duncan
Group Chief Executive Officer

Our achievement for the FY 2012/13 is a result of our multi-pronged strategy focused on business line diversification

The JMMB Group continues on a sound path of delivering strong financial performance despite the challenges and uncertainty which persist in the macro economic environment of Jamaica. For the financial year ended March 31, 2013, the Group registered record Profit After Taxes of J$3.86 billion, a 72.15% increase over the previous year's result. This performance was bolstered by a one-off gain of J$2.06 billion from our strategic acquisition of the Capital & Credit Financial Group (CCFG) and significant growth of over J$526 million in profitability from our regional operations. While the Group's results improved significantly over the prior year, our investment company in Jamaica (JMMB Ltd.) registered Profit After Taxes of J$498.7 million, a decline of over J$935 million when compared to the results of the prior financial year. This is due mainly to a one-off loss of J$754.3 million realized from the voluntary participation in the Government of Jamaica (GOJ) National Debt Exchange (NDX) and the Private Debt Exchange (PDX).However, our deliberate regional diversification strategy that began in 1999 continues to create increased value for our shareholders and augment the Group's financial results with our operations in Trinidad and Tobago and the Dominican Republic contributing approximately J$659.1 million to the Group's profit for the period.

Our achievement for the FY 2012/13 is a result of our multi-pronged strategy focused on business line diversification – locally and regionally, expanded regional growth, operational excellence and exceptional client service delivery. The execution of these strategies has yielded tremendous success for the JMMB Group and provides the platform for long-term sustainable growth. Key initiatives pursued throughout the year include:-

- The integration of newly acquired CCFG entities into the JMMB Group; realizing first-level synergies from the integration and centralization of some key functions and processes
- The development of an integrated financial services model that delivers a unique and compelling value proposition to each of our targeted client segments; the results of which will be seen over the 2013/14 financial year and beyond
- Increased market share through continued cross-selling efforts across the expanded entity - broadening the suite of holistic financial solutions being offered to our significant client base and diversifying our earning streams
- Building stronger relationships with our client base - gaining further insight into their needs and providing solutions using our expanded suite of Group products and services;
- Further diversification of our business model by building out our Group Capital Market offerings
- Expanding our regional footprint with our re-entry into the securities market in Trinidad & Tobago (T&T) through the establishment of JMMB Investments T&T.
- Strategic expansion of our branch network in the Dominican Republic – new branch opened in Santiago
- Ensuring managed growth in expenses in line with our earning potential whilst continuing to increase and optimize client access by cost-effectively building out our delivery channels– throughout the year we opened our new Personal Portfolio Management (PPM) Centre on Phoenix Avenue and commissioned a new Electronic Transaction Machine (ETM) at that location.

Over the medium term, we anticipate continued challenges in the macroeconomic landscape. As such, our strategic focus over the next three years is to ensure sustained growth in profitability through continued diversification of our business lines locally and regionally and building out our Integrated Financial Services model across the Group – while consolidating and deliberately extracting further synergies and efficiencies from our acquisitions. We believe that continuing to focus on client intimacy as our core competency will allow us to maintain brand loyalty and achieve the competitive edge necessary for long-term sustained growth. As such over the next three years, we will deliver on key elements of our newly refined Group Client Value Proposition (CVP) which we believe will provide a differentiated and unique service experience to clients across the Region.

J$3.86 Billion

For the financial year ending March 31, 2013, the Group registered record Profit after Taxes of J$3.86 billion

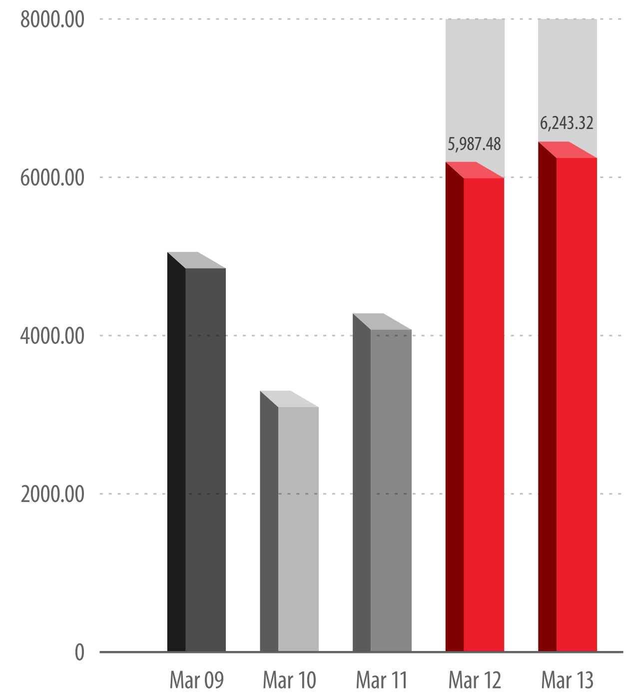
72.15%

increase over the previous year's result.

Financial Performance

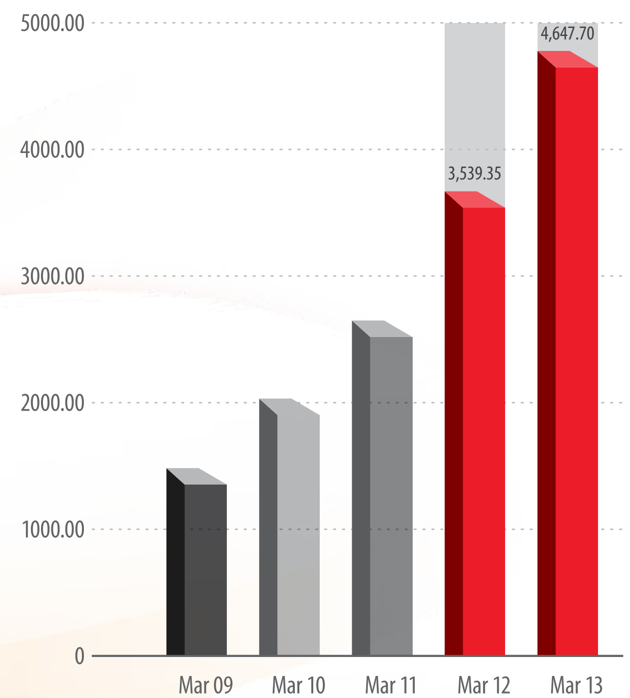
	Mar 2009	Mar 2010	Mar 2011	Mar 2012	Mar 2013
	In JA$'000				
Group Operating Revenues	4,849,213	3,095,678	4,073,084	5,987,479	6,243,316
Group Administrative Expenses	2,455,567	2,109,128	2,585,949	3,214,703	4,616,625
Group Operating Profit	2,485,409	1,002,192	1,513,550	2,783,759	1,700,227
Profit Before Taxes	1,544,528	1,028,312	1,509,635	2,814,017	3,647,375
Net Profit	1,102,622	986,378	1,142,930	2,240,456	3,856,863
Stockholders Equity	5,326,814	6,890,736	9,402,331	10,872,131	17,212,876
Earnings per Stock Unit (J$)	75 cents	67 cents	76 cents	$1.51	$2.35
ROAE	18.40%	16.15%	14.03%	22.10%	27.47%
ROAA	1.03%	0.84%	0.97%	1.88%	2.65%
Total Assets	111,193,465	122,975,370	113,019,058	124,736,554	166,860,961

TOTAL OPERATING REVENUE IN J$'MILLIONS



TOTAL OPERATING REVENUES continued on an upward trajectory, growing from J$5.99 billion for 2012 to J$6.24 billion for 2013, an increase of $255.84 million, despite the impact of the National Debt Exchange. This performance was driven mainly by continued growth in core revenues, namely; net interest income and increased gains on securities trading from our operations in the Dominican Republic. For the financial year in review, there were significant increases in other revenue lines such as foreign exchange margins from cambio trading which grew by J$180.97 million and fees from managed funds which grew by J$48.90 million.

NET INTEREST INCOME IN J$'MILLIONS



NET INTEREST INCOME (NII) showed a significant increase year-on-year, moving from J$3.54 billion to J$4.65 billion, an increase of J$1.11 billion or 31.32%. Contributing to this growth is our newly acquired CCFG group which added approximately J$521million in Net Interest Income over the period. We also continue to reap the results of the active management of the Group's investment portfolio and cost of funds with interest income growing by J$2.08 billion or 22.76% while interest expense grew by $977.62 million or 17.37%. In light of the forecasted interest rate environment, the Group will continue its prudent approach in managing its investment and loan portfolio as well as cost of funds to maximize its net interest margins while diversifying income streams.

EFFICIENCY

Despite the continued growth in profitability, the management team remains cognizant of the need to continue to prudently manage operating expenses. For the 2013 financial year, Administrative Expense increased by $1.4 billion from J$3.2 billion to J$4.6 billion driven mainly by increased expenses from the acquisition of the CCFG Group which accounted for J$1.03 billion of the total growth as well as normal inflationary adjustments to staff costs and other expenses. As we integrate and garner further synergies and efficiencies from our various acquisitions across the Group we believe that our operational efficiency will improve while we continue to grow our revenue at a faster pace relative to the growth in our expenses.

CAPITAL ADEQUACY

Under the Financial Services Commission's (FSC) and the Bank of Jamaica's (BOJ) regulatory framework, our securities and banking operations are required to maintain appropriate unconsolidated risk-weighted Capital Adequacy Ratios.

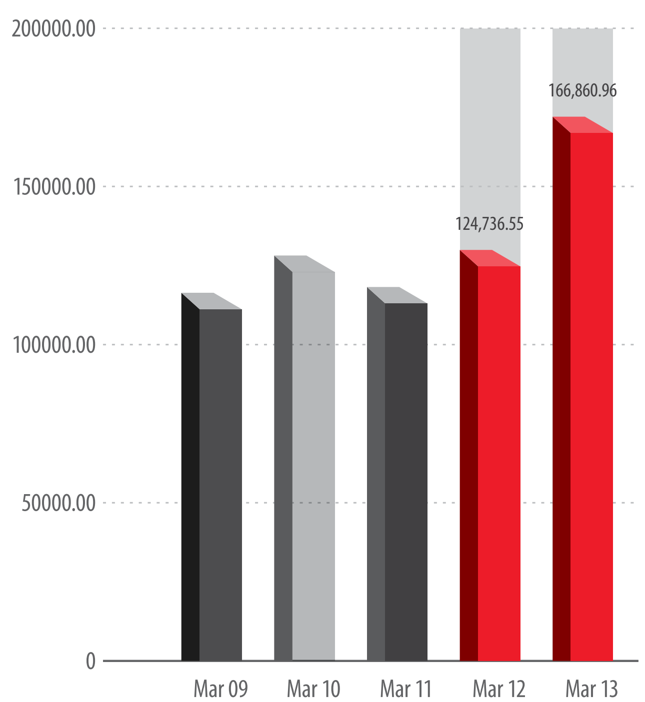
JMMB Limited, the investment arm of the Group in Jamaica, ended the financial year with a capital to risk weighted assets ratio of 16.65% whereas the FSC benchmark stipulates a minimum of 14%, whilst JMMB Merchant Bank Limited (formerly Capital & Credit Merchant Bank) reported a ratio of 16.82% which exceeds the minimum regulatory requirement of 10%.

	ACTUAL	MINIMUM REQUIREMENT
JMMB Company	16.65%	14.00%
JMMB Merchant Bank (formerly CCMB)	16.82%	10.00%

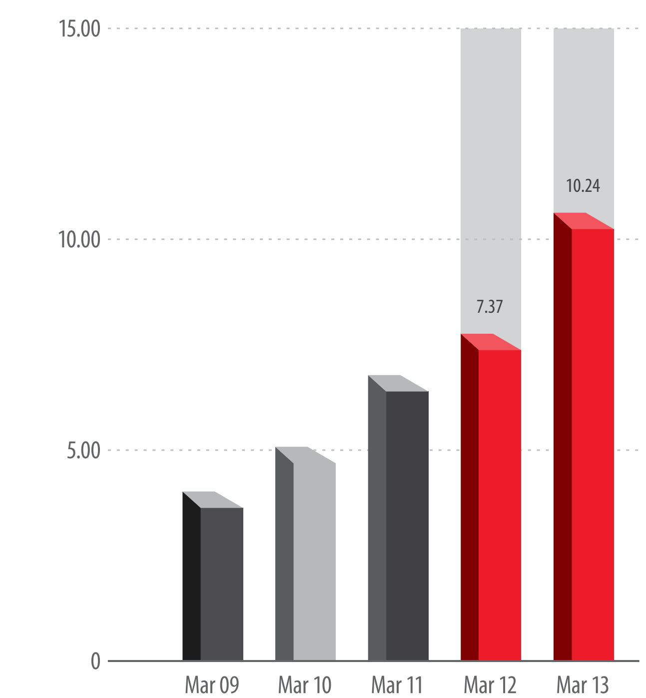
ASSET BASE

The JMMB Group's Asset base increased by 33.77% or J$42.12 billion to J$166.86 billion. This increase in assets was due mainly to the acquisition of CCFG which contributed approximately J$31.6 billion. Additionally, the Group's return on assets (ROA) increased from 1.88% to 2.65% reflecting an efficient use of resources.

TOTAL ASSETS IN J$' MILLIONS

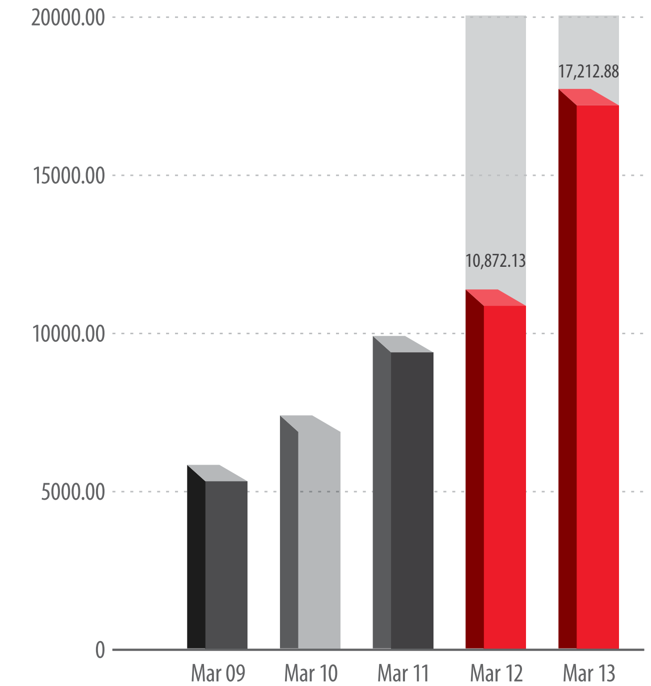


BOOK VALUE PER STOCK UNIT (J$)



The Group's Book Value per stock unit showed a significant increase over the previous financial year and is at its highest since the company listed on the Jamaica Stock Exchange (JSE). Book value per share of common stock came in at J$10.24 up from J$7.37 in 2011/12. The stock's closing price on the JSE as at the end of the financial year stood at J$6.20, indicating significant value for existing and prospective shareholders.

STOCKHOLDERS' EQUITY IN J$'MILLIONS



Shareholders' Equity stood at J$17.21 billion as at the end of the financial year. This is the highest in the Group's history and shows a J$6.34 billion or 58.32% growth over previous year's results. This solid capital base reflects the Group's continued strength and is a critical ingredient for future growth.

SHAREHOLDERS' RETURNS

While total dividend payments for the financial year of J$375.03 million represents a decline of J$78.62 million when compared to the payments for the prior financial year, we remain committed to achieving long-term earnings growth and increased returns to our shareholders.

PERFORMANCE BY COUNTRY AND STRATEGIC DIRECTION FOR 2013/2014

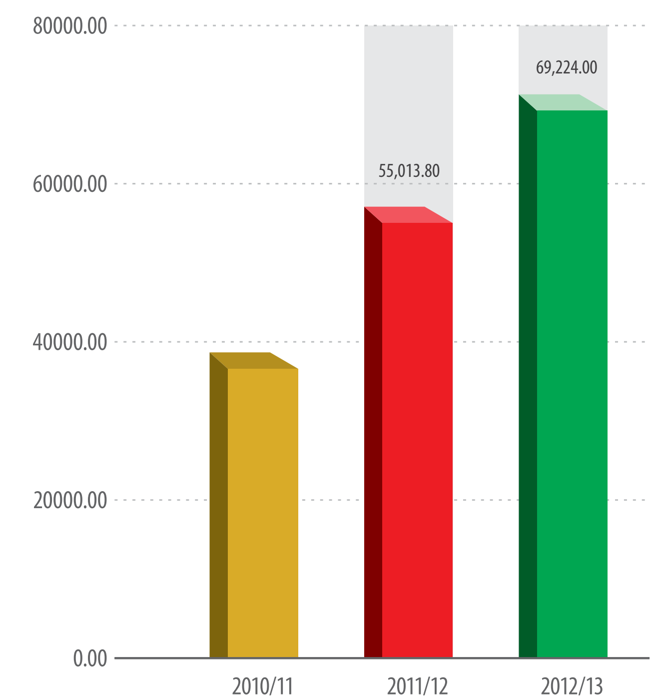
JAMAICA OPERATIONS

Asset Management Business Line

Notwithstanding the aforementioned, JMMB achieved overall growth in Funds Under Management (FUM), on balance sheet of 7.15%. Our retail and corporate clients accounted for most of the growth, with our retail network having grown by 12.79% to J$69.86 billion and our corporates having grown by 4.97% to J$24.73 billion. Our retail and corporate client segments continue to perform credibly by virtue of the win-win opportunities the company consistently provides for our clients. Of note in the year was the significant impact of the acquisition of the CCSL portfolio. Significant efforts were made to ensure the successful migration of the clients and assets in a seamless manner between June and September 2012. We are happy to report that an independent client survey conducted with these clients, post migration, showed an average satisfaction and engagement level of 80%. In the coming months we will seek to improve this rating even further as we gain deeper insights into their financial needs.

Retail and corporate efforts continued in FY 2012/2013 to introduce clients to opportunities to be gained from the outright ownership of assets. This resulted in significant increases in trading gains from client brokering activity and growth in US$ bond volumes for our retail clients by 25.83%.

RETAIL GLOBAL BOND VOLUMES IN US$'000



For the 2013/2014 financial year, our broad objectives are to:

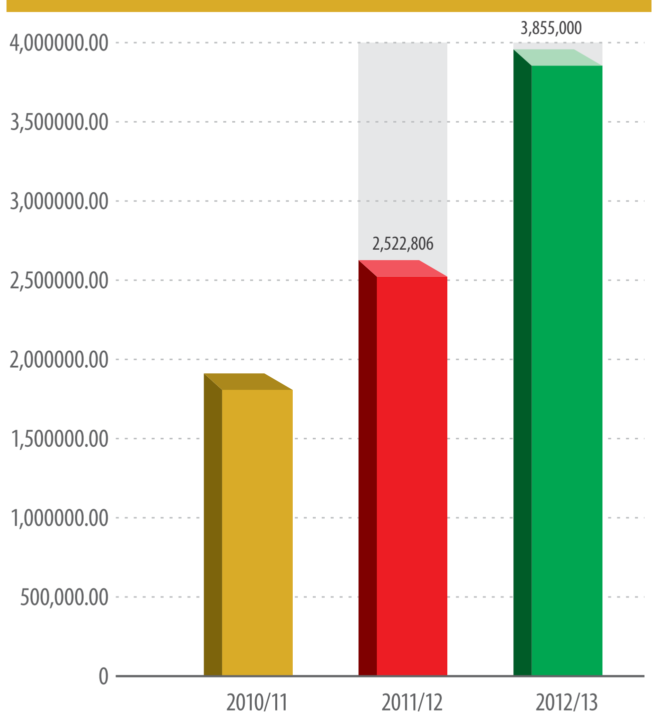
- Continue our efforts to offer solutions to our retail and corporate clients using our portfolio management services to assist them in meeting their financial goals. We anticipate launching both our discretionary and enhanced non-discretionary portfolio management services in the FY 2013/14 as a part of our overall solutions.
- Offer portfolio diversification of assets to our clients, expanding the universe of investment opportunities both inside and outside of Jamaica
- Continue our migration efforts with respect to our unit trust and other off balance sheet products, in keeping with clients' investment objectives, risk tolerance and investment horizon.

Pensions Business Line

During FY 2012/2013 the sales team continued to offer customized solutions for retirement planning to support an individual's desire to attain long term financial stability. Market data indicates that the retirement scheme market continues to grow year over year and JMMB's Retirement Solution (RS) performance is in line with this trend.

The transfer of pension plans managed by CCSL to JMMB, coupled with the sales and investment management activities throughout the year, resulted in a 52.81% increase in overall FUM.

Pension FUM in J$'000



Our value proposition for retirement solutions is continuously being refined as it is based on the ever increasing needs of our clients in an uncertain economic environment. In this regard we continue to strive to deliver sound investment management expertise supported by an administrative platform and business processes optimized to deliver our solutions.

In the coming year, 2013/2014, we plan to enhance the value proposition of our retirement offering, delivering educational campaigns highlighting the importance of retirement planning and widening the range of solutions (through the JMMB RS) for employees of corporate, small and medium enterprises (anyone without a formal pension plan).

Recognizing the importance of retirement planning and its place in the financial life cycle, our message centers on the whole client as we continue to encourage clients to take a 360 degree approach to their financial health planning for every major life goal, one goal at a time. We will continue to bolster our service quality is in keeping with our standards of excellence whilst ensuring that we have the most efficient administrative and accounting standards. This will further enhance our pricing and by extension, value proposition, in the best interest of our clients.

To this end we will in FY 2013/2014 use technology to further optimize the services of the support functions to also provide oversight and management of unit trust processes, resulting in one Client Fund Services team. The result of this efficiency will be seen over the next three years as the cost structure in place will be maximized and will support future growth.

JMMB FUND MANAGEMENT SERVICES

JMMBFM presently manages three unit trust funds - the Giltedge, Income & Growth and Optimum Capital Funds - with total funds under management of approximately $3 billion. During the FY 2012/2013 the fund performance was impacted by disruptions attributed to uncertainty surrounding the CCFG Group and the subsequent acquisition of the Group. This resulted in the team's shifted focus from selling to maintaining the portfolio and subsequently managing the successful transference of the client portfolio and management processes. Despite same, JMMB Fund Managers Ltd (formerly Capital & Credit Fund Managers Ltd. - CCFM) ended the year with net profits of J$20.9 million, a 13.95% decline over the J$24.28 million after tax profits for the 2011 financial year ended December 31, 2011.

During the year, the team successfully transitioned under a new ownership structure, realigning business processes and procedures in support of this effort and smoothly integrated new team members from CCFM. We have successfully retained and integrated most of the recently acquired clients into the JMMB's operations. Additionally, we have launched a newly designed integrated solution which supports the seamless processing of transactions across the JMMB network, utilizing the existing JMMB infrastructure.

The focus for the upcoming year will be to greater leverage the synergies within the JMMB Group structure to achieve sustainable growth and improved operational efficiencies.

Client Value Proposition for JMMBFM

Having established a value proposition geared towards delivering solutions, the suite offered by JMMBFM is tailored towards clients seeking yield enhancement, diversification and asset management expertise. The three existing funds are structured to satisfy the individual needs of specific client segments while at the same time being easily incorporated into a balanced portfolio geared towards any client investment goals. The Giltedge, Income & Growth and Optimum Capital Funds are each reflective of a distinct investment strategy which is actively managed by a highly skilled team of professionals. In that regard, each portfolio remains poised to deliver on stated return expectations.

Strategic Focus for 2013/14

Our primary objective for the 2013/14 financial year will be to increase profitability while improving on our overall operational efficiency. Imperative to the strategy is the team's drive to leverage the existing network, utilizing our extensive delivery channels to enhance awareness of our unit trust investment solutions.

Therefore, product positioning and promotions will be driven by the identified goals and objectives as presented by our clients. To this end, we anticipate greater alignment between the products offered by JMMBFM and client goals and objectives. Fundamental to us achieving these strategic objectives are key initiatives which include:

- Leveraging the JMMB branch network: The existing branch network will be utilized to support sales and product awareness initiatives embarked on throughout the year.
- Client Education: The Unit Trust solutions are new entrants to the suite of products offered by JMMB. Consequently, the need to raise awareness of the value created by these investment solutions as a part of the overall portfolio maintained by the JMMB clientele is important for growth in the upcoming financial year. We anticipate that with the introduction of these funds client options for efficient solutions over varying investment horizons and risk tolerance levels will be easily aligned.

Equities Business Line

Over the financial year 2012/2013 the performance of the local stock market was influenced by a myriad of macro economic conditions which persisted throughout the period. These conditions resulted in a decline in the local stock market indices year over year which saw reduced revenues and trading activity from the equity business line.

For FY 2013/2014 despite the achievement of an IMF agreement in May 2013 we anticipate minimal recovery in short term macro economic conditions. As a result we anticipate that trading volumes will remain low and that activity will be focused on portfolio positioning for medium to long term goal realization as well as specific equity portfolio strategies (growth and value versus dividend income).

We recognize, however, that there may be opportunities regionally, specifically in Trinidad & Tobago. Through the JMMB Fund Managers' Income & Growth offering we anticipate smaller volume clients taking portfolio positions in the stock market towards goal realization. As a result, trading volumes for equities should increase with participation of the Investment Manager of unit trust and pension funds in the market through JMMB Ltd.

We will also seek to expand our reach into the regional markets to cushion any local shocks. JMMB continues to be a player on the regional markets offering diversity to our deepened client base, the benefits of which have been derived by our clients.

