

Your best interest at heart.





CELEBRATING RESULTS... COMBINING STRENGTHS... REDEFINING LEADERSHIP...





**JAMB** 

MERCHANT BANK LTD.

SECURITIES LTD

Money Transfer

INSURANCE BROKERS





**Bank** 

**MILE** Investments



We promise to keep your best interests at heart, and we will try to do so by listening to, understanding and caring for you and your family's unique needs, exceeding your greatest expectations by providing simple transparent solutions, oriented around you and your family's life goals.

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.

# **OUR BRAND PROMISE**

# **OUR MISSION**

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# CORPORATE PROFILE

### **CORPORATE PROFILE**

The JMMB Group is one of the leading financial groups in the Caribbean, serving approximately 220,000 clients in Jamaica, Trinidad and Tobago and the Dominican Republic combined. The JMMB Group provides a broad range of financial solutions including investments; banking; remittances; and insurance brokering, to individual, corporate and institutional clients.

Our mission is to maximize client satisfaction through exceptional client care, world class financial advice and expertise. Solidity, ethics, credibility and openness are hallmarks of JMMB, as experts in all aspects of our operations.

Grounded in our Vision of Love, our core values of integrity, respect, honesty and love, our cadre of talented team members and our commitment to helping our clients achieve their financial goals, are the pillars of our success.

### CORPORATE STRUCTURE

JMMB Group Limited is the holding company of the JMMB Group of Companies, namely: Jamaica Money Market Brokers Limited; JMMB Merchant Bank Limited; JMMB Money Transfer Limited; JMMB Insurance Brokers Limited; JMMB Fund Managers Limited; Capital & Credit Securities Limited; JMMB Real Estate Holdings; JMMB International Limited; JMMB Securities Limited; JMMB Securities Fund Services, Cayman Islands; Jamaica Money Market Brokers (Trinidad and Tobago) Limited; JMMB Investments (Trinidad and Tobago) Limited; JMMB Securities (T&T) Limited; JMMB Bank (T&T) Ltd.; Intercommercial Trust and Merchant Bank Limited; JMMB Holding Company SRL; Banco de Ahorro y Credito JMMB Bank, S.A.: JMMB Sociedad Administradora De Fondos De Inversion, S.A.; JMMB Puesto de Bolsa, S.A.; and AFP JMMB BDI, S.A.

### **CORPORATE CITIZENSHIP**

The JMMB Group takes its role as a socially-responsible corporate citizen very seriously, and this has been a guiding principle, and a part of our DNA, since inception. Hence, our structured corporate social responsibility programmes are delivered primarily through the Joan Duncan Foundation in Jamaica, and localized community initiatives in the countries within which we operate. Throughout the years, our Vision of Love has been extended to communities, supporting various initiatives in the areas of sports, health, education and general outreach.

### **KEY HIGHLIGHTS**

- Jamaica Money Market Brokers Limited, under an approved Scheme of Arrangement, was delisted from the Jamaica Stock Exchange (JSE), Barbados Stock Exchange (BSE) and Trinidad and Tobago Stock Exchange (TTSE), and JMMB Group Limited listed on April 13, 2015. JMMB Group Limited is now the ultimate parent company.
- As a means of deliberate business line diversification in Trinidad and Tobago, JMMB acquired 50% shareholding in Intercommercial Bank Limited (IBL) in 2005, and later gained full ownership of the IBL Group in 2013. On May 2, 2016, IBL Bank was rebranded JMMB Bank (T&T) Ltd..
- 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 merchant banking, remittance and unit trust products and services, to its client base.
- In October 2007, JMMB Puesto de Bolsa opened its doors in the Dominican Republic, with a

mandate to actively develop the money market in one of the largest Spanish-speaking Caribbean islands.

• Jamaica Money Market Brokers (JMMB)) opened for business in November 1992, as the first money market broker in Jamaica.

### LONG-TERM SUCCESS

In continuing on the path of success, the JMMB Group continues to put measures in place to streamline our operational synergies; build our business by investing in infrastructure, technology and training; and improve channel delivery of financial solutions to our clients.

SUMMARY OF KEY PERFORMANCE HIGHLIGHTS FROM JMMB GROUP **AUDITED 12 MONTHS FINANCIAL RESULTS- MARCH 31, 2016:** 

**J\$1.39** Earnings per stock unit

**J\$11.4B** 

Net Revenue

**J\$2.3B** Net Profit

220,000+**Client Base** 



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### SANTA CRUZ BRANCH

Shop # 2 Oasis Plaza, Coke Drive, Santa Cruz, St. Elizabeth Tel: (876) 998-5662 Fax: (876) 966-9816 **Opening Hours:** Monday – Friday: 8:30 a.m. - 3:30 p.m.

### **ETM DUAL** CURRENCY SERVICE (US\$ & J\$)

- Haughton Terrace
- Junction
- Knutsford Boulevard
- Liquanea
- Mandeville
- May Pen
- Montego Bay
- Ocho Rios
- Phoenix Avenue
- Portmore
- Santa Cruz

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

### JMMB SECURITIES LIMITED

6 Haughton Terrace, Kingston 10 Tel: (876) 998-5662 Fax: (876) 960-8106 **Opening Hours:** Monday – Friday: 8:30 a.m. - 3:30 p.m. Website: www.jmmbsecurities.com Email: info@jmmbsecurities.com

### **BOARD OF DIRECTORS**

Dr. Noel A. Lyon - Chairman Archibald Campbell Julian Mair Keith Duncan Kisha Anderson Carolyn DaCosta -**Company Secretary** Claudine Campbell-Bryan -Deputy Company Secretary

8 Dominica Drive, New Kingston Kingston 5 Tel: (876) 998-5662 Fax: (876) 960-3927 or 998-9380 **Opening Hours:** Monday – Friday: 8:30 a.m. – 4:00 p.m. Website: www.jmmbinsurance.com Email: info@jmmbinsurance.com

### **BOARD OF DIRECTORS**

Dr. Noel Lyon - Chairman Archibald Campbell Cecile Cooper Keith Duncan Kisha Anderson Paul Grav Claudine Campbell-Bryan -Company Secretary

### **JMMB FUND** MANAGERS LIMITED

6 Haughton Terrace, Kingston 10 Tel: (876) 998-5662 Fax: (876) 960-9546 **Opening Hours:** Monday – Friday: 8:30 a.m. - 3:30 p.m.