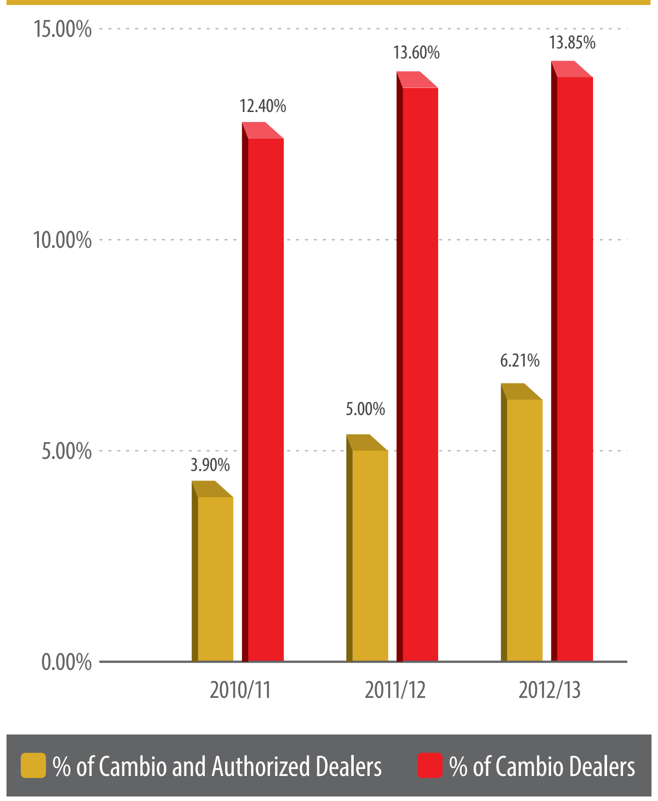
Additionally, we will continue to proactively manage our trading portfolio and maximize profitable opportunities to return increased value to our shareholders.

Cambio Business Line[1]

The financial year 2012/13 was very competitive and presented its own challenges for the Cambio business line. Constraints such as not having a signed IMF agreement and declines in overall economic activity served to heighten uncertainties. Routine end-user demand, portfolio demand as well as balance sheet hedging strategies increased overall market volatility. Consequently, there were indications of an overall shortage of foreign exchange, resulting in significant unsatisfied demand. Given the aforementioned, the Jamaican dollar recorded its highest level of depreciation against the US$ over the last ten years.

Through our branch network and diverse client base, JMMB was able to capitalize on market conditions to meet increased client demand. Despite reduced market inflows and challenged trading conditions, spreads widened through creative pricing strategies for the most part of the year. With that, we grew our market share to approximately 13.85% (US$525.66 million) of the total cambio market (US$3.79 billion) and 6.21% of the entire foreign exchange market (US$8.46 billion). We will look to continue to grow market share through extraordinary client service, competitive pricing and an efficient approach adopted across the delivery channels (in branch and electronic).

MARKET SHARE



For FY 2013/2014 we anticipate that market conditions will reflect a similar outlook as the FY 2012/13 for at least half of the year with continued depreciation of the Jamaican dollar against the United States dollar. As a result we expect continued growth in revenues from this area of the business through increased volumes and market share.

1. This excludes the volumes and revenues from our authorized dealership license which is held under the JMMB Merchant Bank (formerly Capital & Credit Merchant Bank) in Jamaica.

Capital Markets Business Line

After several years of successfully executing major Capital Markets transactions, the Board of Directors of JMMB formally approved the establishment of our newest business unit – JMMB Group Capital Markets. The Capital Markets Unit will further strengthen JMMB's client value proposition and business model of being an integrated full financial services provider, offering innovative and customized financial solutions to clients in Jamaica, Trinidad and Tobago, the Dominican Republic and the wider Caribbean. The Capital Markets business line will further increase and diversify the Group's revenue stream and achieve more efficient use of capital through the offering of fee-based services and off-balance sheet transactions.

JMMB Group Capital Markets will leverage the skill sets, experience and expertise of our existing team members by delivering solutions across a range of products which are targeted primarily at Sovereigns, State Owned Enterprises, Corporates and High Net Worth clients. These products will cover Debt and Equity Underwriting, Syndicated Loans, Sale and Leaseback structures and Structured Finance Solutions.

JMMB Insurance Brokers Limited

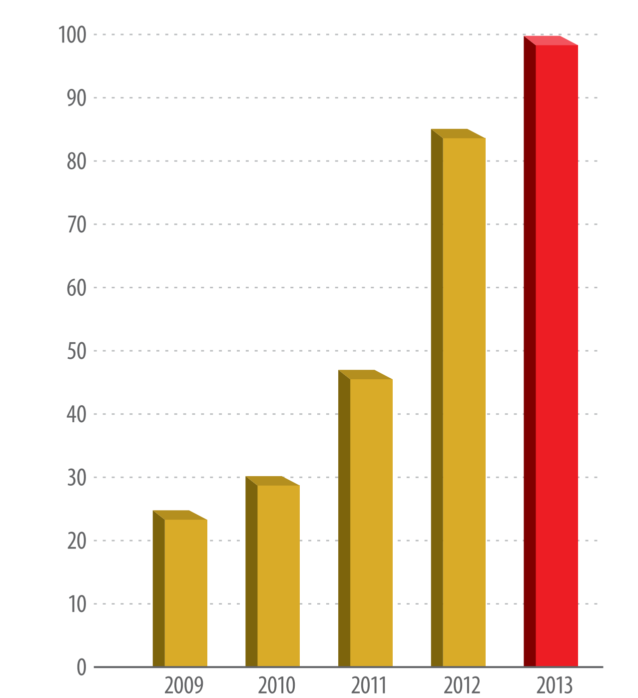
JMMB Insurance Brokers Limited (JMMBIB) continues to add value in complementing the financial services solutions set of the Group by offering a full range of insurance solutions to our clients. Through several specially negotiated packages with leading Insurers we are able to broker to clients and prospective clients great value in terms of scope of coverage at attractive prices.

The past year was one of steady profitable growth with a 19% increase in our client base; revenues of J$98.25 million translating to a 31.21% increase in profits year over year from J$15.38 million to J$20.18 million. We continue to also register improved efficiency ratios as well as to significantly impact our capital adequacy, with the latter being over six times the regulatory requirements. The team is buoyed by the sense of stability which consecutive years of profit signal for our business as it gives us a fairly solid foundation on which to build.

From an operational efficiency perspective we have utilized our technological platform to ensure greater connectivity with our leading carriers in order to minimize our costs and attract additional revenues whilst improving our service delivery in several key areas.

Cecile Cooper, Managing Director, JMMB Insurance Brokers Limited

Operating Revenue



Strategic Focus 2013/14

In our continuous development of a highly skilled and cohesive team of Insurance Professionals we will be strengthening our capabilities with the right mix of talent and expertise consistent with our Brand. This is in order to further enhance the necessary drive, energy and leadership as we move to the next level of excellence.

In pursuing our overall Group focus of providing seamless and integrated Financial Services to our clients, the Brokerage is well positioned to source and provide a universe of Insurance solutions. Unique bundled offerings which will be designed to set us apart from the competition will offer our clients a one stop approach to meet their various Life Goals.

Against this background our focus for 2013/14 will be deepening our ability to balance our value creation for clients using operationally efficient systems whilst achieving our profit growth targets.

Among the key areas of focus will be:-

- Providing Integrated Insurance Solution to enhance special Group-wide Offerings in a manner that offers choice and creative options to ensure that clients meet their ultimate Life Goals
- Providing the right value for Small and Medium Enterprises (SME's) by brokering a specially- tailored package for this client segment, thereby giving them access to the right protection for the right price.
- Expanding our level of connectivity with our Insurance carriers to strengthen efficiencies and take our service delivery to another level.
- Deepening our presence throughout our delivery channels to ensure that clients throughout the island can benefit from these unique offerings.

Remittance Services

The remittance arm has seen an improvement year-over-year in the volume and value of remittances received. Capital & Credit Remittance Limited's (CCRL's) year-to-date (YTD) performance (January 2012 to March 2013) reported a loss of $5.46 million which was due in the main to a loss on disposal of quoted investment of J$9.83 million. The normal operations of the remittance division (normalized profits), resulted in profit before taxes of J$6.5 million.

During the period, the risk and compliance framework for the remittance operations was fortified to mitigate an upsurge of transactions of a fraudulent nature affecting the remittance industry. The Compliance Units of our Overseas Remittance Partners have collaborated with us in an effort to eliminate the risk of the entities being used as vehicles for illicit activities.

Strategic Focus 2013/14

The core objectives of the company include increasing the level of awareness of its services while growing its market share and profitability. The key strategies involve deeper market penetration, service expansion and cost containment. CCRL will return to a profitable operation through the execution of its strategies with its main partners. These key partnerships which have the benefit of mutual commitment to a collaborative marketing programme and a much greater push for increased market share are geared towards the achievement of budgetary volumes that, based on current margins, will allow the company to be viable.

Sheron Dixon-Brown, General Manager, Capital & Credit Remittance Limited (Reggae Money Express)

CCRL is also exploring forging new alliances in an effort to deepen its market footprint in the United States, the United Kingdom and Canada.

The management of CCRL is confident that the company's performance will improve year over year as the full impact of the various executed strategies take effect. The low price strategies of its overseas remittance partners, competitive exchange rates offered to clients, the convenience of the greater distribution options through the addition of electronic channels, superior client care, cost containment, advanced remittance platform and improved operational efficiencies augurs well for a bright future.

JMMB Merchant Bank

JMMB Merchant Bank (formerly Capital & Credit Merchant Bank) was welcomed into the JMMB Group in July 2012 evidencing the intentions of the Group to widen its suite of products and service offerings. The primary focus of the year was stabilization of the Bank's operations with particular emphasis on improving the governance structure and credit management oversight. In this regard, the Bank pursued extensive reorganization to facilitate Group integration as well as refocus the business line on core banking activities. The Bank is better poised to compete in the sector through delivery of the unique JMMB brand of client intimacy on a platform of proven value for all stakeholders.

Financial Performance

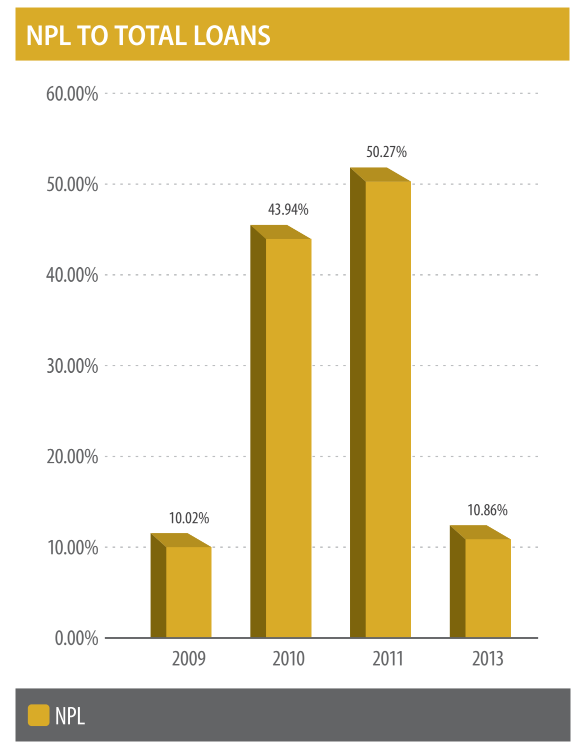
Total revenue was $1.1 billion for 15 months ending March 31, 2013, an increase of 41.54% or J$323.15 million for the previous 12 month period. Net Interest Income was J$603 million, up J$126 million or 26% over the period of review. This reflects the growth in performing loans as well as the results of sale of several non-performing loans. Other income increased by J$197.39 million or 65.59% to J$498.33 million. Loan fee income grew by J$6.08 million to J$29.96 million as momentum in loan growth increased towards the end of the period of reporting.

Non-Interest Expenses for the 15 month reporting period ending March 31, 2013, totaled J$1.06 billion, an increase of J$378.91 million. The Bank embarked on targeted cost reduction coupled with seeking greater efficiency from existing resources. The major increases occurred in staff cost (specifically redundancies, coupled with targeted increase in frontline/revenue capacity) as well as loan loss provisioning. Loan Loss Provisions increased significantly, consistent with regulatory and IFRS requirements. For the period the Bank posted Loan Loss Provisions of J$158 million in comparison to write back of J$13 million for the previous period.

In view of the foregoing the Bank recorded net profits of J$106.46 million, a marginal increase when compared to the J$103.21 million reported for the year ended December 31, 2011.

Loan Performance

Non-Performing loans (NPLs) as at March 31, 2013 totaled J$561 million (December 2011: $3.4 billion), representing 10.86% (December 2011: 50.27%) of total loans. NPLs as a percent of total assets ended the year at 2.66% (December 2011: 15.77%) well within industry benchmark. The decrease in NPLs was due primarily to sale of several large loans to a special purpose entity established by the JMMB Group to focus on liquidation. This is consistent with the Group strategy outlined upon the acquisition of the entity. The improvement was also enhanced by growth in the performing portfolio which moved from J$3.4 billion as at December 31, 2011 to J$4.6 billion as at March 31, 2013.



PERFORMING PORTFOLIO (BILLIONS)

Assets

The Company's total assets increased year-over-year by J$778 million or 3.8% to J$21.07 billion as at March 31, 2013. Growth took place primarily in investment securities portfolio, and pledge assets which increased by J$3.03 billion to J$13.825 billion during the period. This represented investment in short term assets to facilitate funding of projected loan growth. While the overall loan portfolio declined by J$1.1 billion, this resulted from sale of impaired loans as the performing loan portfolio grew by J$1.4 billion. Cash resources also grew J$409.19 million to J$1.41 billion and the Company remains in compliance with regulatory liquid asset and cash reserve requirements.

Liabilities

Total liabilities grew by J$755.29 million to J$16.35 billion. Deposits grew by J$2.26 billion or 40.15% and stood at J$7.9 billion as at March 31, 2013. Amounts due to special and other financial institutions declined by 45.61% or J$317.63 million to J$378.73 million while securities under repurchase agreements declined by 10.42% to J$7.5 billion.

Shareholder's Equity

JMMB Merchant Bank currently maintains a sound capital base to support the growth strategies in the upcoming financial year. This base contributes to safety for the Company's clients, and fosters investor confidence, while facilitating the opportunity to grow the balance sheet. The Bank's capital adequacy ratios, a measure of the Group's overall strength, exceed the regulatory requirements. Total shareholders' equity stood at J$4.73 billion as at March 31, 2013, representing a marginal increase over the the amount at December 31, 2011.

Retail Banking

The Bank has repositioned itself as a player in the retail banking sector focusing on core banking activities of growing loans and deposits. We have seen traction in our retail loan offering as the portfolio has reflected consistent growth over the period. Consequently, we intend to expand the network of branches over the next three years.

Corporate and Commercial Banking

The Bank remains relevant in the Corporate and Commercial sector through careful selection of clients to facilitate prudent growth without undue exposure to concentrated client groups or sectors. The corporate performing portfolio recorded growth in both loans and deposits and we continue to compete in this sector through our unique value proposition of convenience, responsiveness and client intimacy.

Treasury

Despite uncertainties in the economy the Treasury team increased earnings from currency trading by J$22 million or 27% to end the year at J$104.29 million. Interest income from investments was, however, impacted by consistent reductions in interest rates and overall market liquidity challenges affecting trading and investment activities. With increased confidence in the market we intend to advance our efforts at identifying attractive yielding instruments while managing exposure to undue risk. Currency trading activities are also expected to increase with access to a wider cross-section of clients across the JMMB Group.

Strategic Focus 2013/14

- **Building a stronger bank:** - It is expected that the bank will continue to gain momentum following up on the strong finish to 2012/2013 financial year. All strategic and operational initiatives will be focused on building a stronger bank with sustainable profitable growth as JMMB moves to become an Integrated Financial Services provider in Jamaica.
- **Expanded Branch Network:** - The overall success of the Bank is to be enhanced with the roll out of two additional branches by the end of the 2013/14 financial year. The merger of existing locations to enable co-location with the JMMB Investments arm &/or establishment of new bank outlets will include careful consideration for the synergies to be derived from operating at a single integrated location.
- **Providing holistic solutions to our clients:** - We will seek to meet the goals and needs of our expanded client base through our Banking products and bundled solutions as we maximize the benefits of the integrated financial services model.

Dominican Republic Operations

The recent period generated favourable conditions for the securities market as the Dominican Republic (DR) Government issued almost 75% of their total debt for the year in the first quarter of the fiscal year and the Central Bank promoted an expansionary policy reducing interest rates and increasing liquidity. As a result, bond prices increased dramatically generating profits from capital gains. Also we have seen an increase in appetite and knowledge from the investors and as such we were able to increase our volumes to record levels when compared to results of the prior year. Our Sure Investor product continues to be the preferred investment instrument for investors as it brings more security and above market yields.

Focused efforts continue in maintaining a healthy portfolio, while we continue to be resourceful in order to provide our clients with a range of investment products to fulfill their financial objectives, keeping their best interest at heart.

As a result of increased activity, the DR Business continues to enhance its contribution to the overall Group results registering Net Profit of over US$6.23 million, a significant increase of over US$5.18 million when compared to results of the prior financial year. The total asset base of the DR Business increased by 87.5% or US$80.99 million to US$173.56 million; with the growth in its investment portfolio accounting for the significant increase. The DR Business recorded a return on average equity of 78.50% and return on average assets of 4.83%.

Snapshot of Financial Results

Group KPIs	Mar 2012	Mar 2013
Group Profit After Tax (in US$ '000)	$1,247.11	$6,428.93
Return on Average Equity (ROAE)	25.43	78.50%
Return on Average Assets (ROAA)	1.41%	4.83%
Group Operating Efficiency Ratio	67.38%	34.63%

Fulfilling Clients' Needs

In line with the 2012/2013 focus on growth through fulfilling the client's financial needs, and differentiating ourselves from the competition, JMMB Puesto de Bolsa, S.A. further established itself as a pioneer by being the first Puesto de Bolsa to open an office/branch in the second largest city in the country, Santiago. Not only was the Brokerage the first to open office, but they executed the official opening of the Santiago Branch under the innovative concept of Finance & Local Craftmanship. In doing so, JMMB incorporated the rich experience of local creativity, by recognizing the artisans of the region and their work.

Strategic Focus 2013/14

Continuing with goals and objectives set forth by JMMB Puesto de Bolsa S.A. to promote growth in the brokerage unit, significant steps have been taken particularly with regards to sales efforts and deliberate client acquisition to further develop the secondary market. The brokerage unit has reorganized itself as an outbound sales force focusing more on face to face interaction with clients relying heavily on two aspects: market segmentation and data collection of prospective clients. The strategy consists of thoroughly profiling prospective clients with the objective of increasing the probability of client acquisition.

1. **Veronika Ariza Barber**
   Marketing Manager & Relationship Officer
2. **Jóse Ramón**
   Corporate Sales Manager
3. **Denisse Pichado**
   Human Resource Manager
4. **Curtis McDowell**
   Technology & Operations Head
5. **Patria Rivera**
   Financial Controller
6. **Carmen Rodrigez**
   Sales Manager
7. **Guillermo Arancibia**
   Country Manager
8. **Laura Aybar**
   Officer Manager & Relationship Officer
9. **Juan Jose Melo**
   Investment Banking Head
10. **Roberto Cabanas**
    Treasury & Client Relationships Head

OPERATIONS IN TRINIDAD & TOBAGO

JMMB INVESTMENTS T&T

JMMB Investments (Trinidad and Tobago) Limited is the newest addition to the JMMB Group and represents JMMB's re-entry to the securities brokerage sector in Trinidad and Tobago. Trinidad and Tobago is an important market in the Group's effort to expand and diversify throughout the region.

The company is registered as Broker-Dealer by the Trinidad and Tobago Securities & Exchange Commission (TTSEC) and is registered to conduct business as a Broker/Dealer, Underwriter and Investment Advisor. Key to our approach to developing our business in this market is a successful transplant of JMMB's deeply engrained corporate culture and client value proposition based on:

- Sound financial advice that can be trusted
- Security of Funds
- Principal Protection
- Superior Client Intimacy
- Investment Transparency

JMMB Investments T&T will be utilizing a low-cost, high-efficiency model by fully utilizing a Group shared services model and leveraging on the current high level of the Group's operational and risk management expertise. In addition, it is our intention to eventually provide a geographically comprehensive service and access to our customers by working closely with the JMMB Group's associate company, IBL Bank and its branch network in pursuit of a fully integrated financial services model.

It is our intention that JMMB Investments T&T will replicate the operations of our flagship Investment arm in Jamaica and will focus initially on fixed income products and in particular repurchase agreements (via the Secure Investor Product), Save Smart and bond brokerage. Over the medium to long run, the main objectives of the business are to provide a wide array of financial services including:-

- Portfolio advice and fund management services
- Mutual Funds and other managed collective Investment scheme products
- Trading in Fixed Income instruments, both locally and internationally
- Trading in local and regional equity securities
- Security underwriting and financial advisory services

INTERCOMMERCIAL BANK GROUP

The Intercommercial Banking Group Limited (IBL Group) continues to demonstrate its resilience and commitment to stakeholders through its performance over the financial year ended March 2013. At the end of financial year, the IBL Group reported an increase in overall profitability with a net profit after tax of TT$10.2 million, an increase of TT$5.7 million over the previous year. These results were achieved despite the sluggish economic environment which was manifested despite the weak demand for credit.

1. **Gary Awai**
   Deputy Chief Executive Officer
2. **Lisa-Maria Alexander**
   Head, Marketing
3. **Naomi Arjoonsingh**
   Chief Financial Officer
4. **Elangadu S. Mohan**
   Executive Director - Group Risk
5. **Ingrid Sampson**
   Senior Team Leader - Operations
6. **Aleem Cassim**
   Senior Team Leader - Human Resources
7. **Terrance Rampersad**
   Group Manager - Internal Audit
8. **James Mendez**
   Head of Risk
9. **Devati Mooleedhar**
   General Manager - Corporate Banking
10. **Reaaz Shah**
    Treasurer
11. **Avyann Ferguson**
    Legal Counsel
12. **Anil Ramdhanie**
    Senior Manager Group -Technology
13. **Krishna Boodhai**
    Managing Director & Chief Executive Officer

Net Interest Income

Consecutive years of high levels of local currency liquidity, low interest rates and lackluster economic activity have negatively impacted the demand for credit. Despite these very challenging economic realities, IBL Group intensified its loan growth campaign which started in November 2011, and has been able to achieve an increase in net interest margin of 18.73% or TT$7.99 million to TT$50.66 million. Net interest income accounts for 61% of the total operating income of the Group. Interest income on loans and advances increased by TT$11 million or 26% while investment income fell by TT$2 million as a result of the low interest rate environment, as well as portfolio rebalancing into more liquid assets.

Other Income

The main contributor to other income was foreign exchange revenues. The intensive direct marketing efforts of the Group Treasury Unit were able to increase volumes and revenues in a highly competitive environment to TT$19.8 million, 35% higher than the previous fiscal year. The loan portfolio growth has also positively impacted revenue from fees and commissions which was reported at TT$8.8 million, TT$3.8 million higher than the prior year.

Operating Expenses

The Group's operating expenses for the year was reported at TT$63.5 million, up TT$6.7 million or 12% over the previous financial year. IBL's growth and expansion strategy over the past 17 months has contributed to this increase, the main drivers of which were staff related expenses and advertising and marketing expenditure.

Our staff costs, the largest component of operating expenses, totaled TT$35 million, representing an increase of TT$4.6 million or 15%. In addition to the opening of the Tunapuna branch and the resultant incremental staff count, several key management positions that were vacant in previous financial year were filled in 2012/13 financial year.

Group Returns

The results of financial year 2012/13 show that the Group is well on its way to adding value to the various stakeholders. The increased profitability reported in the year boosted the return on assets as well as the returns on shareholder's equity with both ratios registering significant improvements over the prior year. The return on assets increased from 0.37% to 0.65%, while the returns to shareholders increased to 9.33% as atMarch 2013, the highest level in 5 years.

Group Financial Condition

As at March 31, 2013 the Group's total assets stood at TT$1.55 billion, the highest in the bank's history. This represents an increase of TT$336 million or 28% over the prior year and was mainly driven by the growth in the loan portfolio over the year.

Loans and Advances

The Group's growth strategy had a positive impact on the loan book with net loans moving from TT$488 million to TT$733million at the end of the March 2013.

One of management's key objectives as IBL Bank continues to grow is its focus on maintaining high asset quality and working on collections and recoveries on delinquent accounts. The team's efforts during the year have resulted in non-performing loans closing at TT$45.5 million; down from TT$49.2 million for the prior financial year, and the non performing ratio moving favorably to 6.19% from 10.08% in the prior year.

Client Deposits

The total client deposit portfolio grew by 28.2% in the financialyear which is consistent with the increase experienced in the loan portfolio. This represented a TT$66.2 million growth in savings and a TT$284.3 million growth in time deposits. The Group has continued to focus on diversifying its deposit portfolio by expanding its core deposit (savings and demand accounts). While these efforts had some success in the year, we expect that more positive results will be seen in the coming months when several key initiatives in channel distribution are rolled out across the branch network.

Strategic Focus 2013/14

In keeping with our drive for continued growth and expansion, our focus will be on increasing our delivery channels. This will include the enhancing of our ATM and other electronic banking services, such as the introduction of our new Online and Mobile Banking Platforms which we have branded "IBL Bank Net" and "IBL Bank Mobile" respectively. In the area of Card Services, we will be seeking to expand our co-branded debit card offering and increase the diversity of our card solutions for both our individual and commercial clients. These services provide the ability for clients to perform a wide range of services online and via their mobile devices and will have several unique, differentiating features that we believe will put IBL Bank at the leading edge of this market segment.

Critical to our future success is the provision of unparalleled client service and team member development and engagement. To this end, we will be introducing several new client experience initiatives which will also include enhancement of the physical in-branch environment.