### **BOARD OF DIRECTORS**

Dr. Noel Lyon- Chairman Archibald Campbell Keith Duncan Carolyn DaCosta -**Company Secretary** Claudine Campbell-Bryan-Deputy Company Secretary

### JMMB MERCHANT **BANK LIMITED**

### **HEAD OFFICE**

6-8 Grenada Way Kingston 5 Jamaica, W.I. Tel: (876) 998-5662 Toll Free: 1 (888) 991-2062/7 Fax: (876) 960-1381

# CORPORATE **INFORMATION**

### **CLIENT CARE:**

(876) 998-JMMB (5662) From the USA and Canada: 1 (877) 533-5662 From the UK: 0 (800) 404 9616 **Opening Hours:** Monday – Friday: 8:00 a.m. – 7:00 p.m. Saturday: 9:00 a.m. – 7:00 p.m. Email: info@jmmb.com Website: www.jmmb.com

### JMMB HEAD OFFICE JMMB | IMITED

6 Haughton Terrace, Kingston 10 Tel: (876) 998-5662 Fax: (876) 960-9546 **Opening Hours:** Monday – Friday: 8:30 a.m. – 3:30 p.m.

### **BOARD OF DIRECTORS**

Dr. Noel A. Lyon - Chairman Archibald Campbell Dennis Harris V. Andrew Whyte Keith Duncan Kisha Anderson Audrey Deer-Williams Carolyn DaCosta -Company Secretary

### HAUGHTON AVENUE **BRANCH**

5 Haughton Avenue, Kingston 10 Tel: (876) 998-5662 Fax: (876) 920-7281 or 998-9380 **Opening Hours:** Monday – Friday: 8:30 a.m. – 3:30 p.m. **Drive Thru** Monday – Friday: 9:00 am - 5:00 p.m. Saturday: 10:00 a.m. – 2:00 p.m.

### **KNUTSFORD** BOULEVARD BRANCH

11 Knutsford Boulevard, Kingston 5 Tel: (876) 998-5662 Fax: (876) 960-3927 or 960-4455 **Opening Hours:** Monday – Friday: 8:30 a.m. - 3:30 p.m.

### JUNCTION AGENCY

Shop 2, Roye's Plaza, Main Street, Junction St. Elizabeth Tel: (876) 998-5662 **Opening Hours:** Monday – Friday: 8:30 a.m. to 3:30 p.m.

### MANDEVILLE BRANCH

23 Ward Avenue, Mandeville, Manchester Tel: (876) 998-5662 Fax: (876) 625-2352 **Opening Hours:** Monday - Friday: 8:30 a.m. - 3:30 p.m.

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

MONTEGO BAY BRANCH

8:30 a.m. – 3:30 p.m.

### MAY PEN BRANCH

Shop 28B, Bargain Village Plaza, 35 Main Street. May Pen, Clarendon Tel: (876) 998-5662 Fax: (876) 786-3660 **Opening Hours:** Monday – Friday: 8:30 a.m. – 3:30 p.m.

### **OCHO RIOS BRANCH**

Guardian Life Building, 2 Graham Street, Ocho Rios, St. Ann Tel: (876) 998-5662 Fax: (876) 795-3886 **Opening Hours:** Monday – Friday: 8:30 a.m. – 3:30 p.m.

### PORTMORE BRANCH

47-48 West Trade Way, Portmore Town Centre, Portmore, St. Catherine Tel: (876) 998-5662 Fax: (876) 939-3207 **Opening Hours:** Monday– Friday: 10:30 a.m. - 6:00 p.m. Saturday: 10:30 a.m. – 2:00 p.m.



### JMMB INSURANCE **BROKERS LIMITED**

**Opening Hours:** 

Monday- Friday: 8:30 a.m. – 3:30 p.m.

### **BOARD OF DIRECTORS**

Dennis Harris – Chairman Archibald Campbell Donna Duncan-Scott Dr. Noel Lyon Gregory Shirley Keith Duncan Martin Lyn Patricia Sutherland Vintoria Bernard V. Andrew Whyte Carolyn DaCosta – Company Secretary Claudine Campbell-Bryan-Deputy Company Secretary

### **KNUTSFORD** BOULEVARD BRANCH

11 Knutsford Boulevard New Kingston Kingston 5 Tel: (876) 998-5662 Fax: 960-3927 or 960-4455 **Opening Hours:** Monday – Friday: 8:30 a.m. – 3:30 p.m.

### MONTEGO BAY BRANCH

25 Church Street Montego Bay, St. James Jamaica, W.I. Tel: (876) 998-5662 Fax: (876) 952-4647 **Opening Hours:** Monday– Friday: 8:30 a.m. – 3:30 p.m.

### **OCHO RIOS BRANCH**

2 Graham Street Ocho Rios, St. Ann Jamaica, W.I. Tel: (876) 998-5662 Fax: (876) 974-8631 **Opening Hours:** Monday– Friday: 8:30 a.m. – 3:30 p.m.



### **JMMB MONEY** TRANSFER **I IMITED**

### **HEAD OFFICE**

6-8 Grenada Way, Kingston 5 Jamaica, W.I. Tel: (876) 998-5662 Toll Free: 1 (888) 991-2062/7 Fax: (876) 960-2833 E-mail: jmmbmoneytransfer@jmmb.com **Opening Hours:** Monday– Friday: 8:30 a.m. – 5:00 p.m. Website: www.jmmbmoneytransfer.com

### **BOARD OF DIRECTORS**

Dr. Noel Lyon-Chairman Andrew Cocking Keith Duncan Kisha Anderson Maurice Barnes V. Andrew Whyte Carolyn DaCosta – Company Secretary Claudine Campbell-Bryan -Deputy Company Secretary

### JMMB PUESTO DE BOLSA S.A

### HEAD OFFICE

Corporate Building, 2010 Av. Gustavo Mejía Ricart No. 102 esq. Ave. Abraham Lincoln, Santo Domingo, República Dominicana Tel: (809) 566-5662 Fax: (809) 620-5662 Website: www.jmmbdominicana.com

### **BOARD OF DIRECTORS**

Dr. Noel Lyon – Chairman Donna Duncan-Scott Julian Mair Keith Duncan Roberto Jimenez Collie Ricardo Antonio Ginebra Pou Javier Armenteros Marquez-Company Secretary

### **Acrópolis**

Torre Acrópolis Primer Nivel Av. Winston Churchill esq. Rafael A. Sanchez Santo Domingo, República Dominicana Tel: (809) 566-5662 Fax: (809) 620-5662 **Opening Hours:** Monday – Friday: 9:00 a.m. – 6:00 p.m.