CHARTING THE WAY FORWARD 2013-2016: THE JMMB GROUP IMPLEMENTING INTEGRATED FINANCIAL SERVICES ACROSS THE REGION

The overarching strategic objective of the JMMB Group is to create and maximize long-term value for shareholders. As pioneers in the money market, our proven track record of success is built on a client-focused business model which requires continuous innovation in product and service delivery and applying our investment expertise to the benefit of our clients and shareholders. In responding to the changing needs of our clients, we have made significant investments including the recent acquisition of CCFG in Jamaica and extending our reach regionally with presence in Trinidad and Tobago and the Dominican Republic. Whilst acknowledging the benefits to our shareholders from these investments to date, we will be deliberate around garnering synergies and efficiencies from these acquisitions, further diversifying our income stream, increasing market share and adapting to the changing dynamics of the financial landscape to deliver long-term sustainable returns to our shareholders.

As such, our strategic focus for the next three years will be centered on key areas which we deem critical to the Group's long-term success.

In Jamaica, our focus is on:

I. Implementing customized "goal-oriented" portfolio management solutions where we provide solutions to meet the financial goals of our clients at every stage of their life. This represents a win for our clients - who will benefit from simple, transparent, value-added solutions that are tailored to meet their life goals and a trusted financial partner who will guide them towards their goal attainment. It is also a win for JMMB as we are able to build sustainable core revenues while reducing our balance sheet risk.

II. Proactively growing our market share by leveraging our extensive client base across Investments, Merchant Bank, Remittance and Insurance clients through deliberate and effective cross-selling and up-selling strategies whilst building stronger relationships with our clients through financial education and partnerships.

III. Improving our operational efficiency through centralized operations and process optimization whilst implementing specific operational efficiency initiatives for 'bankable gains' to our shareholders.

IV. Enhancing our overall client experience by improving our multi-channel (in-branch and electronic) experience with increased access and convenience to our clients.

V. Further diversification of our business lines by building-out of our Capital Markets Business unit and managing our balance sheet risk with the growth in off-balance sheet assets through Unit Trust, and other off-balance sheet products. We will also augment our strong capital base through the issuance of a new Preference Share. In addition, we will continue to reinforce and expand the operations of the Merchant Bank to apply for an upgrade to a Commercial Banking licence.

Regionally, our emphasis will be placed on:

I. Completing (pending regulatory approval) and integrating our acquisitions in Trinidad and Tobago and the Dominican Republic.

   a. In Trinidad and Tobago:

      I. JMMB will finalize the acquisition of the remaining 50% shares in IBL Banking Group (which consists of a Commercial Bank and a Merchant Bank).

   b. In the Dominican Republic:

      I. Complete the acquisition of Corporacion de Credito America (CCA). Once regulatory approval is achieved, the operations will be reorganised to a more robust and solid boutique banking operation ready to expand its banking products offering to the market as well as cross-sell to the client base of our Investments arm, JMMB Puesto de Bolsa.

II. Expand our suite of solutions to meet the needs of our clients by building out our Mutual Fund framework in the Dominican Republic, pending regulatory approval.

CONCLUSION

As we embark on the year ahead, we would like to once again acknowledge our clients for whom we continue to find creative ways to add value and to help them achieve their financial goals while remaining committed to serving them with care, integrity and love. We also wish to thank you, our shareholders, for investing a high level of confidence and trust in us as we continue to strive for excellence and be the premier Caribbean-grown financial institution of choice across the region. As we complete the significant acquisitions to build out the diversified business lines of the Group across the region in FY 2013-14, we are poised to bring significant innovation to the financial services market place through unique service delivery and nimble, efficient operations over the next three years. This is the core to continuously and sustainably increasing shareholder value.

Executive Team Leaders

1. **Kerry-Ann Stimpson**
   Group Marketing Manager
2. **Patrick Ellis**
   Group Financial Controller
3. **Imani Duncan-Price**
   Group Chief Strategy Officer
4. **Carolyn DaCosta**
   Group Compliance Manager
5. **Sheldon Powe**
   Chief Information Officer
6. **Donna Duncan-Scott**
   Group Executive Director -
   Culture & Human Development
7. **Janet Patrick**
   Financial Controller -Group Strategic Planning
8. **Damion Brown**
   Group Risk Manager
9. **Keith Duncan**
   Group Chief Executive Officer
10. **Paul Gray**
    Group Chief Investment Officer
11. **Margaret McPherson**
    Group Operations Manager
12. **Julian Mair**
    Chief Investment Strategist
13. **Kisha Anderson**
    Head - Investment Services

Profile of Executive Team Leaders

Keith Duncan

Group Chief Executive Officer

Keith Duncan joined JMMB as Trading Manager in 1993 and in 2000, became the Deputy Managing Director. In 2005, he was promoted to Group Chief Executive Officer and has responsibility for overall performance and charting the strategic direction of the Group.

A true visionary and strategist, he has 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 Financial Services Commission (FSC) in designing and implementing new structures and models to enhance the effectiveness of Jamaica's market players.

Keith was instrumental in the strategic acquisition of the Capital & Credit Financial Group in 2012, which has resulted in JMMB becoming an even more formidable financial services group of companies. In March 2011, under his leadership, the company was conferred with the prestigious Jamaica Chamber of Commerce 'Best of the Chamber Award' in the 'Large' category.

In addition to his responsibilities as CEO of the JMMB Group, Keith is known for his commitment to youth development. From 2003 to 2009, he served as chairman of the National Youth Service, working closely with the respective boards and teams to accomplish the objective of reforming Jamaica's youth into purposeful citizens.

He was also an integral partner in designing and implementing the Youth Upliftment Through Employment programme (Y.U.T.E), a private sector-led initiative, and now serves as Chairman of YUTE's Programmes Development and Implementation Committee. Keith is also the Vice President of the Private Sector Organization of Jamaica (PSOJ).

Keith holds a B.A. (Economics) from the University of Western Ontario in Canada and is a Chartered Financial Analyst.

Carolyn DaCosta, J.P.

Group Compliance Manager & Company Secretary

Carolyn has provided the JMMB Group with nearly two decades of stellar service, beginning her stint in 1995 as a Branch Supervisor. Following this, she has held several senior positions including Branch Manager for JMMB's flagship location, Settlement Manager, Technical Operations and Compliance Manager.

She has operated in the role of Group Company Secretary since 2008. In this capacity, she has an overarching responsibility for ensuring that the organization 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 Company's compliance and regulatory framework. In keeping with JMMB's commitment to effective corporate governance, she ensures the compliance of all relevant statutory and regulatory requirements, as well as the management of the internal audit process, monitoring changes in relevant legislation and the regulatory environment and taking appropriate action. Her role further involves ensuring the proper appointment, orientation and training of directors and executive team members.

Carolyn's professional qualifications include an undergraduate degree from the University of the West Indies and an MBA in Finance from the Manchester Business School. She is also a Fellow Member of the International Compliance Association and a Justice of the Peace for the parish of St. Catherine.

Damion Brown

Group Risk Manager

Damion Brown's 10-year journey in finance has been one led by passion and delivered with purpose. Always possessing a keen interest in finance and how it enables economic growth and improvements in people's lives, Damion has built a career that is defined by strong technical expertise in risk and macroeconomic analysis and investment management.

As Group Risk Manager, he possesses certified skills and vast experiences in the industry, starting with his first professional assignment as an Economist at the Bank of Jamaica in 2003. This four-year position prepared him well to enter the unique world of the largest investment brokerage house in the Caribbean – JMMB – as an Investment Strategist in 2007.

Within a year, Damion was appointed Market Risk Manager and, following a two year hiatus from the Group when he was Principal at the Bermuda Monetary Authority, returned to assume his current position in 2012. He now has oversight of risk functions for the diversified financial services company, providing leadership to the risk management functions across the group, to safeguard the value of JMMB's shareholders' equity and minimise any risk to clients' investments.

His career has also been marked by volunteer service, when he gave of his time and talents in senior leadership roles at the Jamaica Association in Bermuda from May 2010 to April 2012. In addition to holding a BSc and MSc in Economics from the University of the West Indies, Damion also has several professional certifications including Chartered Financial Analyst (CFA Institute), Financial Risk Manager (Global Association of Risk Professionals), Professional Risk Manager (Professional Risk Managers' International Association) and Chartered Alternative Investment Analyst (Chartered Alternative Investment Analyst Association) which have strengthened his expertise and the value he offers to clients.

Donna Duncan-Scott

Group Executive Director - Culture & Human Development

In 1998, following the passing of Joan Duncan, Donna assumed the role of Managing Director of JMMB, maintaining the company's premier position as industry leader and, together with the team, established the largest brokerage house in the Caribbean. In 2005, she demitted the office of Managing Director to give more focus to raising her two daughters.

For the past seven years, Donna has successfully applied her passion for the empowerment of others to her position of Group Executive Director of Culture & Human Development. With her strong commitment to individuals reaching their full potential, she leads the team responsible for preserving the group's unique culture – creativity and innovation at work in a dynamic environment which is based on Love, Integrity, Fun and Togetherness. As such, her team nurtures the interests and growth of their fellow team members, taking time to understand their strengths, goals and aspirations, then providing the necessary support to ensure team members tap into the power within and manifest this power to the benefit of all. Her enthusiasm and genuine desire to empower and inspire JMMB team members has led to the creation of programmes, practices and policies which have proved instrumental in upholding JMMB's core ideals of Love, Integrity, Openness and having the Best Interest of all at heart.

Donna's belief in transformation and self actualization is manifested in the guiding principle; "We were born to manifest the glory of God. It is not just in some of us, it is in every one of us." – Marion Williamson

Imani Duncan-Price

Group Chief Strategy Officer

Imani Duncan-Price joined the JMMB Group as Group Strategy Manager & Manager, Corporate Solutions (2007), and then as Group Marketing Manager (2009), led the brand and marketing strategies across the region. She is currently Group Chief Strategy Officer with responsibility for developing business strategies and performance management systems for sustainable profitable growth for the diverse business lines in Jamaica, Dominican Republic (DR) and Trinidad & Tobago. As a Senator with the Government of Jamaica, Imani also spends her time focusing on economic development by reviewing laws to determine how they can better enable, and not inhibit, growth prospects for the majority of Jamaicans.

Imani honed skills in strategy, consumer analytics, marketing, product positioning through several postings at the Boston-based consulting firm, Monitor, the OTF Group and the World Bank as she worked with companies and Governments in Bermuda, DR, Rwanda and Jamaica. As a former Director of the Development Bank of Jamaica (DBJ), Jamaica's leading financial government institution for economic development, and member of its Investment and Credit Board Committee, Imani garnered further knowledge of financing options, deal structuring and regulatory bodies. She is also a founding member of the Caribbean Policy Research Institute, the Caribbean's first independent think-tank. Imani is currently a Board Director of the Kingston-YMCA Jamaica, a Core Executive Member of Y.U.T.E. (Youth Upliftment Through Employment) and a member of Key Insurance's Board Sub-Committee on Investments and Loans.

Prior to completing her first degree, Imani represented Jamaica as Miss Jamaica (World) 1995, with her focus on sustainable environmental practices as well as violence-reduction in schools, and was the first spokesperson for PALS Jamaica. She attended Wesleyan University where she graduated with a BA (Honours) in Economics. Imani also holds her Master's degree in International Development, with a focus on economic development and growth, from Harvard University.

Janet Patrick

Financial Controller - Group Strategic Planning

Janet was appointed Financial Controller in 2007, being elevated from her original role of Chief Accountant, which she held when she joined the Company in 1998.

In her current capacity, her extensive experience in accounting and auditing are called upon, as she has direct responsibility for the preparation of the Group's budget and forecasts as well as management reporting. She also chairs the Group Expense Committee.

Prior to joining JMMB, Janet garnered extensive experience in the financial sector, primarily as a member of the senior audit staff of KPMG Chartered Accountants, working on major audit assignments and several special projects, spanning the financial, manufacturing and hospitality industries.

Janet is a Chartered Accountant with a Diploma in Business Administration (Accounting) from the University of Technology.

Julian Mair

Chief Investment Strategist

With over 20 years of experience in the financial services sector, Julian Mair currently operates as JMMB's Chief Investment Strategist. In addition to his position at JMMB, Julian has played a significant role in the development of Jamaica's capital market.

His experience includes positions at Jamaica's foremost financial institutions, including Head of Treasury and Investment Services at Dehring, Bunting and Golding (now Scotia DBG Investments) and Senior Trader and Cambio Manager at JMMB. In addition, he has partnered and consulted with various international financial institutions and the Government of Jamaica in structuring Global Bond Issues.

A former Managing Director of Letts Investment Ltd., his leadership resulted in the boutique operation becoming a global player in the trading of internationally–issued securities.

A founding member and executive member of the Jamaica Securities Dealers Association (JSDA), Julian also serves various institutions as a director, including JMMB Securities Limited, JMMB International, JMMB Puesto de Bolsa and the Jamaica Stock Exchange.

Kerry-Ann Stimpson

Group Marketing Manager

Kerry-Ann Stimpson is an expert financial marketer whose strong passion for her craft has led to continued top-level performances and a marketing career defined by excellence With over 10 years' experience in financial services marketing, Kerry-Ann added even greater heft to the JMMB marketing team in late 2012 when she assumed responsibility for the marketing strategy, design and execution for the JMMB Group.

Her professional journey in marketing began at Dehring Bunting & Golding Ltd. (DB&G) where she moved up the ranks to eventually become Senior Manager, Marketing. The impressive execution of her craft in these progressive roles, allowed her to step confidently into a larger executive position as Assistant Vice President, Marketing of First Global Bank and First Global Financial Services.

Kerry-Ann holds a Bachelor of Science (BSc.) in Management Studies from the University of the West Indies and a Master of Business Administration (MBA), with a concentration in Marketing, from the University of Maryland, College Park. She has participated in specialised workshops including 'Managing and Marketing in a Slow Growth Economy' and 'The New World of Marketing & Brands', both through Synergy Communications.

In addition to her marketing expertise, Kerry-Ann is also a communication coach and a motivational speaker.

Kisha Anderson, J.P.

Head - Investment Services

Kisha Anderson began her tenure with JMMB in 1996, and has since worked in several areas of the company's operations. With her most recent appointment in October 2012, Kisha now heads JMMB's Investment/Securities team. In this role she is responsible for leading the development and execution of the strategy for the area, inside of the overall objectives and framework of the Group. With her innovative ideas, solution-oriented work ethic and drive for excellence in performance, Kisha plays a key role in leading her team's contribution towards the realization of the integrated financial services model for the JMMB Group in Jamaica.

Kisha is directly responsible for the growth and development of the units within her area ensuring that revenue, market share, profit targets and other key performance indicators are met. These units include trading and treasury, retail and corporate frontline, frontline operations, client fund services and the electronic channels. In keeping with the Company's commitment to building genuine relationships and creating value for clients, she oversees the delivery of JMMB's trademark exceptional client care and supports the ongoing development and management of our client value propositions.

With a Bachelor of Science from UWI, Kisha is now pursuing the CFA designation.

She serves as a director on the Board of JMMB Insurance Limited, JMMB Fund Managers Limited and Capital & Credit Remittance Ltd and is a Justice of the Peace for Kingston.

Margaret McPherson

Group Operations Manager

Margaret was appointed Group Operations Manager in May 2012, bringing over two decades of growth and development within the financial sector, as a result of the experience and exposure she obtained from a versatile banking career. Her vast experience was amassed serving in various managerial capacities in several premier organizations within the sector.

As Group Operations Manager, her primary responsibilities consist of ensuring the efficient execution of the middle and back office operations, which include the Information Technology, Securities & Settlement, Facilities, Group Projects & Business Process Management and Operations departments. She participates in the Group's strategic formulation, execution and management.

Margaret holds an MBA in Finance from Manchester Business School and is an Associate of the Institute of Canadian Bankers. She possesses certification in Project Management and has participated in various banking courses, both locally and internationally.

Patrick Ellis

Group Chief Financial Officer

Since 2008, Patrick has held the post of Group Chief Financial Officer, a role which includes oversight and execution of the Company's strategic and financial operations. Chief among his responsibilities are the preparation of financial statements, regulatory reporting, assessing the viability of possible acquisitions, as well as risk management for JMMB's operations in Jamaica, Trinidad & Tobago and the Dominican Republic.

Before beginning his stint at JMMB, Patrick served as a director in the Audit Assurance and Advisory Department at PricewaterhouseCoopers (PwC), leading the management of the audits of major companies in the financial and telecommunications industries in Jamaica and the wider Caribbean. His experience as a multi-sectoral relationship manager included preparing a company for private listing on the Securities Exchange Commission and audit certification pertaining to bond offerings in international capital markets.

Patrick holds an MBA (Finance) from the Manchester Business School and is also a Fellow of the Chartered Association of Certified Accountants (U.K.), a Fellow of the Institute of Chartered Accountants of Jamaica as well as a Certified Public Accountant.

Paul Gray

Group Chief Investment Officer

With over 15 years in the financial industry, Paul brings a wealth of knowledge and experience to his role of Group Chief Investment Officer, having built a solid track record in asset management and trading. In this capacity, he has overarching responsibility for the group investment management framework, which includes portfolio build out and management, liquidity planning, hedging, trading and research delivery, both locally and regionally.

Paul is the Chairman of the Group Investment and Liquidity Management Committees and also serves on the Board of JMMB Insurance Brokers Limited, JMMB Securities Limited and JMMB Fund Managers Limited. In addition, he is the President of the Jamaica Primary Dealers Association.

He has also received professional development training in treasury, asset/liability and risk management, both locally and overseas. He is the holder of a Masters degree in Finance from the Manchester Business School UK.

Sheldon Powe

Group Chief Information Officer

Sheldon currently serves as Group Chief Information Officer, following over a decade and a half of service to the Company. In his position as head of the technology unit, he has a mandate to ensure a stable and secure electronic platform for the ongoing provision of services that enhance the efficiency and effectiveness of the JMMB Group of Companies. He is also responsible for creating and maintaining a highly professional, customer oriented and innovative IT function and developing and delivering a reliable IT strategy that drives excellent outcomes. Further, he directs the operations of JMMB's technology platform, ensuring network security and reliability, overseeing the Data Centres, frontline applications including online services, Electronic Transaction Machines (ETMs), Client Care Centre and other in-branch transaction processing systems, Information Security and IT Disaster Recovery.

Sheldon holds a Bachelor of Science degree from the University of the West Indies, and a Masters degree in Industrial and Systems Engineering from the University of Florida. In addition, his expertise is supported by various certifications including, Project Management Professional (PMP), Certified Information Systems Auditor (CISA), Certified Information Security Manager (CISM) and is also ITIL V3 certified.

Sheldon serves on the Board of Directors for JMMB Fund Managers Ltd and JMMB Investments, Trinidad & Tobago.

Merchant Bank

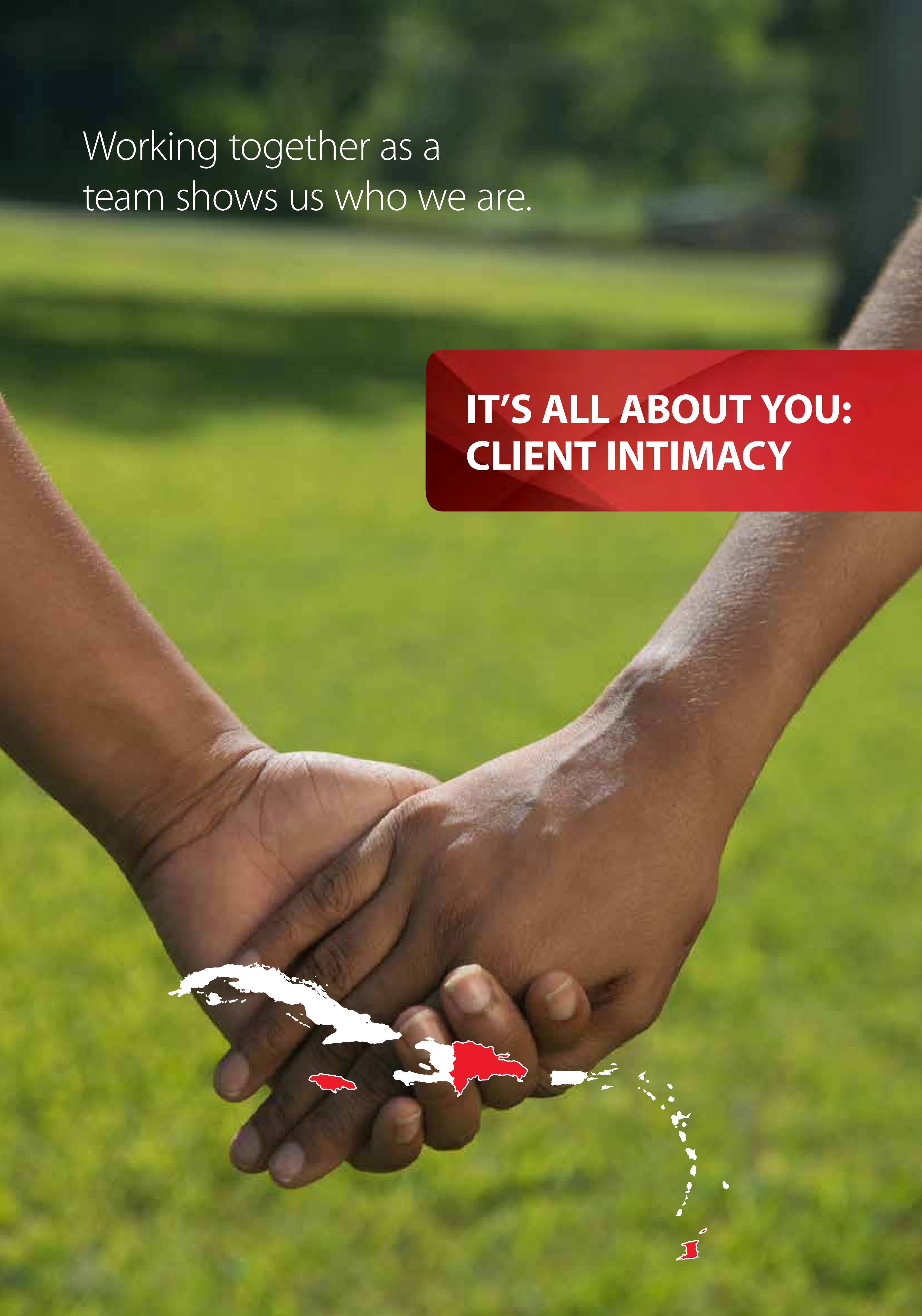
1. **Horace Wildes**
   Branch Manager - Ocho Rios
2. **Kathleen Williams**
   Head of Operations
3. **Trudy-Ann Bartley-Thompson**
   Legal Counsel
4. **Stafford Robinson**
   General Manager - Credit Risk Management
5. **Wayne Beckford**
   Head of Treasury
6. **Peta-Gaye Fairclough**
   Chief Compliance Officer
7. **Karl Townsend**
   Corporate Origination Specialist
8. **Moya Leiba-Barnes**
   General Manager - Client Services
9. **Janet Small**
   Financial Controller - JMMB Merchant Bank
10. **Jerome Smalling**
    Chief Executive Officer
11. **Damion Hylton** (Absent)
    Head - Corporate & Commercial Banking
12. **Lance Duhaney** (Absent)
    Branch Manager - Montego Bay
13. **Owen Ferguson** (Absent)
    Branch Manager - New Kingston

Senior Team Leaders
Heads of Departments

1. **Kashwayne Bryson**
   Financial Controller
2. **Alicia Maye**
   Group Project Portfolio Manager
3. **Claudine Campbell-Bryan**
   Senior Manager - Compliance
4. **Ernest Edwards**
   Manager - Information Technology Projects
5. **Fornia Young**
   Head - Retail Client Sales & Services
6. **Kadean Steele**
   Manager - Corporate Solutions
7. **Orin Malcolm**
   Group Information Security Manager
8. **Peter Thompson**
   Senior Investment Manager - Pensions & Client Portfolio
9. **Ike Johnson**
   Senior Strategic Management Officer
10. **Kwame Brooks**
    Assistant Trading & Treasury Manager
11. **Judene Duncan**
    Manager - Corporate Planning & Performance Management
12. **Teverly Gray**
    Electronic Services Manager
13. **Christopher Walker**
    Head - Fund Services
14. **Gifford Rankin** (Absent)
    MIS and Application Support Manager
15. **Dawnel Thompson** (Absent)
    Group Project & BPMO Manager
16. **Keisha Forbes** (Absent)
    Head - Trading & Treasury
17. **Densie Robinson** (Absent)
    Group Middle Office Manager
18. **Nerene O'Connor-Brown** (Absent)
    Operations Manager - Client Sales & Service Delivery

Senior Team Leaders
Branch Team Leaders

1. **Latanya Monteith-Housen**
   Branch Operations Manager - May Pen
2. **Simone Thomas**
   Branch Manager - Mandeville, Junction & Santa Cruz
3. **Michelle Whitely**
   Branch Manager - Portmore
4. **Rockann Clarke-Crawle**
   Branch Manager - Haughton Terrace
5. **Sydney McLennon**
   Branch Manager - Knutsford Boulevard
6. **Lorna Hall**
   Branch Manager - Montego Bay
7. **Vivienne Duncan**
   Business Development Manager - Ocho Rios
8. **Joan Edwards** (Absent)
   Manager Personal Portfolio - Management Center



Working together as a team shows us who we are.

IT'S ALL ABOUT YOU: CLIENT INTIMACY

IT'S ALL ABOUT YOU!