### Corporativo 2010

Edificio Corporativo 2010 Av. Gustavo Mejía Ricart No. 102 esq. Ave. Abraham Lincoln, Santo Domingo, República Dominicana Tel: (809) 566-5662 Fax: (809) 620-5662 Email: info@jmmb.com.do **Opening Hours:** Monday – Friday: 9:00 a.m. – 6:00 p.m.

### Plaza Charo

Plaza Bulevar 2do nivel Av. Juan Pablo Duarte Santiago, República Dominicana Tel: (809) 566-5662 Fax: (809) 620-5662 **Opening Hours:** Monday – Friday: 9:00 a.m. – 6:00 p.m.

### JMMB AFP BDI

### Acrópolis

Torre Acrópolis Primer Nivel Av. Winston Churchill esq. Rafael A. Sanchez Santo Domingo, República Dominicana Tel: (809) 566-5662 Fax: (809) 620-5662 **Opening Hours:** Monday – Friday: 9:00 a.m. – 6:00 p.m.

### **BOARD OF DIRECTORS**

Dr. Noel Lyon – Chairman Keith Duncan Juan Carlos Rodriguez Copello Raphael Madina Quinones Roberto Jimenez Collie Ricardo Antonio Ginebra Pou-Company Secretary

### JMMB FUNDS (SAFI)

### Acrópolis

Torre Acrópolis Primer Nivel Av. Winston Churchill esq. Rafael A. Sanchez Santo Domingo, República Dominicana Tel: (809) 566-5662 Fax: (809) 620-5662 **Opening Hours:** Monday – Friday: 9:00 a.m. – 6:00 p.m.

### **BOARD OF DIRECTORS**

Patrick Ellis – Chairman Paul Gray Diego Sosa Carlos Del Giudice Juan Carlos Pais Rodolfo Cabello -Company Secretary

### JMMB BANK

Banco de Ahorro y Credito, S.A.

### Acrópolis

Torre Acrópolis Primer Nivel Av. Winston Churchill esg. Rafael A. Sanchez Santo Domingo, República Dominicana Tel: (809) 566-5662 Fax: (809) 620-5662 **Opening Hours:** Monday – Friday: 9:00 a.m. – 6:00 p.m.

### **BOARD OF DIRECTORS**

Keith Duncan – Chairman Guillermo Arancibia Archibald Campbell Jorge Armenteros

Ricardo Ferris Lizette Solano Denisse Pichardo-Company Secretary

### JMMB BANK (T&T)

LIMITED Formerly Intercommercial Bank Limited

### **HEAD OFFICE**

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

### **BOARD OF DIRECTORS**

Dr. Noel Lyon-Chairman Hugh Duncan Keith Duncan Lorraine Kam Marjorie Nunez Nigel Romano -Managing Director Selby Wilson Wayne Sutherland Winston Millett Denise Roopnarinesingh – Company Secretary

### PORT OF SPAIN BRANCH

77 Independence Square South, Port of Spain, Trinidad Tel: (868) 645-4425 Fax: (868) 625-9528 **Opening Hours:** Monday– Thursday: 9:00 a.m. – 3:00 p.m. Friday: 9:00 a.m. – 5:00 p.m.

### **TUNAPUNA BRANCH**

30-32 Fastern Main Road. Tunapuna, Trinidad. Tel: (868) 645-4425 Fax: (868) 645-1821 **Opening Hours:** Monday– Thursday: 9:00 a.m. – 3:00 p.m. Friday: 9:00 a.m. – 5:00 p.m.

182 Southern Main Road, Marabella, Trinidad Tel: (868) 658-5813 Fax: (868) 658-5820 **Opening Hours:** Monday– Thursday: 9:00 a.m. – 3:00 p.m. Friday: 9:00 a.m. – 5:00 p.m.

### INTERCOMMERCIAL TRUST AND LIMITED

Furness Building, 90 Independence Square, Port of Spain, Trinidad and Tobago Tel: (868) 627-3264 or 6275068 or 623-0924 Fax: (868) 665-6663

Dr. Noel Lvon-Chairman Hugh Duncan Keith Duncan Lorraine Kam Marjorie Nunez Nigel Romano Shelby Wilson Wayne Sutherland Winston Millett Denise Roopnarinesingh -Company Secretary

## JMMB **INVESTMENTS**

169 Tragarete Road, Port of Spain Tel: (868) 624-9803 or 624-099/623-2411 Fax: (868) 623-2411 **Opening Hours:** Monday– Friday: 8:00 a.m. – 4:00 p.m.



### MARABELLA BRANCH

# MERCHANT BANK

### **BOARD OF DIRECTORS**

## (TRINIDAD AND TOBAGO) LIMITED

### **BOARD OF DIRECTORS**

Dr. Noel Lyon – Chairman Julian Mair Keith Duncan Kisha Anderson Wayne Sutherland Dr. Marlene Attzs Michal Andrews Carolyn DaCosta – Company Secretary Denise Roopnarinesingh -Deputy Company Secretary

### JMMB SECURITIES (T&T) LIMITED Formerly AIC Securities Limited

169 Tragarete Road, Port of Spain Tel: (868)-624-9803 or 624-099/623-2411 Fax: (868)-623-2411 **Opening Hours:** Monday– Friday: 9:00 a.m. – 3:00 p.m.

### **BOARD OF DIRECTORS**

Dr. Noel Lyon – Chairman Julian Mair Keith Duncan Kisha Anderson Wavne Sutherland Dr. Marlene Attzs Michal Andrews Carolyn DaCosta – Company Secretary Denise Roopnarinesingh -Deputy Company Secretary

ANNUAL REPORT 2016

# **GROUP CHAIRMAN AND GROUP CEO REPORT**

Noel A. Lyon Group Chairman

## **STRONG LEADERSHIP**



There are no secrets to success. It is the result of preparation, hard work, and learning from mistakes.