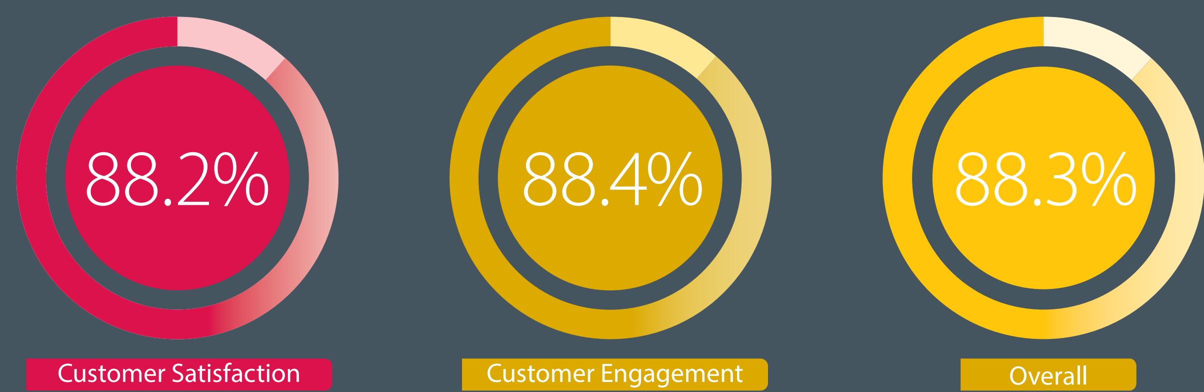
JMMB is your financial partner who always keeps our clients' best interests at heart by providing simple, transparent solutions oriented around life goal(s).

You're the Man: Group CEO Keith Duncan greets these gentlemen at the official launch of the JMMB PPM.

The year 2012-13 was an extremely eventful period with JMMB's strategic acquisition of the Capital & Credit Financial Group (CCFG).

To determine how CCFG's unique clients were receiving the transitory experiences brought by the acquisition and integration and to measure their awareness, usage and attitudes towards JMMB's investment products, baseline Client Satisfaction & Engagement Surveys were commissioned. The results were as follows:

PERIOD SURVEY, OCT-DEC' 2012



During that period clients' reactions were as follows:

- **100% stated that they feel that they are a part of the family at JMMB Merchant Bank (formerly CCMB)**
- **90% stated that the financial advice and direction provided by JMMB Merchant Bank (formerly CCMB) is superior to all other financial institutions**
- **80% believed that JMMB Merchant Bank (formerly CCMB) is the best financial institution for me (our business / institution)**
- **90% believed that JMMB Merchant Bank (formerly CCMB) sets the standard by which other financial institutions should be judged**
- **90% believed that Client Care at JMMB Merchant Bank (formerly CCMB) is better than those of other financial institutions**
- **80% actively encouraged others to become clients of JMMB Merchant Bank (formerly CCMB)**
- **90% were delighted with their banking experience with JMMB Merchant Bank (formerly CCMB)**

Additionally, towards the end of the year, the CHDT initiated a comparative analysis of the Client Care Standards of both entities to extract the best of both with a view, to developing Integrated Client Care Standards that reflect the values and culture of One Team. In this way, we can serve our clients even better, as we continue to have their best interests at heart and be their lifetime financial partner, helping them to meet their goals.

In our ongoing efforts to enhance our clients' telephone contact and online financial service experiences, our promised implementation of a new PBX System and the launch of our new Moneyline Version 5 were completed by mid-year. Although not without teething pains, the advanced and expanded Moneyline capabilities, including Mobile Moneyline, were very well received by both internal and external members of the JMMB Family.

In celebration of Jamaica's 50th Anniversary, which coincided with JMMB's 20th Anniversary, August 8-10, 2012 saw our clients having a grand time at the beautiful "Olympic Village" created at our Haughton location by our expert Marketing Team, where clients were feted while viewing the Olympics in comfort and style. They also received 20th Anniversary mementos for the occasion. JMMB's 20th Anniversary Client Appreciation Day was later held on November 6 and the JMMB Support Team Members came out to help our Frontline in their efforts to entertain, serve and delight our clients.

For the team, the celebration of our 20th Anniversary Long Service Awards was held on Saturday, December 15, 2012 at the National Indoor Sports Complex, under the theme, 'JMMB 20: The Power of One Love, a Whole New World.'

We acknowledged awardees for their ten years of service and over. Long service awardees included 90 Team Members, Board Members and our newest Team Members who served the CCFG for the equivalent periods. There were also four special acknowledgements of staff members and service providers who served the JMMB Team for over ten years in the capacity of security personnel and office attendants.

CS& E Survey Results – Investment Services:

JMMB's Overall Client Satisfaction & Engagement scores increased from an average of 87.7% to 89.5% year over year. We continue to be guided by our clients' feedback and at the end of 2012 they continued to be confident in and passionate about JMMB.

93% are delighted with their experience with JMMB

93% stated they actively encouraged others to become clients of JMMB

88% stated they feel they are a part of the JMMB family

86% believe JMMB is the best financial institution in Jamaica.

86% feel JMMB sets the standard by which all financial institutions should be judged.

84% feel the Client Care at JMMB is better than that of any other financial institution

All Smiles: Manager, JMMB Personal Portfolio Management Centre, Joan Edwards (right), shares a warm moment with a longtime client.

THE JMMB GROUP

How has your experience been with us at JMMB?

Monifa Williams-Lewis: "This week I had the pleasure of interacting with an Agent at the JMMB Client Care Center. Russell's professionalism, insight and amicable demeanor varied significantly from some of the customer service that I'd experienced when conducting over-the-counter transactions in the past.

"…How very pleased I am with the excellent service and professionalism of Ms. Sophia Brown, Financial Advisor at the Knutsford Branch. — **Robert H.P. Hill**

Andrew Samuels: "Wendy Rowe-Hill, I must say how grateful I am for exceptional and helpful customer service. It's rare in Jamaica when superb customer service is given, but knowing JMMB, it's the hallmark signature of your business.

But personally, your efficiency, your knowledge of products and your personality made doing business less tense even though my tension level was high. Again, 5 stars for excellent customer service".

Just for Laughs: Personal Portfolio Manager, Karlene Jarrett (right), and guests are tickled with laughter at the launch of the JMMB Personal Portfolio Management (PPM) Centre.

Candice Cousins: "JUST SAYING THANK YOU. I just want to tell u thank you very much for your assistance in getting this car loan. Words are not enough to explain Mark and my appreciation for your help, but we just want to thank you again for your kindness".

"You are awesome. Kudos to you and your organization. I have received nothing but efficient and professional service from you, from the get go, to date". — **Anthony Thompson**

Banking Services:

At the end of March 2013 JMMB Merchant Bank's (formerly Capital & Credit Merchant Bank) Overall Client Satisfaction & Engagement score was commendable at 85%, where 70% is usually the industry norm. Clients were still in the process of evaluating differences resulting from the integration while becoming more aware of the expanded range of products and services available to them.

83% feel like they are a part of the family at JMMB Merchant Bank

90% are delighted with their banking experience with JMMB Merchant Bank (formerly Capital & Credit Merchant Bank)

83% actively encourage others to become clients of JMMB Merchant Bank

70% Client Care at JMMB Merchant Bank is better than those of other financial institutions

70% Feel JMMB Merchant Bank is the best financial institution for me

Offering Development

JMMB added not just banking, but Unit Trust, Debit Cards & Remittance Services to their range of products and services. Our new Moneyline Version 5 was also implemented, including Personal Moneyline Mobile, Personal Moneyline Desktop and Corporate Moneyline; additionally, the new PBX system was successfully installed and allowed for additional integration of lines.

2013-14

We continue to be passionate about service and focus on our chosen Desired Client Outcome, "Our Clients are delighted fans who trust and have confidence in JMMB", until we achieve mastery in being:

- reliable partners, ("Unstoppable!" – our chosen Change Vision) - we follow through to completion, no matter what;
- "extra milers" making it so easy for our clients that they want and choose JMMB to always be a part of their lives.
- having their best interest at heart (in their world).

These outcomes are consistent with Our Vision of Love, Partnership Agreement and our new over-arching Client Value Proposition, "JMMB is your financial partner who always keeps our clients' best interests at heart by providing simple, transparent solutions oriented around life goal(s).

Once mastery is achieved, these outcomes will support us in realising our goal of being "The undisputed leader in Client Care through Love, Integrity, Fun and Togetherness. Full Stop."

The Culture & Human Development Team will continue to play a pivotal role in reinforcing these outcomes, which are all aimed at fulfilling on our promises to our clients because we have… Your Best Interest at Heart.

Our responsibility to one another gives us our humanity.

Love in Action

JMMB'S Corporate Social Responsibility

JMMB's commitment to nation building and people empowerment was strongly manifested during the year in review through several high-impact outreach activities spanning community enhancement, culture, education and training, health, and sports. This focus on inspiring positive change was fueled by the Company's unique Vision of Love and, in 2012 in particular, gained traction through its 'Power of One – One Team, One Love' messaging which promoted the importance of incorporating values of love, openness, honesty, integrity and care into all internal and external relationships.

The Group encourages its team members to be active and proactive within the company's host communities islandwide and as such its branch network earnestly supports localised initiatives by devoting time, talent and financial backing to charitable activities. Accordingly, team players recognise the links between the organization and the wider society and the inter-relatedness of all life. In keeping with this, JMMB is committed to being actively concerned with the conservation, preservation and sustenance of the natural environment in order to ensure sustainable development.

JMMB therefore proudly recognises its social responsibility, taking its involvement in charitable and voluntary activities very seriously and understanding that it has everything to do with JMMB being a part of the link in the wider societal chain.

EDUCATION & TRAINING

Scholarships and School Facilities

In its thrust to create premium educational access for children, the JMMB Group, through its Joan Duncan Foundation, provided academic scholarships to several individuals and the JMMB Merchant Bank (formerly Capital & Credit Merchant Bank) Scholarship Programme. The Calabar Foundation also received a monitary contribution to help with the construction of a new block of classrooms at the school.

Literacy Promotion

On 'Read Across Jamaica Day', a large group of team members from the financial group's islandwide branch network read with students in 18 schools across Jamaica as they joined in what was a corporate Jamaica-led response to the challenge of illiteracy in Jamaica.

Business Development and Ethics

At the tertiary level, the company in late 2011 contributed a J$81.7m to the University of Technology's (UTECH) Joan Duncan School of Entrepreneurship, Ethics and Leadership (JD SEEL) in the College of Business and Management.This donation has continued to help advance teaching and research in entrepreneurship, economic growth and moral considerations in business decision making and values-based leadership.

Former Prime Minister, the Most Honourable PJ Patterson (centre) accepts a cheque on behalf of the Calabar Foundation from Patricia Sutherland, Chair of the Joan Duncan Foundation. Looking on is Everton McDonald.

Y.U.T.E

Significant investments were also made in the areas of youth skills training and job creation through the Youth Upliftment Through Employment (Y.U.T.E.) programme. Y.U.T.E. is geared towards empowering unattached youth in depressed communities by improving their employability and giving them opportunities for gainful employment and JMMB is helping to facilitate this through monetary support, employing participants as well as having team leaders involved in Y.U.T.E. training sessions.

JMMB plays a further strong leadership role in the programme's implementation through leadership and guidance from Group CEO, Keith Duncan, who chairs the Programme Development and Execution team and Imani Duncan-Price, our Group Chief Strategy Officer, who adds her expertise to the project steering the Communications and Creative Engagement process.

HEALTH

Dancing Delight: These young dancing divas delighted the audience at the annual Pickney Love concert.

Pickney Love

In Jamaica, the company continued to champion the cause of children when it hosted the 11th Annual Pickney Love concert in December 2012. The family themed event produced a thrilling entertainment package that raised funds for the Dare to Care Children's Home, a haven for children living with HIV/AIDs.

CUMI

The Montego Bay based Community for the Upliftment of the Mentally Ill (CUMI), is another of JMMB's trademark charities. CUMI's comprehensive rehabilitation programme helps improve the lives of the mentally ill and homeless. JMMB is particularly involved in the sustenance of the day centre's children's programme that supports children of mentally ill persons. The CUMI organisers work along with various partners to find the appropriate supportive mechanism and the best learning tools to afford each child an opportunity to realise his or her full potential and JMMB proudly undertakes all the financial costs associated with raising the children, as well as for interventions.

COMMUNITY ENHANCEMENT

Coastal Clean Up

The Group partnered with the Rotary Clubs of Jamaica on a three-city beach cleanup activity in observance of International Coastal Clean-Up Day in 2012. The activity also saw the Montego Bay Rotaract Club winning a prize for collecting the most garbage, that benefitted a charity of their choice.

Labour Day 2012

Clean Weight: JMMB Team members and other supporters weigh in after cleaning up the beach in the annual Coastal Cleanup competition.

Paying it Forward: Charlyn Burgess of JMMB's Montego Bay branch presents a patty warmer to Mary Ricketts, Jamaica Christian School for the Deaf, after the Montego Bay team painted the boys' dorm as part of their Labour Day activities.

Motivated by the 2012 Labour Day theme 'Step Forward, Make Jamaica Beautiful', JMMB joined national efforts in celebrating Jamaica 50 by transforming a section of the National Heroes' Park through landscaping, painting and other beautification activities.

SPORTS

Swimming

JMMB's continued partnership with the Amateur Swimming Association of Jamaica (ASAJ) resulted in the renovation of the Control Booth at the National Stadium. This new housing has assisted the swim officials to more accurately record swimmers' times.

Football

JMMB has supported Jamaica's participation in world-class competitive football internationally through sponsorships, as well as the professional development of the sport locally through a three-year partnership with the JMMB/JFF/UTECH Coaching School'. The investment in coaching has better equipped our local coaches with the skills to build consistently technically-sound players at all levels of the game.

CARIFTA Games

Additionally, JMMB donated significantly to the hosting of the CARIFTA Games in Jamaica through sponsorship of the Jamaica Team.

JFF Coaching School: Roy Reid, Manager - Client Portfolios & Investment Strategies at JMMB (left) presents Coach Daine Brown with his Advanced Level II Certificate at the JMMB/JFF/UTech Coaching School graduation ceremony.

Corporate Fundraising Walks

In keeping with their desire to be involved, JMMB team members joined like-minded individuals and companies in the GraceKennedy Education 5K to help raise funds to support education programmes in the Down Town area 'inner-city' community. The 'Power Walk for Dress for Success 5K' also attracted JMMB support with a team of 24 team members participating in the event that promotes economic independence and a healthy life.

The team copped several prizes, including:

- Best Dressed Corporate Team
- First Male Finisher: Omar Edwards
- First Female Finisher: Iman Bolton
- Largest Participating Team

Stylish Fitness: Team members don stylish hats for the Dress for Success Power Walk.

CULTURE

In support of the Jamaican culture, JMMB sponsored two major cultural events namely, Ntukuma Cultural Support – Oral Tradition / Storytelling Festival and sponsorship of 'Di Blueprint Band' to attend the Global Battle of the Bands in London to represent Jamaica, where they emerged victors.

Additionally, JMMB offered brand sponsorships to several other groups and organisations to aid in their outreach and development initiatives. These include the Constant Spring Golf Club, Agency for Renewal, Jamaica Down Syndrome Foundation, the UTech School of Advanced Management, Chin Yees Travel Service and Panache Entertainment.

Champions of the World: Members of the Di Blueprint band celebrate with their Global Battle of the Bands first place trophy.

REGIONAL SUPPORT

The IBL Banking Group in Trinidad and Tobago, continued to invest in 'Mental Math' – an annual inter school math Olympiad for primary schools. In the Dominican Republic, a campaign to encourage financial literacy in children was activated in partnership with Junior Achievement, through its 'My Money Business' seminars. Also, the Madeleas girls' home was adopted as part of the Company's efforts to empower young women.

8. **Go Jamaica!:** Clients and team members cheer on our national athletes during the 2012 Olympic Games, at JMMB's Olympic Village.

9. **In Line for Victory:** The JMMB team lines up before being awarded winners of the dress parade for the Business House Netball Competition.

The Power Of One JMMB Team

Love, Integrity, Fun & Togetherness

1. **Nothing but Love for You:** Team members are happy to see each other at an All-team Integration Event.

2. **Praise to the Lord:** Clients and team members join the St Elizabeth community for a Thanksgiving Service in recognition of the JMMB Group's 20th Anniversary.

3. **Family Ties:** Members of the team strike a pose on Tie Day.

4. **'Hat' Stuff:** Ladies at the JMMB Client Care Centre and Portmore branch strike colourful poses in unique headwear on Hats Off Jamaica Day.

5. **A Knee Up on the Competition:** It's a dance-off between team members at a Post-Olympics Lyme.

6. **Feeling the Vibe:** JMMB Executive Director Donna Duncan-Scott (left) and Lisa-Maria Alexander, Head, Marketing, Intercommercial Bank (IBL) Ltd, enjoying the vibe at the annual Pickney Love concert.

7. **And the Award Goes to:** Team members cap off a night of glitz and glamour with special awards received at the JMMB Group's 20th Anniversary Dinner and Awards.

The Best of Both

THE INTEGRATION OF CCMB

The year 2012-13 was an extremely eventful period with JMMB's strategic acquisition of the Capital and Credit Financial Group (CCFG). The JMMB Group Culture and Leadership Development Team (CHDT) had the responsibility of integrating over 400 team members, ensuring that placement of team members was based on right fit/right role/right team.

Accordingly, within the framework of the JMMB Group values and philosophy, we chose to adopt the best of CCFG's and JMMB's people policies and cultural practices (cultural integration) under the theme the POWER of ONE – One Individual, One Team, One Love.

JMMB nurtured its unique culture through ongoing developmental activities for team members, such as POWER of ONE:

a. Team Building Sessions
b. Sports Club House Lymes
c. Leadership Mixers
d. JMMB Way Sessions and
e. An All-Team Integration Activity – held October 6, 2012, under the theme 'The POWER of ONE: Many Beats, One Rhythm'

The main objective of this exercise was to achieve the highest level of synergy (people, processes) in record time, exceeding past performance levels by utilizing the POWER of ONE: One Individual, One Team, One Love underpinning the culture and having happy team members serving happy clients.

The desired outcomes were:

- Further bonding as One Team, One Family
- Sharing
- Where we were (inside of our established strategic perspectives)
- Concerns among the team
- Opportunity to exhale – drum fun team building and stress reduction activity
- Team members identify and declare their individual and collective responsibilities for us all to realize the full potential of this transaction, in the best interest of all
- To create and align on ways of thinking and practices that would support us being ONE – standing for each other's greatness

The All-Team Integration Activity was charged with the energy of the internationally renowned drummer and cultural icon par excellence, Willie Stewart, formerly of Third World Band who, for one hour, led the team through a series of drumming exercises and performances designed to build team spirit and reduce stress.

THE INTEGRATION OF CCMB

1 PEOPLE Objectives

Team Members who leave are complete (minimal or no upset), they understand the rationale (they don't take it personal), they have a plan, they feel fully supported in their transition process.

All Team Members feel heard, respected, valued and appreciated.

Team Members and Team Leaders are engaged and motivated as far as possible throughout the entire process.

Maintain respective client care standards throughout the integration process and develop an enhanced integrated client care standards framework.

Newly formed teams are equipped to be cohesive, happy and high-performing: ready to capitalize on the best of JMMB and the best of CCFG, identifying new opportunities, creating new solutions, enhanced practices and procedures.

The integrated team is stronger (right structure – best fit – experience, skills, attitude)

Build high trust relationships across group

Leadership and team members are supported in providing extraordinary leadership that will facilitate the achievement of the people objectives and the realization of the strategic objectives of the integration in the best interest of all.

A Vision of Love

JMMB is seeking to create an organizational environment in which team players can achieve their full potential. Accordingly, the teams at JMMB are committed to a long-term ongoing process of holistic development that recognizes the complete development of the individual. JMMB is therefore, a medium through which individuals may have dreams for themselves; and can extend those dreams beyond the organization into an infinite, prosperous and abundant society and universe. Each person is loving and respectful of each other, and represents an important link in a chain of LOVE serving each other, sharing ideas; building each other. Hence the JMMB vision is shared by all team players.

The JMMB Team is clear that the organization is based on UNCONDITIONAL LOVE and MUTUAL RESPECT. This LOVE is expressed in ongoing day to day working relationships and performance. Unconditional love is expressed in every interaction and is the foundation upon which the organization rests. Love motivates the JMMB team to serve our clients who are a very special part of our family. The driving force of the organization is to provide opportunities for team players to expand their potential, to recognize the power within and their ability to fully express and manifest this power to the benefit of the individual, the organization and the society. In the process, all individual and organizational goals are achieved.

This is the central ethos / philosophy of JMMB and becomes increasingly challenging as the organization increases in size. This innovative approach to life represents a new way of looking at the world, where equality and equity are dominant. Hence, this represents a paradigm shift.

JMMB is therefore, actively and publicly involved in charitable / voluntary activities within the society and recognizes and accepts its social responsibility; understanding that it has everything to do with JMMB which is part of the link in the wider chain. With this perspective, the JMMB team recognizes diversity, while celebrating differences among team members, realizing that there are commonalities that bind members together. When this "One-Ness" is accepted, nurtured and developed, this enhances the ongoing implementation of the shared vision. The intention is to ensure that wherever conflict exists, we achieve to a positive outcome.

JMMB is committed to life in all its abundance. Accordingly, team players recognize the links between the organization and the wider society and the inter-relatedness of all life. In keeping with this, JMMB is committed to being actively concerned with the conservation, preservation and sustenance of the natural environment in order to ensure sustainable development.

The atmosphere that JMMB is in process of developing, may be defined as an energy field where overlapping circles of creativity, passion, excitement, fun and laughter coexist in a dynamic process that ultimately leads to higher and higher levels of self-actualization; hence, the achievement of the organizational mission. This is a loving, caring and honest atmosphere where ideas are valued and shared openly; where a balance is created between aspirations and practical aspects of work and life, between actualization and potential. There is no fear, no limitations, no boundaries. Team members are, therefore, expected and encouraged to be genuine, taking responsibility to express anything they feel, knowing that it is safe to do so. To ensure this, JMMB is committed to provide an open forum for ideas to be discussed, tested and implemented in order to help each other grow.

Team Members, therefore, envision JMMB as the premier financial institution of its kind: successful, professionally managed with excellent team members giving exceptional client care and striving to achieve excellence in all areas of life. Team members see JMMB continuing to expand beyond Jamaica, retaining its spiritual characteristics and therefore, developing all the disciplines required for its continued success.

Corporate Governance Principles and Guidelines

Foreword

Corporate governance is based on principles including: conducting the business with integrity and fairness, transparency in all transactions; timely disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner. Corporate governance is known to be one of the criteria on which investors are increasingly dependent when making investment decisions as well, it is also known to have a positive influence on the company's share price. Fundamentally, companies known to have good corporate governance will attract a high level of confidence and the presence of an active group of independent directors on the board will also contribute a great deal towards ensuring confidence in the market.

JMMB's Board is committed to the principles of good governance and in this regard has revised its Corporate Governance Policy to include the extended group of companies and a copy is available on our website www.jmmb.com . Our Governance Policy is influenced by the laws and regulations of the jurisdictions within which we operate and also elements of international best practices. Our Code of Ethics is also used to establish standards of business conduct and ethical behaviour for Directors, and other personnel. The Board also sets the appropriate "tone at the top" and adheres to the Group's values and principles.

It is the responsibility of our Board of Directors to ensure that the JMMB Group of Companies adheres to the principles of governance promulgated in our policies and communication to our stakeholders, clients and team members. The Board makes sure that the Group, through its management, maintains high ethical standards and effective policies and practices designed to protect the Group's reputation, assets and businesses.

Board of Directors: Role and Functions

The primary role of the Board of Directors is to provide effective leadership and oversight of the Group's affairs for the benefit of its shareholders and its other stakeholders, including its customers, team members, suppliers, local communities and regulators. Within this context, the Board has provided guidance and support to competent Executive Team Leaders (ETLs), ultimately ensuring the safe and sound operation of the organization. The Board makes sure that the ETLs are suitably qualified and that their roles and functions are clearly defined so that they can properly carry out their responsibilities.

In that regard, the Board ensures that:

- There are effective plans in place to ensure the effect and smooth implementation of the strategy of the company
- The number of ETLs is proportionate to the size, scope and complexity of the Group's operations and that their oversight and direction is adequate to cover all areas of the Company's operations
- Disclosures are made on a timely basis to the Supervisory Authorities
- Appropriate succession systems are in place to identify, measure and monitor gaps in roles critical to the continuity of business operations, and
- There is timely review of management decisions to ensure that they are in line with the strategic initiatives of the company and its risk appetite

Board meetings are held monthly, however ad hoc meetings are convened to consider matters which are deemed urgent and critical to the strategy and operations of the company.

Structure

The composition and structure of the Board is consistent with local, statutory and regulatory requirements and best practices. The size and complexity of the Group is also considered in determining the composition and structure of the Board. All directors are competent, knowledgeable and experienced professionals who provide strategic guidance and visionary leadership to the company.

a. There are ten members, of which seven are non-executive members of which five are independent directors

b. The quorum is formed by a minimum of four members, of which two shall be Independent Directors

c. There is a mix of Independent and Executive Directors, with a sufficient number of Independent Directors so that the Board Committees have the required number of Independent Directors. This is a minimum of three Independent Directors, one of whom will serve as Chairman of each Board Committee. At least one of the Executive Directors shall not be connected by significant independent shareholding.

The roles of Chairman and the CEO are separate, in keeping with international best practices.

Sub-Committees

Each sub-committee has at least three Independent directors and is governed by a charter that outlines its role and responsibilities. In accordance with best practices and established principles of corporate governance, the Board delegated some of its responsibilities to the following sub-committees:

- Audit Committee
- Finance Committee
- Risk Committee
- Human Resources and Compensation Committee
- Nominations Committee
- Corporate Governance Committee
- Acquisition Committee **

**The Acquisition Sub Committee was constituted as an ad hoc committee to review and approve all major deliverables and other documents related to the acquisition of the Capital & Credit Financial Group for the life of that project.

Board Composition and Expertise

Composition			Committees						
Names	Title	Position	Audit	Risk	HR & Compensation	Finance	Nominations	Corporate Governance	Acquisition
Noel Lyon PhD	Chairman	Non Executive					Member	Member	
Keith Duncan	Director & Group CEO	Executive							
Donna Duncan-Scott	Director	Executive			Member		Member		
Archibald Campbell	Director	Independent	Chairman	Chairman		Chairman			Chairman
Ann Crick PhD	Director	Independent			Chairman		Chairman	Chairman	
V. Andrew Whyte	Director	Independent	Member	Member		Member		Member	Member
Wayne Sutherland	Director	Non Executive					Member		Member
Dennis Harris	Director	Independent	Member	Member	Member	Member			Member
Rodger Braham	Director	Independent		Member			Member	Member	Member
Hugh Duncan	Director	Executive							

The Directors bring to the Group wide and diverse areas of expertise and experience, with knowledge in the areas of financial management, accounting, strategy, human resources, risk management and corporate governance.

Board Expertise								
Names	General Management	Strategic Management	Banking	Corporate Finance	Asset Management	Insurance	Property	Others
Noel Lyon PhD	✓	✓	✓	✓	✓		✓	
Keith Duncan	✓	✓		✓	✓			
Donna Duncan-Scott	✓	✓	✓					Leadership Development
Archibald Campbell		✓	✓	✓	✓	✓		
Ann Crick PhD	✓							Human Resources and Client Experience
V. Andrew Whyte		✓	✓	✓	✓			
Wayne Sutherland	✓	✓		✓			✓	
Dennis Harris	✓	✓		✓	✓			
Rodger Braham	✓	✓	✓	✓	✓			

Sub-Committee Reports

Audit

The purpose of the Audit Sub-Committee is to assist the Board in discharging its duties with regard to managing the Group's operational risks, the maintenance of proper records and controls and to ensure that the financial transactions of the Group are consistent with the policies and directives of the Board. The Audit Sub-Committee also ensures truth, fairness and compliance with statutory and other relevant requirements in any public statement of a financial nature made by the Group, whether or not such a statement is the subject of audit or any other professional scrutiny and opinion.

For the financial year ending March 31, 2013 there were four meetings which discussed and reviewed the areas audited by PriceWaterhouseCoopers (PWC), assessed the level of compliance with legal and regulatory requirements and reviewed the audits of the various departments and subsidiaries of the Group. No significant issues were identified and the Board is satisfied that PWC has performed its duties in an objective and transparent manner.

Finance

The purpose of the Finance Committee is to assist Board oversight of:

- Integrity of the Group's financial statements
- Compliance with legal and regulatory requirements
- Performance of external auditor
- The timely and accurate publishing of financial reports to our shareholders and the public at large, in keeping with the relevant regulations
- Review and approve budgets
- Acquisition of assets not used in the normal course of operation, and
- Review all financial information published for public use.

For the financial year seven meetings were convened to review the audited and the unaudited financials of the Company and the Group. The Committee also adopted changes in accounting policy based on new IFRS guidelines and review related party transactions. KPMG was re-appointed as the external auditors as the Board is satisfied that the unaudited and audited financials are complete and consistent and conform to accounting principles.

Risk

This is a standing committee that supports the Board in its oversight of the Company's risk management policies and procedures. The Committee has the authority to view all books and records of the company, and has full access to JMMB's facilities and personnel and it may engage independent counsel and other advisers as it deems necessary. This Committee also has the authority to approve risk policies, subject to Board ratification and is also responsible for ensuring that appropriate policies, procedures and practices are in place to handle the risks to which the company is exposed. Transactions above a specified size and of a certain nature also require the consent of the committee and it also opines on proposed changes to the overall risk profile of the company. Two meetings were convened for the financial year and the committee reviewed and approved the Group Risk Policy and Counterparty Risk Management Policy.

HR and Compensation

The purpose of the Human Resources and Compensation Committee is to assist the Board of Directors in discharging its duties with regards to the Company's Human Resource Management, ensuring that the activities are consistent with policies and directives of the Board and formulating and reviewing the compensation programmes for senior executive officers and board members. This Committee ensures that compensation is consistent with the objectives, strategy and control environment across the Group to ensure truth, fairness and compliance with the legal requirements of the country and the company's mission and values. For the financial year there were four meetings. The matters discussed were:

- The integration of the Capital & Credit Financial Group team members
- Performance management of the Group
- Review and revamping jobs in the Group to achieve greater efficiency
- Group Compensation, and
- Team integration with the 'Power of One' campaign and sessions

Acquisition

The Acquisition Sub-Committee was constituted as an ad hoc committee to review and approve all major deliverables and other documents related to the proposed acquisition of the Capital & Credit Financial Group for the life of the Project. There were a total of three meetings for the year. With the integration at its final stages, it is not expected that this committee will be active in the new financial year.

Nomination

During the financial year , the committee met three times to review the makeup of the Board and sub committees, to opine and agree on the proposed directors for the Capital and Financial Group of companies.

Corporate Governance

The role of the Corporate Governance Committee is to assist with board oversight of:

- General matters related to Corporate Governance and conduct.
- Establish policy framework and procedures to deal with matters of conflict of interest.

The Committee met twice during the year to review the Corporate Governance policy to ensure its applicability especially with the acquisition of the Capital & Credit Financial Group.

Attendance

The Board of Directors meets monthly except for August and December when it goes into recess, however if additional meetings are required, they are convened. Management reports are circulated to the Board each month at least five days before the meeting, including during the recess months.

Board of Directors and Sub-Committee Meetings

Names	Position	Board	Audit	Risk	HR & Compensation	Nominations	Corporate Governance	Finance	Acquisition
Number of meetings held for the year		17	4	2	4	3	2	7	3
Noel Lyon PhD	Non-Executive	100%				100%	100%		100%
Keith Duncan	Executive	100%			100%				
Donna Duncan-Scott	Executive	70%							
Archibald Campbell	Non-Executive	80%	75%	100%	100%		100%	100%	100%
Ann Crick PhD	Non-Executive	90%				100%	100%		
V. Andrew Whyte	Non-Executive	80%	75%	100%	100%		100%	100%	75%
Wayne Sutherland	Non-Executive	100%				100%			
Dennis Harris	Non-Executive	90%	75%	100%		100%		86%	75%
Rodger Braham	Non-Executive	100%		100%	100%	100%	100%		100%
Hugh Duncan	Executive	70%							

Directors' Compensation

JMMB compensates its directors and executives fairly and responsibly and aligns remuneration policies to company strategy and individual performance. For the financial year, a total of J$28, 670,432.61 was paid to directors, a 10% increase over the previous year. This increase was due to inflationary increase and an increase in the number of meetings held during the year.

Director Development and Performance Management

The members of the board were exposed to training and professional development to assist them in the discharge of their duties. Over the financial year the following training was undertaken, Basics for Bank Directors, Jamaican Banking Regulations, Proceeds of Crime and Know Your Clients training, Governance and Ethics as well as a review of the Statutory and Regulatory landscapes in Jamaica.

The Nominations and HR sub-committees are reviewing material on new ways in which to assess the performance of the board as a group as well as each individual member.

Corporate Citizenship

The Joan Duncan Foundation was formed to ensure that, as a company, we are exercising good corporate governance practices and is the vehicle through which Board and team members can actualize their need for giving and volunteerism. The Foundation's proposed mission is to be a catalyst in the transformation of Jamaica in support of Vision 2030. With JMMB as its founding sponsor, the programmes implemented and supported by the Joan Duncan Foundation are associated with the JMMB Group brand and seek to reinforce the brand identity in the context of love and respect.

In addition to funding requests, the Foundation also identifies and implements programmes that will have a national impact and within this context, in the medium term, the focus will be on Education, Transformation and Entrepreneurship.

Regulatory Compliance

The Group Compliance Manager provides a monthly regulatory report to the Board of Directors. It is the responsibility of the Compliance Department to ensure that the Group is in compliance with all laws and regulations, policies as well as procedures and standards of good practice in the various territories in which the Group operates. The Board is also satisfied that the compliance issues raised during the financial year have been properly addressed and resolved and that there are no material issues remaining.

The Board understands the regulatory framework under which the Company operates and co-operates with Regulators to ensure that the financial system is safe and sound. The Board and Management therefore:

1. Maintain open communication with the regulators on all material issues pertaining to the company,
2. Comply promptly and fully with requests for information as required by law,
3. Are aware of the findings of the on-site examination process and direct senior management to determine whether similar problems exist elsewhere in the Company and take corrective action, and
4. Ensure that there is annual training of all team members and directors on the Proceeds of Crime Act, Code of Ethics, Know Your Client and Employees and any new regulations.

No significant issues were identified in regulatory audits conducted during the financial year.

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 recruit is trained on same in their orientation. There is also an annual refresher course for all team members and directors.

The Way Forward

The JMMB Group is committed to the principles of Corporate Governance and will review the policy at least annually so that the policy and practices are in keeping with international best practices and are applicable to the environment in which it operates.

Risk Management

Overview

JMMB's growth and diversification across business lines and geographic exposures takes place within a robust risk management framework that considers all material risk exposures and puts corrective measures in place. Strategy is developed in the context of risk tolerance measures articulated by the Board, which ensure that returns and benefits to all stakeholders are generated with only appropriate risks being taken. While risk management is executed by the Risk team, the Board and Senior Management team ensure that a suitable risk culture exists throughout the organization so as to ensure proactive and dynamic identification and responses to challenges. Risk management activities within 2012/13 focused on strengthening the risk management framework to accommodate the expanding range of financial services provided by the JMMB Group and integrating risk measures into a comprehensive framework. 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 organization.

Risk Management Principles

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

I. The practice of risk management is deeply rooted in the culture of the organization and that the Board, Senior Management, Team Leaders and all team members throughout the entire Group of Companies are aware of, and aligned on their role and responsibility in risk management.

II. Best practice risk management techniques are employed in managing the various risks to which the company is exposed and adequate resources are allocated to the management of risk.

III. Effective and adaptive processes are implemented for the ongoing identification, measurement and management of material risk exposures.

IV. The enterprise is adequately capitalized to protect against the effects of major shocks to the company and its subsidiaries.

Risk Appetite

All businesses inherently face uncertainty, which may represent a risk or opportunity. JMMB's Board of Directors determines the level of uncertainty (or risk) that it is prepared to accept as it seeks to grow stakeholder value and meet its stated objectives; that is its risk appetite. This risk appetite serves as a guide for the strategic initiatives to be pursued and the determination of more specific risk tolerances for each area of risk faced by the company and its subsidiaries. Thus, in addition to an overall risk appetite that gives a broad picture of the risk we are willing to take, specific risk tolerances for each risk exposure are determined and are captured in their respective risk policies (for example, Maximum Allowable Lliquidity Gap, Minimum Capital to Total Assets). Risk tolerances are also adjusted at the entity level in order to ensure that at both the overall Group level and the entity level the risks taken are commensurate with the stated risk appetite.

Major Risk-Related Developments for FY 2012/13

During the financial year, local market conditions were dominated by fluctuating market conditions, challenges to investor confidence and uncertainty around the timing for completion of a borrowing agreement between the IMF and the GOJ. These developments resulted in increased volatility in market variables and accelerated depreciation in the value of the Jamaican Dollar (JMD). A National Debt Exchange (NDX) took place in early 2013, in which existing GOJ local bond obligations were exchanged for new instruments so as to facilitate greater fiscal stability and as a precondition for completion of an IMF agreement. While the NDX initially generated investor uncertainty, it facilitated the finalization of an IMF agreement subsequent to the end of the financial year which is anticipated to generate greater market stability and economic growth over the medium term.

Economic conditions in the United States, Jamaica's major trading partner, fluctuated throughout the year. After a strong start, the outlook for growth deteriorated as fiscal spending cuts were put in place and labour conditions did not improve to the extent anticipated. Despite the economic outlook, financial market valuations increased with major equity market indices reaching all-time highs. Market valuations are considered to be supported by the actions of the Federal Reserve to limit interest rates and provide liquidity throughout the economy via its policy of quantitative easing.

Financial market conditions within the Eurozone improved during the year, reflecting materially lowered investor concern regarding potential sovereign defaults within the Eurozone. Improved market confidence was partly reflected in the fact that action by the Government of Cyprus to impose a tax on deposits to address fiscal problems did not reignite concerns about debt sustainability of other Eurozone countries. However, this stabilization in investor sentiment was not reflected in improvements in growth conditions and the outlook remains for negligible growth.

In the context of elevated market uncertainty during the year, JMMB pursued a conservative investment strategy of limiting any increased exposure to market risks and managing its liquidity position to better be able to respond to any unforeseen market challenges.

Strong Risk Governance Framework

The practice of risk management continues to be deeply rooted in the JMMB culture. The Board, Executive Management, Team Leaders and team members alike are aware of, and are fully aligned in their roles and responsibilities in risk management. JMMB has also sought to further entrench risk management in the fibre of the organization by better integrating risk management into all business activities, moving the organization further along in the application of enterprise risk management. The Board of Directors of the JMMB Group, assisted by the Board's Risk Committee, actively oversee the risk exposures of the company and its subsidiaries. The Risk Committee provides strategic direction on the framework for risk management enterprise-wide and broadly outlines the desired level of risk tolerance. At the management level, the Risk Management, Credit Management and Asset Liability Management Committees convene regularly, and more closely monitor the risk exposures of the company and its subsidiaries against approved policies and predetermined limits.

Risk Measurement & Control

Our risk management activities cover the material risk exposures which are broadly categorized as follows: Market Risk, Credit Risk, Liquidity Risk and Operational Risk.

Market Risk

Market risk reflects the possibility of a decline in the value of assets due to adverse movements in market factors such as interest rates, foreign exchange rates and equity prices.

Consistent with international best practices, the JMMB Group monitors the amalgamated market risk exposures across the various jurisdictions within which it operates, primarily through the employment of its Value-at-Risk (VaR) framework. Market risk management is further augmented through the use of scenario analysis and regular portfolio stress testing.

VaR provides an aggregate measure of the possible loss on investments over a specific time period and for a given probability. It is a widely accepted risk metric used to manage market risk and is utilized by major financial firms throughout the world. Currently, JMMB computes a 10-day Monte Carlo VaR at the 99% confidence level, reflecting the likely time within which the company will be able to hedge or dispose some of its positions.

While the strengths of VaR analysis are well documented, there are constraints in its ability to approximate "worst-case losses", and therefore stress tests and scenario analyses are employed to help identify risks which VaR analysis may not adequately capture. On at least a monthly basis, the Group Risk Department assesses the potential impact should various hypothetical, internally developed stress test scenarios materialize. Furthermore the impact of major historical local and international fallouts are also replicated and analyzed. This regular monitoring ensures that the Group is clear about the impact of highly unlikely, but possibly severe negative market developments, so that adjustments to the strategy are put in place when required.

Both the VaR and probable losses from stressed scenarios are reported to the management team and Board, as a percentage of Economic Capital; an indication of the Company's ability to absorb losses based on adverse market movements.

Note 29 (d) provides details of VaR levels throughout the financial year.

Interest Rate Risk

Management of interest rate risk is of special importance, as JMMB invests primarily in fixed income products. Interest rate risk reflects potential changes to the value of fixed income investments due to fluctuations in the level, slope and curvature of the yield curve. Duration analysis and estimation of re-pricing gaps are the tools which JMMB specifically uses to manage exposure to interest rate risk.

The Group's strategy in 2012/13 was to increasingly limit its interest rate risk exposure by adjusting its composition of variable rate and instrument with short maturities, given the general level of market uncertainty. The NDX materially increased the interest rate risk of the entire financial sector given the extended maturity profile, however, the JMMB Group's holdings of variable rate instruments (which would have been exchanged for bonds with a similar structure) somewhat limited this impact. As at the end of FY 2012/13, variable rate bonds accounted for over half of the Group's JMD investment portfolio.

Currency Risk

To ensure that our customers are provided with simple, transparent solutions oriented around their life goals, the JMMB Group offers products denominated in various currencies. However, given the potential volatility of foreign currency markets the Group maintains its net currency exposures within prudent policy defined limits.

Note 29 (d) (i) provides additional details on our foreign currency exposures.

Credit & Counterparty Risk

Credit risk represents potential loss in value that may be incurred should a counterparty fail to honour its contractual obligations. Credit risk emanates from JMMB's lending, investment and funding activities, where counterparties have contractual obligations to make payments or facilitate transactions. The Board indicates a tolerance level for credit risk, which is actively managed by the credit risk team.

For our lending activities, limits are set on credit exposures by various classifications, such as economic sector, collateral type provided, loan purpose and customer profile. JMMB applies quantitative techniques to the provision and pricing of credit facilities, thereby facilitating better business decisions. JMMB therefore seeks to ensure the expected return on a credit facility is reflective of its level of risk, which allows the company to better deploy its capital and provide fair pricing of loans to clients.

Using our internally developed models and fundamental research, we assign ratings and determine exposure limits to counterparties arising from investment and funding activities. This is augmented with the use of third-party research. These counterparties are actively monitored and their ratings updated based on changes to their financial outlook.

Counterparties are subject to in-depth assessment prior to material exposures being taken to an entity. Consistent monitoring of counterparties allows JMMB to pro-actively identify issues with an entity and adjust the level of exposures and contractual terms to acceptable levels. As the Group expands geographically, and provides increasing levels of products and services to its corporate and institutional clients, increased emphasis has been placed on counterparty risk management.

Liquidity Risk

Liquidity risk refers to both funding liquidity risk, where a firm is unable to meet its financial obligations as they become due at an economic price and also asset liquidity risk, where a given security cannot be sold at its market value due to insufficient market depth. Monitoring, managing and maintaining sufficient liquidity is of paramount importance to the JMMB Group, given the significant impact that liquidity challenges can have on a financial firm.

The Group's 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 even under very stressful market conditions. These requirements are informed by (i) the construct and profile of JMMB's liabilities and (ii) each subsidiary's business model and (iii) 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." JMMB's approach entails three broad lines of defense model wherein business/operational functions, risk management and the internal audit function all have distinct roles to play. To ensure appropriate management of such risks the Board and Management Team oversee the implementation of suitable controls for internal processes and systems, mandate the segregation of certain duties and established comprehensive business continuity plans to safeguard against disasters. A rigorous and independent internal auditing framework exists to ensure that significant risks are properly identified and adequately managed.

JMMB's internal auditors, PricewaterhouseCoopers, conduct regular audits and provide quarterly reports to the Board Audit Subcommittee. Additionally, JMMB's compliance unit ensures consistency with regulatory and other legal requirements and ensures that relevant company policy is consistent with JMMB's values of honesty, integrity and transparency.

Delivering Sustainable Results

JMMB's strategy of business line and geographic diversification has created significant value to shareholders, as clearly evidenced by the FY 2012/13 performance, and the Group remains firmly committed to this strategy. Diversification has allowed the Group to better meet the needs of its clients as a full-service financial institution with a regional presence, while enhancing the Group's financial strength through increased revenue streams and less concentration of risk exposures.

JMMB's risk management framework continues to evolve to support its strategic vision by ensuring that business decisions adequately consider the risks involved and sustainable value is created for all stakeholders.

Financial Statements

31 March 2013

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31 March 2013

Independent Auditors' Report to the Members

Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Financial Statements

We have audited the financial statements of Jamaica Money Market Brokers Limited ("the company") and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 105 to 190, which comprise the group and company statement of financial position as at 31 March 2013, and the group and company profit and loss accounts, statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the our judgment, including our assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Report on the Financial Statements, cont'd

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the group and the company as of 31 March 2013, and of the group's and company's financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

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 and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

KPMG

Chartered Accountants
Kingston, Jamaica

May 30, 2013

Consolidated Profit and Loss Account

Year ended 31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2013 $'000	2012 $'000
Net Interest Income and Other Revenue			
Interest income	5	11,251,553	9,165,585
Interest expense	5	(6,603,857)	(5,626,237)
Net interest income		4,647,696	3,539,348
Fee and commission income		247,312	225,291
Gains on securities trading, net		1,692,224	2,042,260
Loss on GOJ's National Debt Exchange	6	(754,272)	-
Fees earned from managing funds on behalf of clients		88,329	39,527
Foreign exchange margins from cambio trading		322,027	141,053
Operating revenue net of interest expense		**6,243,316**	**5,987,479**
Other income			
Dividends		37,741	11,413
Other		34,000	-
Gain/(loss) on sale of property, plant and equipment		1,795	(430)
		6,316,852	**5,998,462**
Operating Expenses			
Staff costs	7	(2,256,177)	(1,724,133)
Other expenses	9	(2,360,448)	(1,490,570)
		(4,616,625)	(3,214,703)
Operating Profit		**1,700,227**	**2,783,759**
Impairment loss on financial assets	8	(73,798)	-
Impairment loss on intangible assets	22	(107,000)	-
Gain on acquisition of subsidiaries	31	2,055,592	-
Share of profits of associated companies (net of tax)		72,354	30,258
Profit before Taxation		**3,647,375**	**2,814,017**
Taxation	10	209,488	(573,561)
Profit for the Year		**3,856,863**	**2,240,456**
Attributable to:			
Equity holders of the parent		3,739,058	2,216,808
Non-controlling interest		117,805	23,648
		3,856,863	**2,240,456**
Earning per stock unit	**11**	**$2.35**	**$1.51**

The notes on pages 118 to 190 are an integral part of these financial statements

Consolidated Statement of Comprehensive Income

Year ended 31 March 2013

(expressed in Jamaican dollars unless otherwise indicated)

	2013 $'000	2012 $'000
Profit for the Year	**3,856,863**	**2,240,456**
Other comprehensive income		
Unrealised gains/(losses) on available-for-sale investments	1,629,269	(316,580)
Foreign exchange differences on translation of foreign subsidiaries	(93,819)	(31,196)
Total other comprehensive income, net of tax	1,535,450	(347,776)
Total comprehensive income for year, net of tax	**5,392,313**	**1,892,680**
Total comprehensive income attributable to:		
Equity holders of the parent	4,966,887	1,871,904
Non-controlling interest	425,426	20,776
	5,392,313	**1,892,680**

The notes on pages 118 to 190 are an integral part of these financial statements

Consolidated Statement of Financial Position

31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2013 $'000	2012 $'000
ASSETS			
Cash and cash equivalents	13	5,831,430	4,157,234
Interest receivable		2,220,864	1,904,807
Income tax recoverable		1,832,210	1,423,097
Loans and notes receivable	14	10,227,126	3,375,627
Other receivables	15	868,172	833,746
Securities purchased under agreements to resell	16	3,890,913	2,553,739
Investment securities	17	138,412,944	108,153,801
Membership shares	18	50,520	19,520
Investment properties	20	457,591	457,591
Interest in associated companies	21	808,306	665,737
Intangible assets	22	472,522	86,090
Property, plant and equipment	23	1,296,136	1,102,948
Deferred income tax assets	24	447,951	2,617
Customers' liability acceptances, guarantees and letters of credit, as per contra		44,276	-
		166,860,961	124,736,554

The notes on pages 118 to 190 are an integral part of these financial statements

Consolidated Statement of Financial Position (Continued)

31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2013 $'000	2012 $'000
STOCKHOLDERS' EQUITY			
Share capital	25	1,850,279	365,847
Share premium		13,775	13,775
Retained earnings reserve	26 (a)	9,109,778	8,222,323
Investment revaluation reserve	26 (b)	1,724,253	402,605
Cumulative translation reserve	26(c)	(101,711)	(7,892)
Retained earnings		4,096,999	1,781,396
		16,693,373	10,778,054
Non-controlling interests		519,503	94,077
		17,212,876	10,872,131
LIABILITIES			
Customer deposits		7,567,380	-
Due to other banks		378,560	-
Loan participations	27	341,082	-
Securities sold under agreements to repurchase	28	135,907,311	107,591,924
Notes payable	29	-	470,688
Redeemable preference shares	25	2,759,346	2,759,346
Deferred income tax liabilities	24	536,698	752,393
Interest payable		1,193,398	937,521
Income tax payable		11,546	805,763
Other payables		908,488	546,788
Liabilities under acceptances, guarantees and letters of credit, as per contra		44,276	-
		149,648,085	113,864,424
		166,860,961	124,736,554

Approved for issue by the Board of Directors on 30 May 2013 and signed on its behalf by:

Noel A. Lyon	Chairman	Keith P. Duncan	Group Chief Executive Officer

The notes on pages 118 to 190 are an integral part of these financial statements

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Share Premium	Retained Earnings Reserve	Investment Revaluation Reserve	Cumulative Translation Reserve	Other Reserves	Retained Earnings	Total Attributable to Equity holders of the Parent	Non-Controlling Interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balances at 31 March 2011		**365,847**	**13,775**	**-**	**719,185**	**20,432**	**13,672**	**8,212,255**	**9,345,166**	**57,165**	**9,402,331**
Profit for the year		-	-	-	-	-	-	2,216,808	2,216,808	23,648	2,240,456
Other comprehensive income for year:											
Unrealised gains on available-for-sale securities		-	-	-	(316,580)	-	-	-	(316,580)	-	(316,580)
Foreign exchange differences on translation of foreign subsidiaries		-	-	-	-	(28,324)	-	-	(28,324)	(2,872)	(31,196)
Total other comprehensive income for year		-	-	-	(316,580)	(28,324)	-	-	(344,904)	(2,872)	(347,776)
Total comprehensive income for year		-	-	-	(316,580)	(28,324)	-	2,216,808	1,871,904	20,776	1,892,680
Transfer from retained earnings		-	-	8,222,323	-	-	-	(8,222,323)	-	-	-
Paid in capital		-	-	-	-	-	(13,672)	13,672	-	16,136	16,136
Dividends	12	-	-	-	-	-	-	(439,016)	(439,016)	-	(439,016)
Balances at 31 March 2012		**365,847**	**13,775**	**8,222,323**	**402,605**	**(7,892)**	**-**	**1,781,396**	**10,778,054**	**94,077**	**10,872,131**
Profit for the year		-	-	-	-	-	-	3,739,058	3,739,058	117,805	3,856,863
Other comprehensive income for year:											
Unrealised gains on available-for-sale securities		-	-	-	1,321,648	-	-	-	1,321,648	307,621	1,629,269
Foreign exchange differences on translation of foreign subsidiaries		-	-	-	-	(93,819)	-	-	(93,819)	-	(93,819)
Total other comprehensive income for year		-	-	-	1,321,648	(93,819)	-	-	1,227,829	307,621	1,535,450
Total comprehensive income for year		-	-	-	1,321,648	(93,819)	-	3,739,058	4,966,887	425,426	5,392,313
Issue of shares related to business combination	25	1,484,432	-	-	-	-	-	-	1,484,432	-	1,484,432
Transfer from retained earnings	26	-	-	887,455	-	-	-	(887,455)	-	-	-
Dividends	12	-	-	-	-	-	-	(536,000)	(536,000)	-	(536,000)
Balances at 31 March 2013		**1,850,279**	**13,775**	**9,109,778**	**1,724,253**	**(101,711)**	**-**	**4,096,999**	**16,693,373**	**519,503**	**17,212,876**