We are pleased to present the Annual Report for the JMMB Group Limited for the year ended March 31, 2016. It was a good year.Net profit amounted to J\$2.3 Billion, operating revenue to J\$11.4 Billion, an increase of 10.7% over the prior year, and earnings per share stood at J\$1.39.

The performance of our business lines, both locally and regionally, continues to show strong and improved results. Our operations in Jamaica continue to perform strongly and Trinidad and Tobago showed improved and promising results. Our Dominican Republic (DR) operations showed steady results, as they focused on building out new business lines and operations. Overall, our core business lines continued to grow in all three countries, particularly in recently introduced banking services business lines.

Throughout the year, the JMMB Group reinforced one of its key strategic objectives, by focusing on driving change for better execution and by further embedding our client value proposition through a differentiated client experience model.

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

### Key Highlights of the FY 2015/16

One of the highlights of the financial year, of which we are particularly proud, was the simultaneous listing of JMMB Group Limited on the stock exchanges in Jamaica, Trinidad and Tobago and Barbados. This is a significant milestone in our continuing journey.

The JMMB Bank DR was launched in the Dominican Republic in July 2015 and regulatory approvals were obtained to operate Pension and Mutual Funds business lines. In Trinidad and Tobago, attention was focussed on launching JMMB Bank (T&T) (formerly Intercommercial Bank Ltd.) in May 2016.

The efforts to build out our Financial Life Goals Centres, where more than one business line is offered, within the regulatory guidelines, continued in Trinidad and Tobago, Dominican Republic and Jamaica.

## Long-term stakeholder value: the heart of our story

At the heart of our strategic plans is our drive to enhance client satisfaction and client engagement by delivering the JMMB Client Experience to all of our clients. JMMB Client Experience Framework is embedded in each country's and each company's operations. And as part of the effort to enhance our client experience, we have increased our focus on those key performance indicators, which will measure our success in this endeavour.

In 2015, we further deepened our reach to our clients by hosting several engaging workshops, roadshows and activities, and by offering financial planning and education consultations. We remain committed to maintaining long-term relationships with our clients and extend our sincere thanks for your loyalty and support.

### JMMB Group Making a Difference in our Communities and Countries

Long a cornerstone of JMMB's success, our citizenship efforts continued to make a meaningful impact in 2015. Our efforts in all of the countries in which we conduct business were focused mainly on improving educational opportunities for our youths, with additional focus in the areas of community development, preserving the environment and transformational leadership training. The Joan Duncan Foundation's signature leadership training, "Conversations for Greatness" was implemented in selected schools in Jamaica in 2015.

Team member volunteer-hours increased significantly as participation in projects increased. We are grateful that our team members across Trinidad and Tobago, Dominican Republic and Jamaica, recognize the importance of playing their part in enriching the lives of others in their communities. A more detailed update is presented in the Joan Duncan Foundation report.

### **Acknowledgement & Achievements**

Our long record of success would not have been possible without the efforts of those who serve on the JMMB Group Board and on the boards of its subsidiaries. Their perspicacity, dedication and positive attitudes auger well for the progress of the Group. We thank them wholeheartedly for their contributions throughout the year. We firmly believe the JMMB Group is on track for long-term growth and success. We are confident that our actions to build out our regional integrated financial services business model will allow the Group to continue delivering solid results and drive long-term shareholder return in an ever-changing and dynamic environment.

The efforts and contributions of the management team of the Group and of all of its subsidiaries translated well, in delivering on the JMMB promise to our clients. We are very grateful for your contributions and wish to acknowledge your strength of leadership. To our team members across the region, we express our heartfelt thanks for your tireless hours of dedicated service. The JMMB brand continues to flourish everywhere, as a result of your contributions.

A special thank you to our valued shareholders, who continue to walk with us along our journey.

We would also like to acknowledge our clients, to whom we attribute our success. Our clients are at the heart of what we do, and we know that without them we would not be where we are today. It has been our pleasure to serve you over the past 24 years and look forward to our serving you in the future.



### The Journey Continues

We are reminded and humbled, time and time again, at the pride that our shareholders, team members, clients and other stakeholders express in being associated with the JMMB brand across the region. This pride has inspired a sense of unity and purpose that transcends the bounds of language, culture, and nationality. This inspiration reinforces our conviction that by working together we can overcome present challenges, seize great opportunities in the future and maintain the confidence that JMMB Group's best days are still to come.

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**Noel A. Lyon** Group Chairman

KIP.Z

Keith P. Duncan Group Chief Executive Officer



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the THIRD ANNUAL GENERAL MEETING of the Company will be held at the Jamaica Pegasus Hotel, Grand Jamaican Suite, 81 Knutsford Boulevard, Kingston 5 Jamaica on Wednesday September 21, 2016 at 10.30 A.M. to consider and (if thought fit) to pass the following Resolutions:

### 1. To receive the Audited Accounts and Reports of the Directors and Auditors for the year ended March 31, 2016.

**Resolution No. 1** 

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

"THAT the Audited Accounts and the Reports of the Directors and Auditors for the year ended March 31, 2016 be and are hereby adopted".

### 2. To ratify interim dividends and declare them as final.

### **Resolution No. 2**

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

"THAT the interim dividends of Sixteen (16) Cents paid on June 29, 2015, Nineteen (19) cents paid on December 18, 2015 and Eighteen (18) Cents paid on June 30, 2016 making a total of Fifty Three (53) 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. Rotation of Directors**

### **Resolution No. 3**

In accordance with Article 102 of the Company's Articles of Incorporation, the Director retiring from office by rotation is Keith Duncan who, being eligible, offers himself for re-election. (a) To consider and (if thought fit) pass the following Resolution:

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

During the year Ms. Carolyn DaCosta resigned as a director of the company.

### **Resolution No. 3.1**

In accordance with Article 108 of the Articles of Incorporation, the following directors, having been appointed during the year, retire and are eligible for re-election:

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

(a) "THAT Director Archibald Campbell having been appointed during the year retires, and being eligible offers himself for re-election.

Be it resolved that Mr. Archibald Campbell be and is hereby re-elected a Director of the Company";

(b) "THAT Director Andrew Cocking having been appointed during the year retires, and being eligible offers himself for re-election.

Be it resolved that Mr. Andrew Cocking be and is hereby re-elected a Director of the Company";

(c) "THAT Director Dr. M. Anne Crick who having been appointed during the year retires, and being eligible offers herself for re-election.

Be it resolved that Dr. M. Anne Crick be and is hereby re-elected a Director of the Company";

(d) "THAT Director Audrey Deer-Williams having been appointed during the year retires, and being eligible offers herself for re-election.

Be it resolved that Mrs. Audrey Deer-Williams be

and is hereby re-elected a Director of the Company";

(e) "THAT Director Hugh Duncan having been appointed during the year retires, and being eligible offers himself for re-election.

Be it resolved that Mr. Hugh Duncan be and is hereby re-elected a Director of the Company";

(f) "THAT Director Donna Duncan-Scott having been appointed during the year retires, and being eligible offers herself for re-election.

Be it resolved that Mrs. Donna Duncan-Scott be and is hereby re-elected a Director of the Company";

(g) "THAT Director Dennis Harris having been appointed during the year retires, and being eligible offers himself for re-election.

Be it resolved that Mr. Dennis Harris be and is hereby re-elected a Director of the Company";

(h) "THAT Director Reece Kong having been appointed during the year retires, and being eligible offers himself for re-election.

Be it resolved that Mr. Reece Kong be and is hereby re-elected a Director of the Company";

(i) "THAT Director Wayne Sutherland having been appointed during the year retires, and being eligible offers himself for re-election.

Be it resolved that Mr. Wayne Sutherland be and is hereby re-elected a Director of the Company";

(j) "THAT Director Audrey Welds having been appointed during the year retires, and being eligible offers herself for re-election.

Be it resolved that Mrs. Audrey Welds be and is hereby re-elected a Director of the Company";

(k) "THAT Director V. Andrew Whyte having been appointed during the year retires, and being eligible offers himself for re-election.

Be it resolved that Mr. V. Andrew Whyte be and is hereby re-elected a Director of the Company";



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

### Resolution No. 4

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".

### 5. To fix the remuneration of the Directors

### **Resolution No. 5**

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

"THAT the amount included in the Audited Accounts of the Group for the year ended March 31, 2016, as remuneration for their services as Directors be and is hereby approved.

Dated this 1st day of July 2016

By Order of the Board

klaln!

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 forty-eight 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.



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## TEN - YEAR STATISTICAL REVIEW Year ended Year ended

KEVIEVV	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
GROUP FINANCIAL DATA	(J\$`000)	(J\$`000)	(J\$`000)	(J\$`000)	(J\$`000)	(J\$`000)	(J\$`000)
Total assets	230,607,286	217,715,302	206,706,119	166,860,961	124,736,554	113,019,058	122,975,370
Investment securities	156,976,090	157,226,757	145,777,726	138,412,944	108,153,801	98,233,393	104,887,535
Other interest earning assets	63,181,484	50,869,527	50,530,581	14,118,039	5,929,366	3,996,291	6,113,434
Repurchase agreements	149,262,369	144,501,658	143,302,425	135,907,311	107,591,924	97,068,266	102,844,985
Customer deposits	41,296,373	38,463,504	35,887,750	7,567,380	-	-	-
Stockholders' equity	22,716,581	21,723,064	18,688,980	17,212,876	10,872,131	9,402,331	6,890,736
Funds under management (on and off balance sheet)	250,485,809	238,695,980	223,584,330	165,584,482	121,683,458	111,423,910	122,876,617
PROFITS AND DIVIDENDS							
Operating revenue net of interest expense	11,424,075	10,319,661	8,732,250	6,243,316	5,987,479	4,073,084	3,095,678
Operating expenses	8,781,265	7,787,697	5,670,247	4,616,625	3,214,703	2,585,949	2,109,128
Profit before tax	2,595,557	2,354,039	3,398,051	3,647,375	2,814,017	1,509,635	1,028,312
Net profit	2,299,231	2,047,282	3,062,059	3,856,863	2,240,456	1,142,930	986,378
Dividends paid and proposed (in respect of the financial year)	603,304	521,776	538,082	375,027	453,650	234,142	204,874
Profit retained (in respect of the financial year)	1,695,927	1,525,506	2,523,977	3,481,836	1,786,806	908,788	781,504
FINANCIAL RATIOS							
Earnings per stock unit (cents)	139	118	174	235	151	76	67
Dividends per stock unit (cents)	37	32	33	23	31	16	14
Dividend payout ratio	26.2%	25.5%	17.6%	9.7%	20.2%	20.5%	20.8%
Price earnings ratio (multiple)	7.20	5.98	4.05	3.00	6.50	6.04	5.93
Return on average equity	10.35%	10.13%	17.06%	27.47%	22.10%	14.03%	16.15%
Return on average assets	1.03%	0.96%	1.64%	2.65%	1.88%	0.97%	0.84%
Book value per stock unit (J\$)	13.45	12.86	11.24	10.24	7.37	6.39	4.69
		12.00	11.24	10.21	7.57		
Net interest margin	2.57%	2.60%	3.02%	3.05%	3.10%	2.46%	1.71%
Net interest margin Efficiency ratio (Admin. exp/ Revenue )							
	2.57%	2.60%	3.02%	3.05%	3.10%	2.46%	1.71%
Efficiency ratio (Admin. exp/ Revenue )	2.57% 76.64%	2.60% 75.17%	3.02% 64.86%	3.05% 73.08%	3.10% 53.59%	2.46% 63.08%	1.71% 67.80%
Efficiency ratio (Admin. exp/ Revenue ) Capital Adequacy Ratio (Company only)	2.57% 76.64%	2.60% 75.17%	3.02% 64.86%	3.05% 73.08%	3.10% 53.59%	2.46% 63.08%	1.71% 67.80%
Efficiency ratio (Admin. exp/ Revenue ) Capital Adequacy Ratio (Company only) <b>OTHER DATA</b>	2.57% 76.64% 14.24%	2.60% 75.17% 14.24%	3.02% 64.86% 16.95%	3.05% 73.08% 16.65%	3.10% 53.59% 22.61%	2.46% 63.08% 39.88%	1.71% 67.80% 44.60%
Efficiency ratio (Admin. exp/ Revenue ) Capital Adequacy Ratio (Company only) <b>OTHER DATA</b> Exchange rate J\$ per US\$1.00	2.57% 76.64% 14.24% 121.70	2.60% 75.17% 14.24% 114.77	3.02% 64.86% 16.95% 109.28	3.05% 73.08% 16.65% 98.41	3.10% 53.59% 22.61% 87.10	2.46% 63.08% 39.88% 85.63	1.71% 67.80% 44.60% 89.39
Efficiency ratio (Admin. exp/ Revenue ) Capital Adequacy Ratio (Company only) OTHER DATA Exchange rate J\$ per US\$1.00 Inflation rate (year over year) (%)	2.57% 76.64% 14.24% 121.70 2.90%	2.60% 75.17% 14.24% 114.77 4.00%	3.02% 64.86% 16.95% 109.28 8.35%	3.05% 73.08% 16.65% 98.41 9.13%	3.10% 53.59% 22.61% 87.10 7.30%	2.46% 63.08% 39.88% 85.63 7.80%	1.71% 67.80% 44.60% 89.39 13.31%