The notes on pages 118 to 190 are an integral part of these financial statements

Consolidated Statement of Cash Flows

Year ended 31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2013 $'000	2012 $'000
Cash Flows from Operating Activities			
Profit for the year		3,856,863	2,240,456
Adjustments for:			
Interest income	5	(11,251,553)	(9,165,585)
Interest expense	5	6,603,857	5,626,237
Income tax charge	10	(209,488)	573,561
Gain on acquisition of subsidiaries	31	(2,055,592)	-
Share of profits of associated companies		(72,354)	(30,258)
Provision for credit losses		-	156,926
Impairment of financial assets	8	73,798	-
Impairment of intangible assets	22	107,000	-
Amortisation of intangible assets	22	57,670	23,509
Depreciation of property, plant and equipment	23	120,363	89,196
(Gain)/loss on disposal of property, plant and equipment		(1,795)	430
Foreign currency translation gains		(503,579)	(21,944)
		(3,274,810)	(507,472)
Changes in operating assets and liabilities -			
Income tax recoverable, net		(316,471)	(509,865)
Notes receivable		(1,449,185)	(86,753)
Other receivables		878,398	1,306,246
Securities purchased under agreements to resell		(1,336,719)	(1,874,505)
Customer deposits		2,303,892	-
Due to other banks		(330,791)	-
Loan participations		(193,346)	-
Other payables		(57,007)	(50,109)
Securities sold under agreements to repurchase		10,086,754	10,523,658
		6,310,715	8,801,200
Interest received		11,458,722	9,020,908
Interest paid		(6,595,242)	(5,611,209)
Taxation paid		(863,718)	-
Net cash provided by operating activities (Page 9)		**10,310,477**	**12,210,899**

The notes on pages 118 to 190 are an integral part of these financial statements

Consolidated Statement of Cash Flows (Continued)

Year ended 31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2013 $'000	2012 $'000
Cash Flows from Operating Activities (Page 8)		**10,310,477**	**12,210,899**
Cash Flows from Investing Activities			
Investment securities, net		(6,203,724)	(10,502,987)
Purchase of computer software	22	(54,662)	(31,811)
Purchase of property, plant and equipment	23	(261,710)	(214,118)
Proceeds from disposal of property, plant and equipment		9,405	12,971
Acquisition of subsidiaries, net of cash acquired		(1,505,921)	-
Net cash used in investing activities		**(8,016,612)**	**(10,735,945)**
Cash Flows from Financing Activities			
Repayment of redeemable preference shares		-	(165,648)
Notes payable		(470,688)	(153,185)
Dividends paid	12	(536,000)	(439,016)
Net cash used in financing activities		**(1,006,688)**	**(757,849)**
Effect of exchange rate changes on cash and cash equivalents		387,019	123,072
Net increase in cash and cash equivalents		1,674,196	840,177
Cash and cash equivalents at beginning of year		4,157,234	3,317,057
CASH AND CASH EQUIVALENTS AT END OF YEAR	**13**	**5,831,430**	**4,157,234**

The notes on pages 118 to 190 are an integral part of these financial statements

Profit and Loss Account

Year ended 31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2013 $'000	2012 $'000
Net Interest Income and Other Revenue			
Interest income from securities	5	8,136,455	7,815,843
Interest expense	5	(4,902,279)	(4,681,174)
Net interest income		3,234,176	3,134,669
Fee and commission income		70,756	71,269
Gains on securities trading, net		701,969	1,430,045
Loss on GOJ's National Debt Exchange	6	(749,484)	-
Fees earned on managing funds on behalf of clients		47,837	37,454
Foreign exchange margins from cambio trading		223,427	141,053
Operating revenue net of interest expense		3,528,681	4,814,490
Other income			
Dividends		13,665	8,970
Other		64,612	-
(Loss)/gain on sale of property plant and equipment		(220)	870
		3,606,738	**4,824,330**
Operating Expenses			
Staff costs	7	(1,655,296)	(1,534,383)
Other expenses	9	(1,549,551)	(1,319,560)
		(3,204,847)	(2,853,943)
Profit before Taxation		**401,891**	**1,970,387**
Taxation	10	96,855	(535,802)
Profit for the Year		**498,746**	**1,434,585**

The notes on pages 118 to 190 are an integral part of these financial statements

Statement of Comprehensive Income

Year ended 31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

	2013	2012
	$'000	$'000
Profit for the Year	498,746	1,434,585
Other comprehensive income		
Unrealised losses on available-for-sale investments	(840,514)	(299,084)
Total comprehensive income for year, net of tax	(341,768)	1,135,501

The notes on pages 118 to 190 are an integral part of these financial statements

Statement of Financial Position

31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2013	2012
		$'000	$'000
ASSETS			
Cash and cash equivalents	13	3,774,450	3,597,056
Interest receivable		1,281,833	1,372,383
Income tax recoverable		1,473,208	1,403,354
Loans and notes receivable	14	2,760,375	3,278,270
Other receivables	15	1,582,723	1,528,496
Securities purchased under agreements to resell	16	17,197,640	16,458,216
Investment securities	17	94,681,516	87,577,686
Interest in subsidiaries	19	6,200,949	1,175,490
Intangible assets	22	99,004	58,999
Property, plant and equipment	23	1,124,982	1,011,809
		130,176,680	117,461,759
STOCKHOLDERS' EQUITY			
Share capital	25	1,850,279	365,847
Share premium		13,775	13,775
Retained earnings reserve	26 (a)	9,109,778	8,222,323
Investment revaluation reserve	26 (b)	85,941	926,455
Retained earnings		2,538,022	3,462,731
		13,597,795	12,991,131
LIABILITIES			
Securities sold under agreements to repurchase	28	111,588,745	98,938,664
Notes payable	29	380,870	-
Redeemable preference shares	25	2,759,346	2,759,346
Deferred income tax liabilities	24	531,493	752,393
Interest payable		969,328	869,529
Income tax payable		-	791,637
Other payables		349,103	359,059
		116,578,885	104,470,628
		130,176,680	117,461,759

Approved for issue by the Board of Directors on 30 May 2013 and signed on its behalf by:

Noel A. Lyon — Chairman

Keith P. Duncan — Group Chief Executive Officer

The notes on pages 118 to 190 are an integral part of these financial statements

Statement of Changes in Stockholders' Equity

Year ended 31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Share Premium	Investment Revaluation Reserve	Retained Earnings Reserve	Retained Earnings	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Balances at 31 March 2011		**365,847**	**13,775**	**1,225,539**	**-**	**10,689,485**	**12,294,646**
Profit for year		-	-	-	-	1,434,585	1,434,585
Other comprehensive income for year:							
Unrealised gains on available-for-sale investments		-	-	(299,084)	-	-	(299,084)
Total comprehensive income for year		-	-	(299,084)	-	1,434,585	1,135,501
Transfer from retained earnings				-	8,222,323	(8,222,323)	-
Dividends	12	-	-	-	-	(439,016)	(439,016)
Balances at 31 March 2012		**365,847**	**13,775**	**926,455**	**8,222,323**	**3,462,731**	**12,991,131**
Profit for year		-	-	-	-	498,746	498,746
Other comprehensive income for year:							
Unrealised gains on available-for-sale investments		-	-	(840,514)	-	-	(840,514)
Total comprehensive income for year		-	-	(840,514)	-	498,746	(341,768)
Issue of shares related to business combination	31	1,484,432	-	-	-	-	1,484,432
Transfer from retained earnings	26	-	-	-	887,455	(887,455)	-
Dividends	12	-	-	-	-	(536,000)	(536,000)
Balances at 31 March 2013		**1,850,279**	**13,775**	**85,941**	**9,109,778**	**2,538,022**	**13,597,795**

The notes on pages 118 to 190 are an integral part of these financial statements

Statement of Cash Flows

Year ended 31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2013	2012
		$'000	$'000
Cash Flows from Operating Activities			
Profit for the year		498,746	1,434,585
Adjustments for:			
Interest income	5	(8,136,455)	(7,815,843)
Interest expense	5	4,902,279	4,681,174
Income tax charge	10	(96,855)	535,802
Provision for credit losses		34,967	111,842
Amortisation of intangible assets	22	14,657	23,500
Depreciation of property, plant and equipment	23	94,040	80,003
Losses/(gains) on disposal of property, plant and equipment		220	(870)
Foreign currency translation gains		-	(81,748)
		(2,688,401)	(1,031,555)
Changes in operating assets and liabilities -			
Income tax recoverable, net		(69,850)	(506,346)
Notes receivable		482,928	(474,362)
Other receivables		(54,231)	45,039
Other payables		(9,956)	129,722
Securities purchased under agreements to resell		(739,424)	47,896
Securities sold under agreements to repurchase		12,650,081	10,926,117
		9,571,147	9,136,511
Interest received		8,227,004	7,694,616
Interest paid		(4,802,480)	(4,664,331)
Taxation paid		(791,637)	-
Net cash provided by operating activities (Page 15)		**12,204,034**	**12,166,796**

The notes on pages 118 to 190 are an integral part of these financial statements

	Note	2013 $'000	2012 $'000
Cash Flows from Operating Activities (Page 14)		**12,204,034**	**12,166,796**
Cash Flows from Investing Activities			
Investment securities, net		(8,472,125)	(10,593,989)
Interest in subsidiary		(3,160,156)	(10,000)
Purchase of computer software	22	(54,662)	(21,355)
Purchase of property, plant and equipment	23	(208,518)	(185,475)
Proceeds from disposal of property, plant and equipment		1,085	7,323
Net cash used in investing activities		**(11,894,376)**	**(10,803,496)**
Cash Flows from Financing Activities			
Repayment of redeemable preference shares		-	(165,648)
Notes payable		-	(74,128)
Dividends paid	12	(536,000)	(439,016)
Net cash used in financing activities		**(536,000)**	**(678,792)**
Effect of exchange rate changes on cash and cash equivalents		403,736	123,072
Net increase in cash and cash equivalents		177,394	807,580
Cash and cash equivalents at beginning of year		3,597,056	2,789,476
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	**3,774,450**	**3,597,056**

The notes on pages 118 to 190 are an integral part of these financial statements

1. Identification

Jamaica Money Market Brokers Limited (the "company" or "JMMB") is incorporated and domiciled in Jamaica. The registered office of the company is located at 6 Haughton Terrace, Kingston 10, Jamaica. It has eight (2012 – three) subsidiaries incorporated in Jamaica, and there are other subsidiaries incorporated outside of Jamaica. The operating subsidiaries are listed below. The company and its subsidiaries are collectively referred to as "Group"; the Group has interest in associated companies, as detailed below.

The company is exempt from the provisions of the Money Lending Act.

The principal activities of the company and its subsidiaries are securities brokering, securities trading, merchant banking, dealing in money market instruments, operating a foreign exchange cambio and managing funds on behalf of clients. Information on the subsidiaries and the associated companies is set out below:

Name of Subsidiary	% Shareholding Held by Parent/Subsidiary		Country of Incorporation	Principal Activities
	Parent	Subsidiary		
JMMB Securities Limited	100		Jamaica	Stock brokering
JMMB Insurance Brokers Limited	100		Jamaica	Insurance brokering
Jamaica Money Market Brokers (Trinidad and Tobago) Limited and its subsidiary and associated companies	100		Trinidad and Tobago	Investment holding company
JMMB Investments (Trinidad and Tobago) Limited		100	Trinidad and Tobago	Securities brokering
JMMB International Limited and its subsidiaries	100		St. Lucia	Investment holding and management
JMMB Dominicana, SRL		100	Dominican Republic	Investment holding and management
JMMB Puesto de Bolsa,S.A.		80	Dominican Republic	Securities brokering
JMMB Real Estate Holdings Limited	100		Jamaica	Real estate holding
Capital & Credit Financial Group Limited and its subsidiaries	100		Jamaica	Investment holding
Capital & Credit Remittance Limited		100	Jamaica	Funds transfer
Capital & Credit Holdings Inc.		100	United States of America	Investment holding
Capital & Credit Merchant Bank Limited		100	Jamaica	Merchant Banking
Capital & Credit Securities Limited	100		Jamaica	Investment holding
JMMB Fund Managers Limited, formerly Capital & Credit Fund Managers Limited	100		Jamaica	Fund management
Name of Associate				
Intercommercial Bank Limited and its subsidiary, Intercommercial Trust and Merchant Bank Limited		50	Trinidad and Tobago	Commercial and Merchant Banking

Notes to the Financial Statements
31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

1. **Identification (Continued)**

On 29 June 2012, the Company acquired 93.14% of the share capital of Capital & Credit Financial Group Limited (CCFG) and its subsidiaries. JMMB, pursuant to Section 209 (1) of the Companies Act 2004 of Jamaica, compulsorily acquired the remaining 6.86% shares, which was concluded on 11 August 2012 (Note 31).

2. **Summary of Significant Accounting Policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the relevant provisions of the Jamaican Companies Act. These consolidated financial statements have been prepared on the historical cost basis except for the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, as well as investment properties.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

New, revised and amended standards and interpretations that became effective during the year that are relevant to the Group's operations:

Certain new, revised and amended standards and interpretations came into effect during the financial year under review. Other than as noted in the following paragraphs, they did not have any significant effect on the financial statements, and, based on the Group's current operations, are not expected to have any significant effect on the amounts and disclosures in the financial statements in the foreseeable future.

The Group adopted the amendment to IAS 12, Income Taxes, contained in Deferred Tax Recovery: of Underlying Assets. As a result, it changed its accounting policy for measuring deferred tax for investment property accounted for under the fair value model (see note 2(r)). The Group now measures deferred tax arising from investment property using the assumption that the carrying amount of the property will be recovered entirely through sale. Previously, the Group measured deferred tax for investment property using a blended rate approach that reflected the dual intention of sale and use.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New, revised and amended standards and interpretations that were issued but not yet effective and have not been early adopted by the Group (continued)

Certain new, revised and amended standards and interpretations have been published and management considers that the following may be relevant to the Group's operations when they become effective:

- IAS 1, *Presentation of Financial Statements*, has been amended by the issue of a document entitled *Presentation of Items of Other Comprehensive Income*, effective for annual reporting periods beginning on or after July 1, 2012, to require a reporting entity to present separately the items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these sections. The existing option to present the profit or loss and other comprehensive income in two statements has not changed. The title of the statement has changed from 'Statement of Comprehensive Income' to 'Statement of Profit or Loss and Other Comprehensive Income'. However, an entity is still allowed to use other titles.

- IFRS7, *Financial Instruments: Disclosures*, has been amended by the issue of "Amendment to IFRS 7, *Disclosures – Transfer of Financial Assets*", which is effective for annual reporting periods beginning on or after July 1, 2011. The amendment requires disclosure of information that enables users of financial statements to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities and to evaluate the nature of and risks associated with the entity's continuing involvement in these derecognised assets.

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2015 (previously January 1, 2013), retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It also includes guidance on classification and measurement of financial liabilities designated as at fair value through profit or loss and incorporates certain existing requirements of IAS 39, *Financial Instruments: Recognition and Measurement*, on the recognition and de-recognition of financial assets and financial liabilities.

- IFRS 10, *Consolidated Financial Statements*, which is effective for annual reporting periods beginning on or after January 1, 2013, supersedes IAS 27 *Consolidated and Separate Financial Statements* and provides a single model to be applied in the control analysis for all investees, including entities that currently are Special Purpose Entities. The consolidation procedures are carried forward from IAS 27 (2008).

- IFRS 11, *Joint Arrangements* and IAS 28, *Investments in Associates and Joint Ventures* (2011), which is effective for annual reporting periods beginning on or after January 1, 2013, removes from IAS 31, *Jointly Controlled Entities*, those cases which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations and are now called joint operations. In addition, there is no longer a free choice of equity accounting or proportionate consolidation as it is now required that the equity method be used.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New, revised and amended standards and interpretations that were issued but not yet effective and have not been early adopted by the Group (continued)

- IFRS 12, *Disclosure of Interest in Other Entities*, which is effective for annual reporting periods beginning on or after January 1, 2013, contains disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. These required disclosures aim to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

- IFRS 13, *Fair Value Measurement*, which is effective for annual reporting periods beginning on or after January 1, 2013, defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value and is applicable to assets, liabilities and an entity's own equity instruments that, under other IFRSs, are required or permitted to be measured at fair value or when disclosure of fair values is provided. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The Group is assessing the impact, if any, that these new, revised and amended standards and interpretations will have on the financial statements when they become effective.

(b) Basis of consolidation

The consolidated financial statements combine the financial position, results of operations and cash flows of the company and its subsidiaries (Note 1), and the Group's interest in its associated companies, subject to the elimination described at Note 2 (b)(iii).

(i) Subsidiaries

Subsidiaries are all entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable, or exercisable after conversion of convertible instruments, are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

Associates are all entities over which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on the equity basis, from the date that significant influence commences until the date that influence ceases. When the Group's share of losses in an associate exceeds its interest in the associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

2. **Summary of Significant Accounting Policies (Continued)**

(b) **Basis of consolidation (continued)**

(iii) **Transactions eliminated on consolidation**

Intra-group balances and any unrealised gains and losses and income and expenses arising from intra-group transaction are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment of the Group's interest.

(c) **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.

For the purposes of the financial statements, financial assets have been determined to include cash and cash equivalents, loans and notes receivable, other receivables, securities purchased under agreements to resell and investments securities. Financial liabilities comprises securities sold under agreements to repurchase, notes payable, redeemable preference shares and other payables. Information relating to fair values and financial instruments risks is summarized below.

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of ownership of the assets. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Fair values

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by quoted market price, if one exists. Where quoted market prices are not available, the fair value of these instruments has been determined using a generally accepted alternative method. However, considerable judgement is required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented below are not necessarily indicative of the amounts that the Group would receive on realisation of its financial assets or pay to settle its financial liabilities.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable

to estimate that value.

2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Financial Instrument	Method of estimating fair value
Cash and cash equivalents, other receivables, resale agreements, accounts payable, repurchase agreements, Bank of Jamaica certificates of deposits	Considered to approximate their carrying values, due to their short-term nature
Quoted equities	Quoted market bid prices.
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 rate, approximates the market rate.
Notes payable	Considered to be carrying value as the coupon rate approximates the market rate.

2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Notes to the Financial Statements (Continued)
31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

(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 carried 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.

(ii) Investments

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale and are carried at fair value except for unquoted equity securities whose fair value cannot be reliably measured, which are carried at cost. Changes therein, other than impairment losses [Note 2(i)], and foreign exchange gains and losses on available-for-sale monetary items [see note 2(f)], are recognised in other comprehensive income and reflected in investment revaluation reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Investments at fair value through profit or loss

The Group carries some investment securities at fair value through profit or loss if they are held for trading or designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market, and that the Group does not intend to sell immediately or in the near term.

Loans and receivables are measured at amortised cost using the effective interest method, except when the Group chooses to designate the loans and receivables at fair value through profit or loss.

2. **Summary of Significant Accounting Policies (Continued)**

(c) **Financial instruments (continued)**

(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 stated at amortised cost less impairment provisions.

(v) **Account payable**

Accounts payable are stated at their 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 stated at amortised costs, with any difference between cost and redemption being 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.

Notes to the Financial Statements (Continued)
31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

2. **Summary of Significant Accounting Policies (Continued)**

(d) **Property, plant and equipment**

Property, plant and equipment are stated 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.

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.

(e) **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is 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.

(i) **Computer software**

Computer software is carried at cost, less accumulated amortisation and impairment losses. Amortisation is charged on the straight-line basis over the useful lives of the assets at a rate of 25% per annum, from the date it is available for use.

2. **Summary of Significant Accounting Policies (Continued)**

(e) **Intangible assets (continued)**

(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 excess is negative (negative goodwill), it is recognised immediately in profit or loss. Goodwill is measured at cost less accumulated impairment losses.

(iii) **Customer lists**

Acquired customer lists are measured initially at historical cost. Customer lists have a finite useful life and are carried 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 approximates 8 to 15 years.

(iv) **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

(f) **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. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

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.

2. **Summary of Significant Accounting Policies (Continued)**

Notes to the Financial Statements (Continued)
31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

(f) **Foreign currency translation (continued)**

(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 for each statement of financial position presented are translated at the closing rate at the date of that statement;
- Income and expenses for each income statement 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.

(g) **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 a 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.

(h) **Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is 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.

2. **Summary of Significant Accounting Policies (Continued)**

(h) **Taxation (continued)**

(ii) **Deferred income tax**

Deferred income tax is provided using the balance sheet liability method, providing 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.

(i) **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, the asset's recoverable amount is estimated at each reporting date. 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 the profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in 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 account.

(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.

2. **Summary of Significant Accounting Policies (Continued)**

(i) **Impairment (continued)**

(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 the 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.

(j) **Membership share**

Membership share is stated at cost less impairment provisions.

(k) **Interest income and expense**

Interest income and expense are 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-bearing instrument and its amount at maturity calculated on an effective interest rate 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.

(l) **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-employments 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 fund which the Group operates to provide retirement pensions for the Group's employees (Note 32). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged off when due.

2. **Summary of Significant Accounting Policies (Continued)**

(m) **Operating leases**

Payments made under operating leases are recognised in profit or loss on the straight line basis over the terms of the leases.

(n) **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.

(o) **Fee and commission income**

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-apportionment basis. Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

(p) **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.

(q) **Investment properties**

Investment properties are held for rental yields and fair value gains and are not occupied by the Group. Investment properties are treated as a long-term investment and are carried at fair value, representing open market value determined annually by the directors or by independent valuers. Changes in fair values are recognised in profit or loss. Rental income from investment properties is recognised in profit and loss on a straight line basis over the tenor of the lease.

(r) **Comparative information**

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

3. **Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated to confirm their continuing appropriateness.

Use of estimates and judgements

The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make

judgements, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets liabilities, contingent assets and continent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimate and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, the area of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effects on amounts recognised in the financial statements, or which have a risk of material adjustment in the next year, are as follows:

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 suggest there may be a measurable decrease in the estimated future cash flows from investments, notes receivable and other financial assets, for example, repayment default and adverse economic conditions. The specific counterparty 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 work out strategy and estimate of cash flows considered recoverable are independently approved by the Credit and Market Risk functions.

(ii) ***Fair value of financial instruments***

In the absence of quoted market prices, the fair value of a significant proportion of the Group's financial instruments was determined using a generally accepted alternative method. Considerable judgement is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

It is possible that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

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 2 (c)(ii).
- 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 2(c)(ii).

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				
	Year ended 31 March 2013				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000
External revenues	11,466,343	1,350,817	103,549	-	12,920,709
Inter-segment revenue	475,566	20,844	-	(496,410)	-
Total segment revenue	11,941,909	1,371,661	103,549	(496,410)	12,920,709
Segment results	1,660,798	32,732	6,697	-	1,700,227
Impairment loss on financial assets					(73,798)
Impairment loss on intangible assets					(107,000)
Gain on acquisition of subsidiaries					2,055,592
Share of profit of associated companies					72,354
Profit before tax					3,647,375
Income tax expense					209,488
Profit for the year					3,856,863
Total segment assets	168,123,610	21,074,966	808,001	(23,145,616)	166,860,961
Total segment liabilities	150,141,331	16,348,736	744,242	(17,586,224)	149,648,085
Interest income	10,254,955	984,219	12,379	-	11,251,553
Interest expense	6,010,322	593,535	-	-	6,603,857
Operating expenses	3,795,223	724,550	96,852	-	4,616,625
Depreciation and amortisation	148,441	26,757	2,835	-	178,033
Capital expenditure	277,501	38,871	-	-	316,372

4. Segment Reporting (Continued)

	The Group				
	Year ended 31 March 2012				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000
External revenues	11,538,791	-	85,908	-	11,624,699
Inter-segment revenue	456,984	-	7,783	(464,767)	-
Total segment revenue	11,995,775	-	93,691	(464,767)	11,624,699
Segment results	2,767,600	-	16,159	-	2,783,759
Share of profits of associated companies					30,258
Profit before tax					2,814,017
Income tax expense					(573,561)
Profit for the year					2,240,456
Total segment assets	141,326,995	-	806,787	(17,397,228)	124,736,554
Total segment liabilities	129,905,840	-	768,250	(16,809,668)	113,864,422
Interest income	9,155,991	-	9,594	-	9,165,585
Interest expense	5,626,237	-	-	-	5,626,237
Operating expenses	3,144,926	-	69,777	-	3,214,703
Depreciation and amortisation	111,052	-	1,653	-	112,705
Capital expenditure	245,925	-	-	-	245,925

5. Net Interest Income

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Interest income				
Cash and cash equivalents	18,027	13,352	13,353	12,668
Loans and notes receivable	682,393	344,946	345,785	333,810
Resale agreements	619,279	629,484	506,868	628,613
Investment securities	9,931,854	8,177,803	7,270,449	6,840,752
Total interest income	11,251,553	9,165,585	8,136,455	7,815,843
Interest expense				
Repurchase agreements	6,107,848	5,326,780	4,654,419	4,414,048
Notes payable	222,550	38,668	6,647	6,337
Loans payable	32,246	-	-	-
Redeemable preference shares	241,213	260,789	241,213	260,789
Total interest expense	6,603,857	5,626,237	4,902,279	4,681,174
Net interest income	4,647,696	3,539,348	3,234,176	3,134,669
Total interest income on financial assets not at fair value through profit or loss	11,251,553	9,165,585	8,136,455	7,815,843

6. Loss on GOJ's National Debt Exchange

The Group voluntarily participated in Government of Jamaica ("GOJ") National Debt Exchange ("NDX"). The par value of JA$ securities exchanged was $53.8 billion. The par value of US$ securities exchanged was US$53.6 million. The Group and company realised a one-time loss of J754.2 million and J$749.5 million, respectively.

7. Staff Costs

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Salaries and benefits, including profit-related pay	1,815,338	1,445,609	1,327,159	1,276,402
Statutory payroll contributions	150,597	106,580	119,683	101,206
Pension costs (Note 34)	52,349	40,974	40,523	36,211
Training and development	32,408	33,783	30,937	24,740
Staff welfare	205,485	97,187	136,994	95,824
	2,256,177	1,724,133	1,655,296	1,534,383

8. **Impairment Loss on Financial Assets**

The impairment charge was for a provision on certain of the Group's investments in its equity and corporate bond portfolios.

9. **Operating Expenses**

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Marketing, corporate affairs and donation	315,840	244,160	278,689	224,419
Bad debts, less recoveries	34,967	75,842	34,967	75,842
Depreciation and amortisation	178,033	112,705	108,697	103,503
Directors' fees	35,691	32,319	31,481	28,670
Irrecoverable - GCT	164,781	99,139	137,504	98,947
Insurance	51,606	30,232	32,438	25,940
Auditors' remuneration	30,826	19,100	12,600	10,400
Asset tax	168,850	-	153,050	-
Information technology	178,176	110,909	134,629	110,855
Legal and other professional fees	298,565	286,311	200,709	244,371
Repairs and maintenance	69,777	55,192	65,482	52,839
Loan loss, less recoveries	269,063	81,084	-	36,000
Security	63,714	46,746	63,611	46,660
Stationery, printing and postage	82,602	85,467	80,438	82,710
Utilities	102,806	94,236	94,588	87,609
Bank charges and interest	121,726	80,485	87,721	76,022
Other	193,425	36,643	32,947	14,773
	2,360,448	1,490,570	1,549,551	1,319,560

Notes to the Financial Statements (Continued)
31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

10. **Taxation**

(a) Income tax for the company and the subsidiaries incorporated in Jamaica is computed on the profit for the year, adjusted for tax purposes, at 33⅓%. Income taxes for other subsidiaries are based on statutory income tax rates prevailing in each jurisdiction:

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
1% tax on assets	-	2,567	-	-
Current income tax	69,501	810,600	-	791,637
Deferred income tax (Note 24)	(278,989)	(239,606)	(96,855)	(255,835)
	(209,488)	573,561	(96,855)	535,802

(b) The tax on profit differs from the theoretical amount that would arise using the statutory rate of 33⅓% as follows:

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Profit before taxation	3,647,375	2,814,017	401,891	1,970,387
Tax calculated at 33⅓%	1,215,792	938,006	133,964	656,796
Adjusted for the effects of:				
Income not subject to tax	(1,216,354)	(156,690)	(316,102)	(156,690)
Disallowed expenses	139,569	33,782	85,283	33,775
Effect of lower tax rate on associated companies share of profits	(19,484)	(9,861)	-	-
Tax losses not recognized	19,267	(4,518)	-	-
Effect of taxation under different tax regime	(345,318)	(229,079)	-	-
Adjustment to prior year estimate	(2,960)	1,921	-	1,921
	(209,488)	573,561	(96,855)	535,802

(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 $4,121,099,000 (2012: $2,910,678,000) for the Group and $1,072,487,000 (2012: $Nil) for the company.

11. Earnings per Stock Unit

Earning per stock unit ('' EPS'') is computed by dividing the profit attributable to stockholders of the parent of $3,739,058,000 (2012: $2,216,808,000) by the weighted average number of ordinary stock units in issue during the year, numbering 1,588,761,066 (2012: 1,463,386,752).

12. Dividends

	The Group and The Company	
	2013	**2012**
	$'000	**$'000**
Final dividend in respect of 2012 @ 11.0 cents (2011: 10.0) cents per stock unit	160,973	146,339
Interim dividend in respect of 2013 @ 13.0 cents (2012: 12.0) cents per stock unit	211,972	175,606
Special dividend in respect of 2012 @ 8.0 cents per stock unit	-	117,071
Final dividend in respect of 2013 @ 10.0 cents	163,055	-
	536,000	439,016

13. Cash and Cash Equivalents

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Cash	5,426,635	3,815,420	3,409,234	3,255,342
Cash equivalents	404,795	341,814	365,216	341,714
	5,831,430	4,157,234	3,774,450	3,597,056

Notes to the Financial Statements (Continued)
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Cash equivalents of the Group and company include $364,936,000 (2012: $341,714,000) held by an investment broker as security for funding provided on certain investment securities and is not available for immediate use. In addition, the Group also has a restricted amount of $7,533,009 (2012: $7,425,412) deposited at an interest rate of 2.5% (2012: 2.5%) under an agreement with a building society which co-ordinates and administers a home ownership assistance programme on behalf of the Group for its employees.

14. Loans and Notes Receivable

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Corporate	5,611,519	1,102,331	108,521	957,172
Financial institutions	3,563	-	-	-
Individuals	5,133,694	2,393,289	2,669,599	2,357,649
	10,748,776	3,495,620	2,778,120	3,314,821
Less: provision for impairment	(521,650)	(119,993)	(17,745)	(36,551)
	10,227,126	3,375,627	2,760,375	3,278,270

Provision for impairment

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Balance at 1 April	119,993	148,556	36,551	66,522
Provision acquired	628,020	-	-	-
Charge for year	269,063	81,084	-	36,000
Recoveries/write-off	(495,426)	(109,647)	(18,806)	(65,971)
Balance at 31 March	521,650	119,993	17,745	36,551

Notes receivable include an interest-free revolving advance of $344,036,605 (2012: $394,036,605) to the trustees of the Group's Employee Share Ownership Plan (ESOP), the repayment date for which has not yet been fixed. The number of shares held by the ESOP at 31 March 2013 was 164,726,375 (2012: 171,336,702).

15. Other Receivables

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Receivables from related parties	-	-	1,078,611	1,083,942
Other receivables	637,056	1,421,705	270,924	1,042,011
Due from managed funds	-	61,895	-	52,397
Staff loans	236,370	175,965	236,370	175,965
	873,426	1,659,565	1,585,905	2,354,315
Less: provision for impairment	(5,254)	(825,819)	(3,182)	(825,819)
	868,172	833,746	1,582,723	1,528,496

Notes to the Financial Statements (Continued)
31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

Provision for impairment

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Balance at 1 April	825,819	1,042,480	825,819	1,042,480
Charge for year	34,967	75,842	34,967	75,842
Recoveries/write-off	(855,532)	(292,503)	(857,604)	(292,503)
Balance at 31 March	5,254	825,819	3,182	825,819

16. Securities Purchased Under Agreements to Resell

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Denominated in Jamaica dollars	1,815,662	126,050	1,615,000	-
Denominated in United States dollars	2,075,251	2,427,689	14,916,330	15,142,308
Denominated in Euro	-	-	-	649,608
Denominated in Dominican Republic Pesos	-	-	666,310	666,300
	3,890,913	2,553,739	17,197,640	16,458,216

Resale agreements include balances with related parties as set out in Note 30. 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 28).

At the reporting date, the fair value of the securities obtained and held under resale agreements was $3,833,851,000 (2012: $2,885,611,000) and $17,403,868,000 (2012: $16,983,846,000) for the Group and company, respectively.

Notes to the Financial Statements (Continued)
31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

17. Investments

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables				
Certificates of deposit	-	6,797,628	-	6,730,645
Government of Jamaica securities	20,642,824	19,940,999	16,382,458	14,978,302
Sovereign	174,144	268,500	174,144	268,500
Corporate				
Government of Jamaica guaranteed	10,610,080	8,536,912	6,485,450	4,688,500
Other	5,724	407,101	-	4,252
	31,432,772	35,951,140	23,042,052	26,670,199
Available-for-sale securities:				
Government of Jamaica securities	71,074,327	52,641,331	61,960,163	52,641,331
Certificates of deposit	800,206	-	400,000	-
US Treasury Bills	442,382	-	-	-
Corporate bonds	16,410,000	11,902,243	8,451,049	7,772,202
Sovereign bonds	17,432,947	7,185,031	100,588	118,862
Quoted equities	125,191	221,432	54,321	139,256
Units in unit trusts	32,588	47,749	17,682	47,749
Money Market Funds	511,405	220,529	511,405	220,529
Other	17,442	16,788	-	-
	106,846,488	72,235,103	71,495,208	60,939,929
Faire value through profit and loss				
Corporate bonds	74,803	-	74,803	-
Sovereign bonds	69,452	-	69,453	-
Quoted equities	33,482	-	-	-
Unquoted equities	12,956	-	-	-
	190,693	-	144,256	-
	138,469,953	108,186,243	94,681,516	87,610,128
Less: provision for impairment losses	(57,009)	(32,442)	-	(32,442)
	138,412,944	108,153,801	94,681,516	87,577,686

17. Investments (Continued)

Provision for impairment

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Balance as 1 April	32,442	32,442	32,442	32,442
Written off/recovered	(32,442)	-	(32,442)	-
Charge for the year	57,009	-	-	-
Balance as 31 March	57,009	32,442	-	32,442

Investments mature, from the reporting date, as follows:

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Government of Jamaica securities				
Within 3 months	2,500	-	2,500	-
From 3 months to 1 year	3,534,818	10,004,025	3,659,462	8,832,003
From 1 year to 5 years	26,397,799	22,172,595	24,369,048	21,628,943
Over 5 years	61,782,037	40,405,710	50,311,613	37,158,688
	91,717,154	72,582,330	78,342,623	67,619,634
Certificates of deposit:				
Within 3 months	800,206	6,797,628	400,000	6,730,645
US Treasury Bills				
Within 3 months	442,382	-	-	-
Sovereign bonds and corporate bonds:				
Within 3 months	71,386	733,486	-	-
From 3 months to 1 year	2,025,422	233,852	2,463	-
From 1 year to 5 years	8,438,113	7,329,936	1,655,957	1,521,189
Over 5 years	34,180,396	20,002,512	13,697,065	11,331,126
	44,715,317	28,299,786	15,355,485	12,852,315
Other [see (c) below]	737,885	474,057	583,408	375,092
	138,412,944	108,153,801	94,681,516	87,577,686

(a) Government of Jamaica securities and certain other bonds are pledged as security for repurchase agreements (Note 28) and notes payable (Note 29).

(b) Government of Jamaica securities having an aggregate face value of $165,000,000 (2012: $275,000,000) have been pledged as collateral against possible overdrafts at the Central Bank and against uncleared effects at one of the company's bankers.

17. Investments (Continued)

(c) Other includes quoted equities, unit trust units and interest in pooled money market fund for which there are no maturity dates.

18. Membership Shares

This represents two qualifying shares held in the Jamaica Stock Exchange Limited ("JSE"). The qualifying share entitle each of JMMB Securities Limited and Capital & Credit Securities Limited to operate as a broker/dealer and be a member of the Council of the JSE. Under the JSE's constitution, its members are not entitled to dividends from JSE, and are not entitled to its residual assets or the assets of the Compensation Fund, upon a winding up or liquidation, as the assets would be required to be used for development of the securities market in Jamaica.

19. Interest in Subsidiaries

	The Company	
	2013	2012
	$'000	$'000
JMMB Securities Limited		
Shares, at cost – equity	26,050	26,050
– preference	79,000	79,000
	105,050	105,050
JMMB Insurance Brokers Limited		
Shares, at cost - equity	125,000	125,000
Loan	10,000	10,000
	135,000	135,000
Jamaica Money Market Brokers (Trinidad and Tobago) Limited		
Shares, at cost – equity	-	-
Loan	336,765	336,765
	336,765	336,765
JMMB International Limited		
Shares, at cost – equity	500,000	500,000
JMMB Real Estate Holdings Limited		
Shares, at cost – equity	1	1
JMMB Holdings Limited		
Shares, at cost - equity	9	9
Loan	98,665	98,665
	98,674	98,674
Balance carried forward to page 44	**1,175,490**	**1,175,490**

19. Interest in Subsidiaries (Continued)

	The Company	
	2013	2012
	$'000	$'000
Balance brought forward from page 43	**1,175,490**	**1,175,490**
Capital and Credit Financial Group Limited		
Shares, at cost - equity	4,644,589	-
Capital and Credit Securities Limited		
Shares, at cost - equity	126,315	-
JMMB Fund Managers Limited		
Shares, at cost - equity	254,555	-
	6,200,949	**1,175,490**

20. Investment Properties

	The Group	
	2013	2012
	$'000	$'000
Balance at beginning of year	457,591	457,591
Asset acquired at fair value	70,370	-
Disposed of during year	(70,370)	-
Balance at end of year	457,591	457,591

The properties are stated at fair value, as appraised by professional, independent valuers. Investment properties generated revenue of $5,289,867 (2012: $2,268,100) and expenses of $18,777,357 (2012: $1,486,359) for the year.

21. Interest in Associated Companies

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Shares, at cost	331,042	331,042	-	-
Share of post-acquisition profits	340,133	267,779	-	-
Share of investment revaluation reserve	(25,837)	(26,033)	-	-
Cumulative translation reserve	162,968	92,949	-	-
	808,306	665,737	-	-

The summarized financial information for the associates is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Assets	23,792,542	16,530,296	-	-
Liabilities	22,124,286	15,195,667	-	-
Revenue	1,187,960	912,225	-	-
Profit	144,734	60,503	-	-

22. Intangible Assets

	Group				
			Computer		
	Other	Customer List	Software	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
At 31 March 2011	-	-	387,580	16,744	404,324
Additions	-	10,456	21,355	-	31,811
At 31 March 2012	-	10,456	408,935	16,744	436,135
Acquired in business combination (Note 31)	174,000	305,000	16,456	-	495,456
Additions	-	-	54,662	-	54,662
Exchange rate adjustment	-	-	984	-	984
At 31 March 2013	174,000	315,456	481,037	16,744	987,237
Accumulated Amortisation					
At 31 March 2011	-	-	326,536	-	326,536
Charge for the year	-	-	23,509	-	23,509
At 31 March 2012	-	-	350,045	-	350,045
Impairment charge	107,000	-	-	-	107,000
Charge for the year	-	26,557	31,113	-	57,670
At 31 March 2013	107,000	26,557	381,158	-	514,715
Net Book Value					
31 March 2013	67,000	288,899	99,879	16,744	472,522
31 March 2012	-	10,456	58,890	16,744	86,090
31 March 2011	-	-	61,044	16,744	77,788

Notes to the Financial Statements (Continued)
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22. Intangible Assets (Continued)

	Company	
	Computer	
	Software	Total
	$'000	$'000
Cost		
At 31 March 2011	361,241	361,241
Additions	21,355	21,355
At 31 March 2012	382,596	382,596
Additions	54,662	54,662
At 31 March 2013	437,258	437,258
Accumulated Amortisation		
At 31 March 2011	300,097	300,097
Charge for the year	23,500	23,500
At 31 March 2012	323,597	323,597
Charge for the year	14,657	14,657
At 31 March 2013	338,254	338,254
Net Book Value		
31 March 2013	99,004	99,004
31 March 2012	58,999	58,999
31 March 2011	61,144	61,144

23. Property, Plant and Equipment

The Group

	Freehold Land and Buildings $'000	Leasehold Improvement $'000	Motor Vehicles $'000	Computer Equipment $'000	Equipment Furniture Fittings $'000	Total $'000
				The Group		
Cost						
At 31 March 2011	818,540	94,552	34,581	310,099	290,872	1,548,644
Additions	48,911	18,183	11,865	95,674	39,485	214,118
Disposals	(7,288)	-	(7,543)	-	-	(14,831)
At 31 March 2012	860,163	112,735	38,903	405,773	330,357	1,747,931
Acquisition of subsidiaries (Note 31)	19,026	7,340	1,528	1,461	30,093	59,448
Additions	23,713	40,173	14,645	95,154	88,025	261,710
Disposals	-	-	(13,459)	(12,580)	(723)	(26,762)
At 31 March 2013	902,902	160,248	41,617	489,808	447,752	2,042,327
Accumulated Depreciation						
At 31 March 2011	59,344	69,847	12,980	268,161	146,885	557,217
Charge for the year	13,650	7,426	6,654	35,746	25,720	89,196
Disposals	(835)	-	(298)	-	-	(1,133)
Adjustment	-	(2)	(12)	(202)	(81)	(297)
At 31 March 2012	72,159	77,271	19,324	303,705	172,524	644,983
Charge for the year	14,185	12,436	7,350	47,104	39,288	120,363
Disposals	-	-	(8,579)	(10,667)	-	(19,246)
Exchange adjustment	-	17	4	48	22	91
At 31 March 2013	86,344	89,724	18,099	340,190	211,834	746,191
Net Book Value						
At 31 March 2013	816,558	70,524	23,518	149,618	235,918	1,296,136
At 31 March 2012	788,004	35,464	19,579	102,068	157,833	1,102,948
At 31 March 2011	759,196	24,705	21,601	41,938	143,987	991,427

23. Property, Plant and Equipment (Continued)

The Company

	Freehold Land and Buildings $'000	Leasehold Improvements $'000	Motor Vehicles $'000	Computer Equipment $'000	Equipment, Furniture and Fittings $'000	Total $'000
Cost						
At 31 March 2011	763,084	73,858	30,586	305,507	274,708	1,447,743
Additions	48,911	3,598	2,020	93,195	37,751	185,475
Disposals	(7,288)	-	-	-	-	(7,288)
At 31 March 2012	804,707	77,456	32,606	398,702	312,459	1,625,930
Additions	33,334	21,379	5,855	89,439	58,511	208,518
Transfer from work in progress	(9,621)	2,178	-	-	7,443	-
Disposals	-	-	-	(11,585)	-	(11,585)
At 31 March 2013	828,420	101,013	38,461	476,556	378,413	1,822,863
Accumulated Depreciation						
At 31 March 2011	59,344	69,590	12,206	253,898	139,915	534,953
Charge for the year	12,264	2,725	6,070	34,545	24,399	80,003
Disposals	(835)	-	-	-	-	(835)
At 31 March 2012	70,773	72,315	18,276	288,443	164,314	614,121
Charge for the year	12,417	3,551	5,127	45,363	27,582	94,040
Disposals	-	-	-	(10,280)	-	(10,280)
At 31 March 2013	83,190	75,866	23,403	323,526	191,896	697,881
Net Book Value						
At 31 March 2013	745,230	25,147	15,058	153,030	186,517	1,124,982
At 31 March 2012	733,934	5,141	14,330	110,259	148,145	1,011,809
At 31 March 2011	703,740	4,268	18,380	51,609	134,793	912,790

24. Deferred Income Taxes

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 1/3% as deferred tax is currently applicable only to the jurisdiction that apply this rate.

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

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Deferred income tax assets	447,951	2,617	-	-
Deferred income tax liabilities	(536,698)	(752,393)	(531,493)	(752,393)
Net deferred income tax liabilities	(88,747)	(749,776)	(531,493)	(752,393)

24. Deferred Income Taxes (Continued)

The movement in the net deferred income tax balance is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Balance at beginning of year - liabilities	(749,776)	(1,139,447)	(752,393)	(1,157,747)
Deferred tax acquired on acquisition	211,218	-	-	-
Credited to profit or loss (Note 10)	278,989	239,606	96,855	255,835
Charged to other comprehensive income	170,822	150,065	124,045	149,519
Balance at end of year - liabilities	(88,747)	(749,776)	(531,493)	(752,393)

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

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Deferred income tax assets -				
Investments	778,677	3,459	464,712	-
Other payables	10,811	5,295	7,450	5,280
Property, plant and equipment	51	-	-	-
Accounts receivable	-	226,682	-	226,682
Interest payable	363,874	289,814	323,077	289,814
Tax losses carried forward	564,982	-	357,460	-
	1,718,395	525,250	1,152,699	521,776
Deferred income tax liabilities -				
Investments	35,677	14,980	-	14,980
Unrealised foreign exchange gains	1,275,021	802,104	1,270,025	801,586
Property, plant and equipment	29,805	30,004	22,439	30,017
Interest receivable	466,639	427,938	391,728	427,586
	1,807,142	1,275,026	1,684,192	1,274,169
Net deferred income tax liabilities	(88,747)	(749,776)	(531,493)	(752,393)

25. Share capital

	2013	2012
	Number of stock units	**Number of stock units**
	000	**000**
Authorised:		
Ordinary stock units of no par value	1,816,400	1,816,400
Fixed rate cumulative redeemable preference shares of no par value	4,000,000	4,000,000
	5,816,400	5,816,400

	2013	2012
	Number of stock units	**Number of stock units**
	000	**000**
Issued ordinary share capital:		
Ordinary stock units in issue at 1 April 2012	1,463,386	1,463,386
Ordinary stock units issued in consideration for 100% equity in CCFG (Note 31)	167,166	-
Ordinary stock units in issue at 31 March 2013	1,630,552	1,463,386

	2013	2012
	$'000	**$'000**
Stated capital:		
1,630,552,530 (2012: 1,463,386,752) ordinary stock units	1,850,279	365,847
889,073,000 8.75% cumulative redeemable preference stock units	2,667,219	2,667,219
26,322,000 8.5% cumulative redeemable preference stock units	92,127	92,127
	4,609,625	3,125,193
Less redeemable preference stock units required by IFRS to be accounted for as liabilities in the financial statements	(2,759,346)	(2,759,346)
	1,850,279	365,847

By ordinary resolution of the Board of Directors dated 19 June 2012, 155,691,624, ordinary shares were issued as part payment of the acquisition of Capital & Credit Financial Group Limited, See Note 31. These shares ranked pari passu with existing ordinary shares.

By ordinary resolution of the Board of Directors dated 19 June 2012, 11,474,154, ordinary shares were issued on 11 August 2012, as part payment for the acquisition of the minority shareholding in Capital & Credit Financial Group Limited. These shares ranked pari passu with existing ordinary shares.

25. Share Capital (Continued)

The holders of ordinary stock units are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Annual General meetings of the company.

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.

26. Reserves

(a) Retained Earnings Reserve

In accordance with a board resolution, the company transferred 7% of its total assets to non-distributable retained earnings reserve. This reserve constitutes a part of the company'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.

27. Loan Participations

	The Group	
	2013	**2012**
	$'000	**$'000**
Personal	56,948	-
Financial institutions	8,934	-
Commercial and business enterprises	275,200	-
	341,082	-

28. Securities Sold Under Agreements to Repurchase

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Denominated in Jamaica dollars	47,778,362	42,512,545	47,144,268	42,745,182
Denominated in United States dollars	74,018,096	56,967,419	61,326,137	53,086,638
Denominated in Pound Sterling	2,455,361	2,130,199	2,455,361	2,130,199
Denominated in Euro	218,150	718,690	218,150	597,721
Denominated in Dominican Republic Peso	10,992,513	4,884,147	-	-
Denominated in Canadian dollars	444,829	378,924	444,829	378,924
	135,907,311	107,591,924	111,588,745	98,938,664

Repurchase agreements are collateralised by certain securities and other instruments held by the Group and the company with a carrying value of $142,669,651,000 (2012 $111,578,994,000) and $113,470,677,000 (2012: $105,348,219,000), respectively, (Notes 13, 16 and 17).

Repurchase agreements include balances with related parties as set out in Note 30. Certain of these securities and interest accrued thereon are pledged as security for repurchase agreements (Note 16).

29. Notes Payable

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
(i) Capital and Credit Merchant Bank Limited 7% promissory note	-	-	305,406	-
(ii) Capital and Credit Financial Group Limited 7% promissory note	-	-	75,464	-
(iii) 7% US$4,068,000 promissory note	-	354,323	-	-
(iv) 6.75% US$1,336,000 promissory note	-	116,365	-	-
	-	470,688	380,870	-

(i) This promissory note is secured by real estate (note 23) bears interest at 7% per annum for the first three months and 8.5% thereafter. The note is repayable 31 December 2015.

(ii) This promissory note is unsecured, bears interest at 7% per annum and repayable 30 August 2013.

(iii) This note is unsecured and the entire amount is repayable on 4 March 2013. Interest is paid semi-annually at a fixed rate of 7% per annum. The note was repaid during the financial year.

29. Notes Payable (Continued)

(iv) This note is unsecured and the entire amount is repayable on 31 March 2013. Interest is paid semi-annually at a fixed rate of 6.75% per annum. The note was repaid during the financial year

30. 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.