Year ended	Year ended	Year ended
31-Mar-09	31-Mar-08	31-Mar-07
(J\$`000)	(J\$`000)	(J\$`000)
111,193,465	102,415,766	89,618,957
96,260,862	85,570,383	76,362,152
4,904,285	8,395,103	6,709,864
90,110,998	88,246,690	77,353,059
-	-	-
5,326,814	6,660,504	7,244,608
110,184,670	111,757,466	88,631,247
1 9/0 212	2 224 040	2 204 402
4,849,213 2,455,567	3,324,949 2,177,396	3,384,483
		1,708,729
1,544,528	1,254,902	
1,102,622		1,098,603
175,606	336,579	292,677
927,016	725,031	805,926
75	73	75
12	23	20
15.9%	31.7%	30.6%
7.96	16.10	14.00
18.40%	15.27%	15.21%
1.03%	1.11%	1.28%
3.63	4.54	4.95
1.34%	1.63%	1.68%
49.70%	65.49%	50.52%
47.40%		
88.35	71.02	68.14
12.40%	19.90%	6.60%
6.00	11.75	10.50
1,463,386,752	1,463,386,752	1,463,386,752
8,780,320,512	17,194,794,336	15,365,560,896



# **REPORT OF THE** DIRECTORS

For the year ended March 31 2016

The Directors are pleased to present their report for Reece Kong, Wayne Sutherland, Mrs. Audrey Welds the year ended March 31, 2016. The report represents and V. Andrew Whyte. the results for JMMB Group Limited. The Company was listed on April 13, 2015 and therefore the 2016 The Board is saddened by the recent passing of Mr. financial statements presented represent the first Rodger Braham who served as a director during the published audited statements for the Company and year. the Group. As a result of a Scheme of Arrangement, Jamaica Money Market Brokers Limited, the previous The auditors KPMG Chartered Accountants have listed company, was delisted on the same day. indicated their willingness to continue in office pursuant to Section 154 of the Companies Act, 2004.

### **Group Results**

- Operating revenue net of interest expense was J\$11.42 Billion
- The profit before income tax was J\$2.6 Billion
- The profit attributable to equity holders of the parent after income tax was J\$2.26 Billion
- Shareholders' equity was J\$22.72 Billion

The Directors recommend that the interim dividends paid on June 29, 2015, December 18, 2015 and June 30, 2016 be ratified and declared as final and that no further dividend be paid in respect of the year under review.

In accordance with Article 102 of the Company's Articles of Incorporation, Mr. Keith Duncan, a Director, retires by rotation and being eligible, offers himself for re-election.

During the year Ms. Carolyn DaCosta resigned from the board as a director.

In accordance with Article 108 of the Company's Articles of Incorporation, the newly appointed directors shall retire and are eligible for re-election to the board.

The following directors, having been appointed during the year, retire, and being eligible, offer themselves for re-election: Messrs. Archibald Campbell, Andrew Cocking, Dr. M. Anne Crick, Mrs. Audrey Deer-Williams, Hugh Duncan, Mrs. Donna Duncan Scott, Dennis Harris,



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, 2016

1 places.

Carolyn DaCosta **Company Secretary** 





### NOEL LYON, PhD **CHAIRMAN**

Noel currently chairs the Group Board and the Boards of several subsidiaries, including JMMB Limited, JMMB Insurance Brokers Limited, JMMB Securities Limited, JMMB Money Transfer Limited, JMMB Fund Managers Limited, Capital & Credit Securities Limited, JMMB Puesto de Bolsa, S.A., JMMB Bank (T&T), and Intercommercial Trust and Merchant Bank Limited, JMMB Investments (Trinidad and Tobago) Limited and JMMB Securities (T&T) Limited. Noel is also a director on the Board of JMMB Merchant Bank Limited.

Noel has served the Company as Chairman since its inception in 1992.

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

Noel is a graduate of Kingston College. He attained a M.Sc and B.S.A in Agricultural Economics from the University of Guelph. He also attended Harvard University where he earned a PhD in Economics.

### KEITH DUNCAN **EXECUTIVE DIRECTOR**

Keith joined JMMB as Trading Manager in 1993, and in 2000 became the Deputy Managing Director. He was promoted to Group Chief Executive Officer in 2005 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. In March 2011, under his leadership, JMMB was conferred with the prestigious Jamaica Chamber of Commerce 'Best of the Chamber Award' in the 'Large' category.

Keith served as a vice-president of the Private Sector Organization of Jamaica during the period 2012 – 2014 and continues to contribute to Jamaica through various roles including his membership on the Economic Programme and Oversight Committee (EPOC).

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







### DONNA DUNCAN-SCOTT EXECUTIVE DIRECTOR, CULTURE & HUMAN DEVELOPMENT

A true visionary and possibility thinker, Donna is guided by the philosophy that: "We were born to manifest the glory of God. It is not just in some of us; it is in every one of us". She is committed to standing for the greatness in all.

Since 2005, she has infused her zeal for empowerment and transformation into her role as Group Executive Director of Culture and Human Development. Currently she leads the design and development of programmes and practices to deepen JMMB's unique culture of being in the world of team members and clients and having their best interest at heart.

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



### ARCHIBALD CAMPBELL GROUP DEPUTY CHAIRMAN

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 Committees of JMMB Board, a Director of JMMB Merchant Bank Limited and also a Director of the Bank's Credit Committee. He is a past president of the Institute of Chartered Accountants of Jamaica and has served as an accounting expert in arbitration, as well as, director of several companies.

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







### HUGH DUNCAN GROUP HEAD CAPITAL MARKETS

Hugh is the Group Head of Capital Markets and brings a wealth of experience in the financial, banking and energy sectors to the organization. He served for over fourteen years with Citibank and was the Corporate Bank Head for Citibank (Trinidad & Tobago) and a member of Citibank's international staff working in the Philippines for five years as Head of Structured Trade Finance, Asset Based Finance and Head of the Japanese Banking Unit. He also held the position of Director, Capital Markets at FirstCaribbean International Bank for the Northern Caribbean region and was subsequently the CEO and Managing Director of Intercommercial Bank Limited (now JMMB Bank (T&T Ltd.) for over seven years. Hugh sits on the Credit and Risk Committees.

His career also includes working at senior levels in the energy sector with the Jamaica Bauxite Mining Company Ltd. (JBM) and Petroleum Company of Trinidad & Tobago Ltd. (Petrotrin) for over twelve years prior to joining Citibank.

Hugh holds an MBA degree from Concordia University and a Bachelor of Commerce degree from Sir George Williams University in Canada.







### CAROLYN DACOSTA COMPANY SECRETARY

Carolyn has provided the JMMB Group with over two decades of stellar service, beginning her stint in 1995 as a Branch Supervisor. 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 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.

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





### ANDREW COCKING DIRECTOR

A stalwart in the financial sector boasting almost three decades of experience, Andrew is currently an independent financial consultant. His financial journey includes senior management positions at the former Capital & Credit Financial Group (CCFG), which he co-founded with other shareholders. He also worked with the defunct Issa Trust & Merchant Bank, now a part of the Sagicor Group. Following a four-year stint at Manufacturer Merchant Bank as Vice President, Investments, Marketing and Credit, Mr. Cocking's career led him to Pan-Caribbean Merchant Bank Limited. He also held management positions at Jamaica Citizens Bank Limited and Citibank N.A. Jamaica.

In recognition of his distinguished career in finance and to salute his outstanding service as President of the Association of Licensed Financial Institutions he received a Citation of Appreciation

A trained engineer, he received a Bachelor of Science degree from Howard University and later pursued a Master of Science in Management and Public Policy at Carnegie Mellon University. Andrew has served as a director on numerous boards including JMMB Money Transfer Limited, CAC2000 (Carrier Air Conditioning Local Distributor) and Kidney Kids Foundation.

### M. ANNE CRICK PhD DIRECTOR

Appointed to the JMMB Board in 2006, Anne chairs the Culture Leadership and Development, Nominations and Corporate Governance Committees. She is a member of the Board of Studies for the College of Insurance and Professional Studies, is on the advisory council of the Jamaica Customer Service Association and is an Honorary Fellow of the Jamaica Institute of Management.

Anne 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 the Department of Management Studies (Mona).

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







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# BOARD OF DIRECTORS

## AUDREY DEER-WILLIAMS DIRECTOR

Audrey is a financial management professional who has amassed almost three decades of experience through a diverse career path. She is currently Senior Director, Investments at the National Insurance Fund where she is responsible for developing and executing strategies to grow the investment portfolio, currently valued over \$80 Billion. She previously worked at the Atlanta-based, Duncan Business Finance as an accountant. Additionally, she served as an operations coordinator and later financial analyst at two US-based companies. Prior to her stints in the USA, she worked with several local companies including the National Insurance Fund, First Cumberland Ja Stockbrokers and the Urban Development Corporation.

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

An active member of the Church of the Transfiguration, with a strong desire to give back to community, she currently serves as chair of the church's outreach programmes. Additionally, she serves as a director on several Boards including Joan Duncan Foundation, Sweet River Abbatoir and Supplies Limited, National Insurance Fund and a number of its subsidiaries.





### DENNIS L. HARRIS DIRECTOR

Dennis was appointed to the JMMB Limited's Board in January 2000 and sits on the Human Resource, Audit, Finance and Risk sub-committees. He is also the chairman of JMMB Merchant Bank Limited.

In 2011, he assumed the position of Managing Director of Unicomer Jamaica (Courts), building on the strong track record established while he was the Regional Finance Director for Courts Jamaica Limited's operations in the Caribbean with specific responsibility for Finance, Treasury, Credit and Information Technology. He also serves as a director on the Boards of Unicomer Jamaica Limited and CGM Gallagher Group Limited and is a Chartered Accountant.





With almost thirty years of experience in Information Technology, Reece has held the role of systems administrator, database administrator, network administrator, programme analyst, project manager and vice president of information technology. He is currently the Managing Director and founder of RMP & Associates Limited, an information technology company that provides technological expertise to various government agencies, financial institutions and other corporate entities.

Throughout his career, Reece has made significant contributions to the development of Jamaica's first electronic accounting system, used by the Central Government; Jamaica's first document imaging system, for the former Cable & Wireless Jamaica Ltd., as well as developing the system that computerized birth and death records at the Registrar General's Department. He has worked on applications ranging from automated fingerprint identification systems, mobile media applications; web based health insurance applications; handheld terminal applications; animation and government financial systems.

Reece is the holder of a Bachelor of Science degree from Nova South University and is a proud Calabar alumnus. In addition to serving on the JMMB Group Board, he is a member of the JMMB Group Information Systems Board Committee.

## WAYNE SUTHERLAND DIRECTOR

Wayne is the Managing Director of Jamaica Venture Fund Limited, a company that makes venture capital investments. He was appointed to the Board of JMMB Limited in 2003 and also serves as a director of JMMB Bank (T&T) Limited and Intercommercial Trust and Merchant Bank Limited. He is the Chairman of JMMB Group Information Systems Board Committee and also sits on the Audit, Nominations and Corporate Governance Board Committees. A former director of Jamaica's Securities Commission (now the Financial Services Commission), he is currently chairman of Kencasa Construction & Project Management Limited and the St. Hugh's Preparatory School Board. He sits on several other Boards including Mapco Printers Limited.