Related companies include ultimate parent company, parent company, fellow subsidiaries and associated companies. 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	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Directors-				
Notes receivable	76,995	13,940	7,336	13,940
Interest payable	(1,073)	(679)	(1,073)	(679)
Repurchase agreements	(146,103)	(121,826)	(146,103)	(121,826)
Major shareholders -				
Notes receivable	436,480	481,137	436,480	481,137
Interest payable	(160)	(625)	(160)	(625)
Repurchase agreements	(56,019)	(84,031)	(56,019)	(84,031)
Subsidiaries -				
Resale agreements	-	-	15,976,719	14,775,880
Interest receivable	-	-	15,159	10,993
Notes payable	-	-	(380,870)	-
Interest payable	-	-	(7,337)	-
Key management employees				
Loans receivable	-	22,853	-	22,853

30. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Directors-				
Interest income	2,371	2,346	1,412	2,346
Interest expense	(6,021)	(8,615)	(6,021)	(8,615)
Major Shareholders -				
Interest income	6,870	10,869	6,870	10,869
Interest expense	(1,507)	(3,789)	(1,507)	(3,789)
Subsidiaries -				
Interest income	-	-	518,857	611,585
Interest expense	-	-	(15,148)	-
Managed funds				
Gain on sale of securities	426,846	405,565	426,846	405,565

(iii) Key management compensation includes payments to directors, senior management of the company and company secretary. The compensation paid or payable to key management for employee services is as shown below:

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Short-term employee benefits including directors fees	186,637	200,051	175,855	190,469
Post-employment benefits	7,754	7,068	7,754	7,068
	194,391	207,119	183,609	197,537

31. Business Combinations

Acquisition of Capital & Credit Financial Group Limited

On 29 June 2012, the Company acquired 93.14% of the share capital of Capital & Credit Financial Group Limited (CCFG) and its subsidiaries. Following the acquisition of 93.14% of the share capital of CCFG on 29 June 2012, JMMB, pursuant to Section 209 (1) of the Companies Act 2004 of Jamaica, commenced the compulsory acquisition of the remaining 6.86% shares not tendered by CCFG shareholders. There was no application to the court made by any minority shareholder on or before 26 July 2012, and JMMB concluded the acquisition of the remaining 6.86% minority shareholding on 11 August 2012, thereby becoming the owner of 100% of the shares of CCFG.

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:

Purchase consideration	$'000
Cash paid	2,736,282
Shares issued as consideration for equity in CCFG	1,484,432
Total consideration paid	4,220,714
Fair value of net assets acquired	(6,700,180)
Negative goodwill	(2,479,466)
Professional fees relating to acquisition	423,874
Gain on acquisition of subsidiaries	(2,055,592)

31. Business Combinations (Continued)

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

	Fair Value $'000
Cash and cash equivalents	1,230,341
Investment securities and resale agreements	23,507,244
Other investments	31,000
Loans and notes receivable, net of provisions	5,561,874
Property, plant and equipment	59,448
Intangible assets	495,456
Income tax recoverable	92,645
Accounts receivable	912,823
Deferred tax assets	211,218
Deposits	(5,308,796)
Repurchase agreements	(18,429,178)
Loan participation	(535,706)
Due to other financial institutions	(709,482)
Accounts payable	(418,707)
Net assets	6,700,180
Net assets acquired	6,700,180
Cash consideration	2,736,282
Cash and cash equivalents acquired	(1,230,341)
Net cash outflow on acquisition	1,505,941

Loans and notes receivable are stated after IFRS provisions of J$814,770,000.

Since the acquisition, the acquired business has contributed J$1,247,844,000 in revenues and incurred operating expenses of J$1,029,580,000 for the Group.

32. 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 policy and strategy for integrated risk management of the various risk exposures of the Group.

(ii) Board Credit Committee

The Board Credit Committee is 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 the making of specific and general provisions against actual or potential bad debts. The committee is supported in its work by the Management Credit Committee.

32. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

(iii) Audit Committee

The Audit Committee monitors 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, the Risk Management unit and the 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 the specific aspects of operational risk, such as fraud, is also within the purview of the Audit Committee.

(iv) Investment Committee

The Investment Committee is a senior management level committee 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.

32. Financial Risk Management (Continued)

(b) Credit risk (continued)

(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.

Group's internal rating scale:

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

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) Investment securities and resale agreements

The Group limits its exposure to credit risk by investing in liquid securities and 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 constantly reviewed by the Credit and Risk Management Committees.

32. Financial Risk Management (Continued)

(b) Credit risk (continued)

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:

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 securities 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 requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral held.

Exposure to credit risk

Impairment

The main considerations for the loans and notes receivable impairment assessment 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 annually, 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.

32. Financial Risk Management (Continued)

(b) Credit risk (continued)

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 are shown on the statement of financial position.

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

	The Group		The Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Loan commitments	1,255,374	149,386	-	149,386
Guarantees and letters of credit	44,276	10,096	-	10,096
	1,299,650	159,482	-	159,482

Loans and notes receivable, other receivables and investment securities

(i) Financial assets – individually impaired

The amount of financial assets that are individually impaired, before taking into consideration the cash flows from collateral held, is as follows:

	The Group and Company	
	2013	2012
	$'000	$'000
Loans and notes receivable	482,196	132,698

(ii) Full provision has been made for financial assets that are individually impaired.

The fair value of the collateral that the Group and company held as security for individually impaired loans and notes receivable was $6,700,000,000 (2012: $207,777,000).

There are no financial assets other than loans and notes receivable and other receivables that were individually impaired.

(iii) Financial assets that are past due but not impaired amount to $1,118,503,000 (2012: $717,368,000) for the Group and company.

Notes to the Financial Statements (Continued)
31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

32. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. In general, the Group does not occupy repossessed properties for business use.

The Group repossessed collaterals aggregating $15,800,000 (2012: Nil) held as security against loans categorised as past due and impaired.

The carrying value of the loans on which the collateral was repossessed during the year is $155,800,000 (2012: $44,700,000).

(v) The Group and company monitor 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

	2013				
	Cash and cash equivalents $'000	**Loans and notes receivable $'000**	**Resale agreements $'000**	**Investment securities $'000**	**Total $'000**
Carrying amounts	5,831,430	10,227,126	3,890,913	138,412,944	158,362,413
Concentration by sector					
Government of Jamaica	-	-	-	91,717,104	91,717,104
Sovereign bonds	-	-	87,560	18,061,880	18,149,440
Bank of Jamaica	-	-	257,181	365	257,546
Corporate bonds	-	5,052,315	-	27,049,915	32,102,230
Financial institutions	5,831,430	58,570	3,546,172	946,428	10,382,600
Retail	-	5,116,241	-	637,252	5,753,493
	5,831,430	10,227,126	3,890,913	138,412,944	158,362,413
Concentration by location					
Jamaica	3,726,271	10,227,126	2,906,813	115,985,492	132,845,702
North America	1,532,475	-	-	1,968,200	3,500,675
Trinidad	156,902	-	-	71,868	228,770
Dominican Republic	415,782	-	-	17,465,210	17,880,992
Other	-	-	984,100	2,922,174	3,906,274
	5,831,430	10,227,126	3,890,913	138,412,944	158,362,413

32. Financial Risk Management (Continued)

(b) Credit risk (continued)

The Group

	2012				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amounts	4,157,234	3,375,627	2,553,739	108,153,801	118,240,401
Concentration by sector					
Government of Jamaica	-	-	-	72,894,859	72,894,859
Sovereign bonds	-	-	-	7,453,524	7,453,524
Bank of Jamaica	-	-	-	6,730,645	6,730,645
Corporate bonds	-	775,445	-	20,908,826	21,684,271
Financial institutions	4,157,234	-	2,553,739	165,947	6,876,920
Retail	-	2,600,182	-	-	2,600,182
	4,157,234	3,375,627	2,553,739	108,153,801	118,240,401
Concentration by location					
Jamaica	1,198,936	3,375,627	2,553,739	96,431,568	103,559,870
North America	2,491,834	-	-	1,559,090	4,050,924
Trinidad	215,291	-	-	54,890	270,181
Other	251,173	-	-	10,108,253	10,359,426
	4,157,234	3,375,627	2,553,739	108,153,801	118,240,401

The Company

	2013				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amounts	3,774,450	2,760,375	17,197,640	94,681,516	118,413,981
Concentration by sector					
Government of Jamaica	-	-	-	78,342,622	78,342,622
Sovereign bonds	-	-	-	344,184	344,184
Bank of Jamaica	-	-	-	400,000	400,000
Corporate	-	108,521	-	15,011,302	15,119,823
Financial institutions	3,774,450	-	17,197,640	583,408	21,555,498
Retail	-	2,651,854	-	-	2,651,854
	3,774,450	2,760,375	17,197,640	94,681,516	118,413,981
Concentration by location					
Jamaica	2,132,151	2,760,375	17,197,640	94,580,096	116,670,262
North America	1,512,334	-	-	-	1,512,334
Trinidad	129,965	-	-	16,701	146,666
Other	-	-	-	84,719	84,719
	3,774,450	2,760,375	17,197,640	94,681,516	118,413,981

32. Financial Risk Management (Continued)

(b) Credit risk (continued)

The Company

	2012				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amounts	3,597,056	3,278,270	16,458,216	87,577,686	110,911,228
Concentration by sector					
Government of Jamaica	-	-	-	67,994,725	67,994,725
Sovereign bonds	-	-	-	387,362	387,362
Bank of Jamaica	-	-	-	6,730,645	6,730,645
Corporate	-	702,112	-	12,464,954	13,167,066
Financial institutions	3,597,056	-	16,458,216	-	20,055,272
Retail	-	2,576,158	-	-	2,576,158
	3,597,056	3,278,270	16,458,216	87,577,686	110,911,228
Concentration by location					
Jamaica	975,971	3,278,270	16,458,216	87,135,434	107,847,891
North America	2,488,293	-	-	-	2,488,293
Trinidad	132,792	-	-	54,890	187,682
Other	-	-	-	387,362	387,362
	3,597,056	3,278,270	16,458,216	87,577,686	110,911,228

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, and no such collateral was held at the reporting date (2012: no collateral held).

32. **Financial Risk Management (Continued)**

(b) **Credit risk (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	
	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:								
Cash secured	2,337,161	1,690,396	-	-	2,061,955	1,690,396	-	-
Property	3,016,305	2,605,340	-	-	14,871	2,530,340	-	-
Debt securities	1,175,615	431,516	3,833,851	2,885,611	460,054	431,516	17,403,868	16,983,846
Liens on motor vehicles	788,145	717,762	-	-	42,072	717,762	-	-
Subtotal	**7,317,226**	**5,445,014**	**3,833,851**	**2,885,611**	**2,578,952**	**5,370,014**	**17,403,868**	**16,983,846**
Against past due but not impaired financial assets:								
Cash secured	79,907	-	-	-	-	-	-	-
Property	1,103,708	322,700	-	-	46,866	304,700	-	-
Debt securities	-	-	-	-	-	-	-	-
Liens on motor vehicles	279,027	49,040	-	-	25,578	49,040	-	-
Subtotal	**1,462,642**	**371,740**	**-**	**-**	**72,444**	**353,740**	**-**	**-**
Against past due and impaired financial assets:								
Debt securities	2,665	-	-	-	-	-	-	-
Property	4,035,389	189,250	-	-	74,434	93,550	-	-
Liens on motor vehicles	52,856	88,627	-	-	13,940	88,627	-	-
Subtotal	**4,090,910**	**277,877**	**-**	**-**	**88,374**	**182,177**	**-**	**-**
Total	**12,870,778**	**6,094,631**	**3,833,851**	**2,885,611**	**2,739,770**	**5,905,931**	**17,403,868**	**16,983,846**

32. **Financial Risk Management (Continued)**

(c) **Liquidity risk**

Liquidity risk is the risk that the Group is unable to meet its 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 commitments to lend.

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 will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Group's reputation.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group, 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.

32. 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.

	2013				
	The Group				
	Within 3 Months $'000	3 to 12 Months $'000	1-5 Years $'000	Contractual Cash Flow $'000	Carrying Amount $'000
Financial Liabilities					
Customer deposits	6,143,420	1,524,965	13,895	7,682,280	7,567,380
Due to other banks	-	177,869	337,649	515,518	378,560
Loan participations	319,558	22,728	-	342,286	341,082
Securities sold under agreements to repurchase	105,412,599	31,166,074	6,739	136,585,412	135,907,311
Redeemable preference shares	-	-	2,780,493	2,780,493	2,759,346
Other payables	908,488	-	-	908,488	908,488
	112,784,065	32,891,636	3,138,776	148,814,477	147,862,167

	2012				
	The Group				
	Within 3 Months $'000	3 to 12 Months $'000	1-5 Years $'000	Contractual Cash Flow $'000	Carrying Amount $'000
Financial Liabilities					
Notes payable	-	120,347	366,690	487,037	470,688
Securities sold under agreements to repurchase	83,373,110	24,664,908	1,583,584	109,621,602	107,591,924
Redeemable preference shares	-	-	2,778,511	2,778,511	2,759,346
Other payables	546,788	-	-	546,788	546,788
	83,919,898	24,785,255	4,728,785	113,433,938	111,368,746

32. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

	2013				
	The Company				
	Within 3 Months $'000	3 to 12 Months $'000	1-5 Years $'000	Contractual Cash Flow $'000	Carrying Amount $'000
Financial Liabilities					
Securities sold under agreements to repurchase	90,059,395	23,313,104	6,739	113,379,238	111,588,745
Notes payable	-	387,590	-	387,590	380,870
Redeemable preference shares	-	-	2,780,493	2,780,493	2,759,346
Other payables	349,103	-	-	349,103	349,103
	90,408,498	23,700,694	2,787,232	116,896,424	115,078,064

	2012				
	The Company				
	Within 3 Months $'000	3 to 12 Months $'000	1-5 Years $'000	Contractual Cash Flow $'000	Carrying Amount $'000
Financial Liabilities					
Securities sold under agreements to repurchase	75,821,454	23,345,571	1,583,584	100,750,609	98,938,664
Redeemable preference shares	-	-	2,778,511	2,778,511	2,759,346
Other payables	359,059	-	-	359,059	359,059
	76,180,513	23,345,571	4,362,095	103,888,179	102,057,069

32. Financial Risk Management (Continued)

(d) Market risk

The Group assumes market risks, which are the changes in market prices, such as interest rates, equity prices, foreign exchange rates and commodity prices, that will affect the Group's income or 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 Management Unit 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.

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.

Notes to the Financial Statements (Continued)
31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

32. Financial Risk Management (Continued)

(d) Market risk (continued)

A summary of the VaR position of the Group's overall portfolio as at 31 March 2013 and during the year then ended is as follows:

	31 March	Average for Year	Maximum during Year	Minimum during Year
	$'000	$'000	$'000	$'000
2013 Overall VaR	2,752,892	2,065,828	8,220,671	672,063
2012 Overall VaR	880,268	1,168,781	1,897,665	492,924

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.

The most important risks to which the Group is exposed are currency, interest rate and equity price risks. The nature, measurement and management of these risks are set out below:

(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.

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

	The Group		The Company		Exchange rates	
	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000		
United States dollars	3,086,192	2,696,597	812,232	2,696,597	98.41	87.10
Great Britain pounds	180,611	64,236	91,529	64,236	149.97	137.69
Euros	55,053	100,871	39,862	(380,642)	125.55	115.67
Trinidad and Tobago dollars	62,295	187,682	69,295	187,682	15.32	13.58
Canadian dollars	64,624	(18,304)	79,017	(18,304)	97.25	87.11
Peso	-	-	660,931	673,688	2.34	2.23

32. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk (continued)

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 their forecast cash flows. The change in currency rates below represents management's assessment of a reasonable possible change in foreign exchange rates at the reporting date:

	The Group			
	Change in Currency Rate	Effect on Profit	Change in Currency Rate	Effect on Profit
	2013 %	2013 $'000	2012 %	2012 $'000
Currency:				
USD	5	154,310	1	26,966
GBP	5	9,031	1	642
EUR	5	2,753	1	1,009
PESO	5	-	1	-
CAD	5	3,231	1	(183)
TT$	5	3,115	1	1,877
		172,440		30,311

32. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity (continued)

	The Company			
	Change in Currency Rate	Effect on Profit	Change in Currency Rate	Effect on Profit
	2013 %	2013 $'000	2012 %	2012 $'000
Currency:				
USD	5	40,612	1	26,966
GBP	5	4,576	1	642
EUR	5	1,993	1	(3,806)
PESO	5	33,047	1	6,737
CAD	5	3,951	1	(183)
TT$	5	3,115	1	1,877
		87,294		32,233

(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 to earnings. It includes the Group's and company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

32. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group 2013					
	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
At 31 March 2013:						
Assets						
Cash and cash equivalents	5,831,430	-	-	-	-	5,831,430
Loans and notes receivable	2,966,257	717,896	1,456,903	3,077,588	2,008,482	10,227,126
Securities purchased under agreements to resell	3,890,913	-	-	-	-	3,890,913
Investment securities	57,479,340	247,072	6,499,364	73,806,157	381,011	138,412,944
Total interest bearing assets	70,167,940	964,968	7,956,267	76,883,745	2,389,493	158,362,413
Liabilities						
Notes payable	318,931	22,131	-	-	-	341,082
Securities sold under agreements to repurchase	109,924,158	16,318,589	9,658,266	6,298	-	135,907,311
Redeemable preference shares	-	-	-	2,759,346	-	2,759,346
Due to other financial institutions	-	-	-	378,560	-	378,560
Deposits	6,093,430	1,461,343	-	12,607	-	7,567,380
Other	-	-	-	-	908,488	908,488
Total interest bearing liabilities	116,336,519	17,802,083	9,658,266	3,156,811	908,488	147,862,167
Total interest sensitivity gap	(46,168,579)	(16,837,115)	(1,701,999)	73,726,934	1,481,005	10,500,246
Cumulative interest sensitivity gap	(46,168,579)	(63,005,694)	(64,707,693)	9,019,241	10,500,246	

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group 2012				
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Total
	$'000	$'000	$'000	$'000	$'000
At 31 March 2012:					
Assets					
Cash and cash equivalents	4,157,234	-	-	-	4,157,234
Loans and notes receivable	2,756,066	579,466	40,095	-	3,375,627
Securities purchased under agreements to resell	2,553,739	-	-	-	2,553,739
Investment securities	27,202,013	2,795,572	7,845,137	70,041,898	107,884,620
Total interest bearing assets	36,669,052	3,375,038	7,885,232	70,041,898	117,971,220
Liabilities					
Notes payable	116,366	354,322	-	-	470,688
Securities sold under agreements to repurchase	82,362,152	14,064,487	9,660,421	1,504,864	107,591,924
Redeemable preference shares	-	-	-	2,759,346	2,759,346
Total interest bearing liabilities	82,478,518	14,418,809	9,660,421	4,264,210	110,821,958
Total interest sensitivity gap	(45,809,466)	(11,043,771)	(1,775,189)	65,777,688	7,149,262
Cumulative interest sensitivity gap	(45,809,466)	(56,853,237)	(58,628,426)	7,149,262	

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company 2013					
	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
At 31 March 2013:						
Assets						
Cash and cash equivalents	3,774,450	-	-	-	-	3,774,450
Loans and notes receivable	2,618,430	100,000	41,945	-	-	2,760,375
Securities purchased under agreements to resell	17,197,640	-	-	-	-	17,197,640
Investment securities	26,830,082	-	3,625,216	64,154,215	72,003	94,681,516
Total interest bearing assets	50,420,602	100,000	3,667,161	64,154,215	72,003	118,413,981
Liabilities						
Securities sold under agreements to repurchase	89,157,359	12,737,299	9,687,789	6,298	-	111,588,745
Notes payable	-	-	380,870	-	-	380,870
Redeemable preference shares	-	-	-	2,759,346	-	2,759,346
Total interest bearing liabilities	89,157,359	12,737,299	10,068,659	2,765,644	-	114,728,961
Total interest sensitivity gap	(38,736,757)	(12,637,299)	(6,401,498)	61,388,571	72,003	3,685,020
Cumulative interest sensitivity gap	(38,736,757)	(51,374,056)	(57,775,554)	3,613,017	3,685,020	

32. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company 2012				
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Total
	$'000	$'000	$'000	$'000	$'000
At 31 March 2012:					
Assets					
Cash and cash equivalents	3,597,056	-	-	-	3,597,056
Loans and notes receivable	2,720,426	517,749	40,095	-	3,278,270
Securities purchased under agreements to resell	16,458,216	-	-	-	16,458,216
Investment securities	26,398,884	986,849	7,845,137	52,159,811	87,390,681
Total interest bearing assets	49,174,582	1,504,598	7,885,232	52,159,811	110,724,223
Liabilities					
Securities sold under agreements to repurchase	74,962,381	13,271,323	9,200,096	1,504,864	98,938,664
Redeemable preference shares	2,759,346	-	-	-	2,759,346
Total interest bearing liabilities	77,721,727	13,271,323	9,200,096	1,504,864	101,698,010
Total interest sensitivity gap	(28,547,145)	(11,766,725)	(1,314,864)	50,654,947	9,026,213
Cumulative interest sensitivity gap	(28,547,145)	(40,313,870)	(41,628,734)	9,026,213	

Notes to the Financial Statements (Continued)
31 March 2013 (expressed in Jamaican dollars unless otherwise indicated)

32. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following tables indicate the sensitivity to a reasonably possible change of 200 basis points in interest rates, with all other variables held constant, on the Group's and company's profit and loss account and stockholders' equity.

The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis as for 2012.

	The Group			
	Effect on Profit	Effect on Equity	Effect on Profit	Effect on Equity
	2013 $'000	2013 $'000	2012 $'000	2012 $'000
Change in basis points				
-200	(678,574)	6,299,005	(863,898)	3,953,290
200	678,574	(5,201,942)	863,898	(3,447,227)

	The Company			
	Effect on Profit	Effect on Equity	Effect on Profit	Effect on Equity
	2013 $'000	2013 $'000	2012 $'000	2012 $'000
Change in basis points				
-200	(590,675)	1,679,734	(392,778)	3,353,461
200	590,675	(1,679,734)	392,778	(2,916,058)

The impact on stockholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates. The correlation of a number of variables will have an impact on market risk.

(ii) 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 $5,625,361 (2012: $203,849,000) for the Group and $3,000,760 (2012: $196,803,000) for the company.

32. 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;
- requirement for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of control and procedures;
- requirement for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks indentified;
- requirement 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.

32. Financial Risk Management (Continued)

(f) Capital management

The Group's lead regulators, the Financial Services Commission (FSC) and the Bank of Jamaica, monitors the capital requirements for the Group as a whole.

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 employing techniques based on the guidelines developed by the Financial Services Commission (FSC), Bank of Jamaica (BOJ), Jamaica Stock Exchange (JSE) and the Risk Management Unit. The required information is filed with the respective Regulatory Authorities at stipulated intervals.

The FSC 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.

The Group's regulatory capital is divided into two tiers:

(i) Tier 1 capital: share capital, share premium, retained earnings, negative 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.

There have been no material changes in the Group's management of capital during the period,

The regulated companies within the Group are: Jamaica Money Market Brokers Limited (JMMB), JMMB Securities Limited (JMMBSL), JMMB Insurance Brokers Limited (JMMBIB), JMMB Fund Managers Limited (JMMBFM), JMMB Puesto de Bolsa, S.A, and Capital & Credit Merchant Bank Limited.

32. **Financial Risk Management (Continued)**

(f) **Capital management (continued)**

The table below summarises the composition of regulatory capital and the ratios of the regulated companies within the Group for the years ended 31 March 2013 and 31 March 2012.

	JMMB 2013 $'000	JMMB 2012 $'000	JMMBSL 2013 $'000	JMMBSL 2012 $'000	JMMBIB 2013 $'000	JMMBIB 2012 $'000
Tier 1 capital	13,467,679	12,064,676	194	174	79,140	40,430
Tier 2 capital	1,103,739	1,655,608	24	24	-	-
Total regulatory capital	14,571,418	13,720,284	218	198	79,140	40,430
Risk-weighted assets:						
On-balance sheet	86,862,638	61,687,992	93	201	-	-
Foreign exchange exposure	1,622,038	1,692,776	122	147	-	-
Total risk-weighted assets	88,484,676	63,380,768	215	348	-	-
Total regulatory capital to risk weighted assets	17%	22%	101%	57%	-	-
Actual capital base to risk weighted assets	17%	22%	101%	57%	-	-
Required capital base to risk weighted assets	10%	10%	10%	10%	-	-

	JMMBFM 31 March	JMMBFM 31 December	CCMB 31 March 2013 $'000	CCMB 31 December 2011 $'000
Regulatory capital –				
Tier 1 capital	176,955	162,605	3,313,044	2,337,188
Tier 2 capital	-	-	41,562	31,718
Prescribed deductions	-	-	-	(305,405)
Total regulatory capital	176,955	162,605	3,354,606	2,063,501
Total required capital	14,480	11,900	2,009,807	1,698,042
Risk-weighted assets –				
On statement of financial position	124,064	138,025	15,841,303	13,823,761
Off statement of financial position	-	-	968,218	161,309
Foreign exchange exposure	-	-	3,288,544	2,995,347
	124,064	138,025	20,098,065	16,980,417
Actual capital base to risk weighted assets	143%	118%	17%	12%
Required capital ratio to risk weighted assets	14%	14%	10%	10%

32. **Financial Risk Management (Continued)**

(f) **Capital management (continued)**

(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 is RD$5 million plus other reserve which is 5% of liquid profits. The company has exceeded all capital requirements.

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

33. **Fair Value of Financial Instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the reporting date.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) Investment securities at fair value through profit or loss are measured at fair value by reference to quoted prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or discounted cash flows. These items are carried at fair value.

(ii) Investment securities classified as available-for-sale are measured at fair value by reference to quoted market prices or dealer quotes when available. If quoted market prices are not available, then fair values are based on pricing models or other recognised valuation techniques.

(iii) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.

(iv) Loans are net of provision for impairment. The estimated fair value of loans represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(v) Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

NOTES