Mr. Sutherland holds a Bachelor of Science degree from UWI and an MBA from the Columbia University Graduate School of Business.







## AUDREY WELDS DIRECTOR

Audrey has had a distinguished legal career encompassing both the private and public sectors. Admitted to the Jamaican Bar in 1983, Audrey's legal career began as an Associate at Rattray, Patterson, Rattray, Attorneys-at-law. She transitioned to the Bank of Jamaica and was seconded to the National Export-Import Bank of Jamaica as Assistant Director and, later, Director (Legal). Subsequently she joined Mutual Security Bank, where she served as Assistant Manager, Legal Department and Assistant Corporate Secretary, before becoming a Partner in the Commercial Law Department at the law firm, DunnCox.

Audrey is now an academic with over a decade of experience in teaching at both the undergraduate and graduate levels. She is currently a Course Director at the Norman Manley Law School.

Audrey holds a Bachelor of Laws (LL.B.) degree from UWI, Cave Hill, a Certificate of Legal Education from the Norman Manley Law School and a Master of Laws (LL.M.)degree from the University of London. An engaged member of the legal fraternity, she has participated as a member of various sub-committees of the Jamaican Bar Association and is presently an active member of sub-committees of the General Legal Council. In addition, she has served on the boards of various private sector entities and as a Commissioner of the Financial Services Commission of Jamaica.







## V. ANDREW WHYTE DIRECTOR

Andrew was appointed to the JMMB Limited Board in 2002. He serves on the Board's Nominations and Corporate Governance, Audit, Finance, and Risk Committees. He also serves as a director on the Boards of several subsidiary companies including JMMB Merchant Bank Limited and Jamaica Money Market Brokers Limited and chairs the Bank's Audit Committee. He is the Group Treasurer at Jamaica Producers Group (JPG) and chairs the Board of Trustees of the JPG Pension Plan. He also chairs the Board of Management of Emmanuel Christian Academy.

Andrew has a MBA in Finance and Economics and a BSc. in Chemical Engineering.

# **DISCLOSURE OF SHAREHOLDINGS**

### JMMB GROUP LIMITED TOP 10 SHAREHOLDERS AT MARCH 31, 2016

ORDINARY SHARES		1,630,552,532
SHAREHOLDERS	SHAREHOLDINGS	%
NCB CAPITAL MARKETS (IN ESCROW)	428,777,325	26.296
TRUSTEES JMMB ESOP	159,436,875	9.778
COLONIAL LIFE INSURANCE CO (TRINIDAD) LTD.	103,453,776	6.345
NATIONAL INSURANCE FUND	75,172,997	4.610
CONCISE E.I. LTD.	59,965,366	3.678
CONCISE R.I. LTD.	45,199,900	2.772
SJIML A/C 3119	49,833,000	3.056
JVF O.E. LTD.	46,261,146	2.837
CONCISE O.N. LTD.	42,530,103	2.608
JVF E.I. LTD.	40,311,674	2.472

### **Ordinary Shares**

# **DISCLOSURE OF** CONNECTED PARTY **SHAREHOLDINGS**

JMMB GROUP LIMITED DIRECTORS' SHAREHOLDINGS AS AT MARCH 31, 2016

DIRECTORS	SHAREHOLDINGS- ORDINARY	CONNECTED PARTIES
Noel A. Lyon	NIL -	
	37,775,196	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
	36,776,951	JVF O.N. LTD.
	42,530,103	CONCISE O.N. LTD.
Archibald Campbell	18,400	
	344,827	ODETTE CAMPBELL
Keith P. Duncan	20,591	
	59,965,366	CONCISE E.I. LTD.
	40,311,674	JVF E.I. LTD.
	846,745	ESOP
/. Andrew Whyte	NIL	
Nayne Sutherland	NIL	
	45,199,900	CONCISE R.I. LTD.
Dennis Harris	364,277	
Dr. Anne Crick	5,234	
Hugh Duncan	4,828	
Reece Kong	NIL	
Audrey Welds	100,000	
Audrey Deer Williams	NIL	
Andrew Cocking	12,127,170	





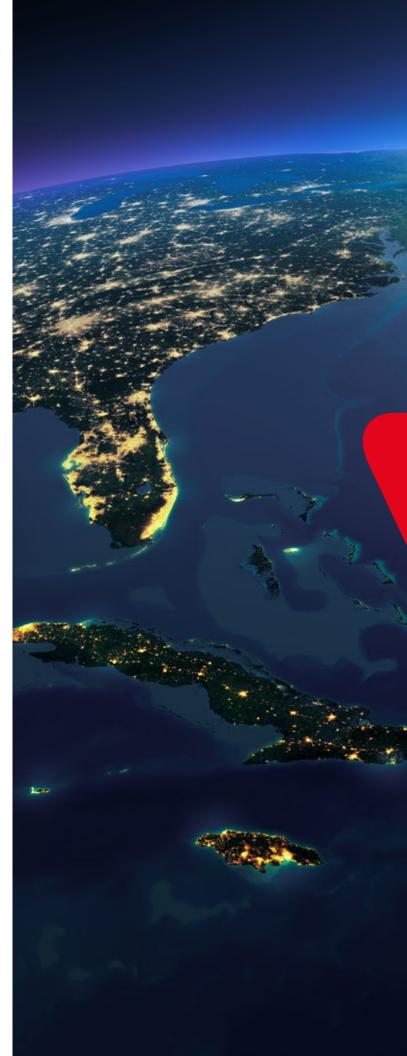


## DISCLOSURE OF SENIOR MANAGEMENT SHAREHOLDINGS

### JMMB GROUP LIMITED

SENIOR MANAGERS' SHAREHOLDINGS AS AT MARCH 31, 2016

SENIOR MANAGEMENT	SHAREHOLDING- ORDINARY	CONNECTED PARTIES
Donna Duncan-Scott	7,678,110	ESOP
	28,548	ALWYN SCOTT
	36,776,951	JVF O.N. LTD.
	42,530,103	CONCISE O.N. LTD.
Keith Duncan	20,591	
	846,745	ESOP
	59,965,366	CONCISE E.I. LTD.
	40,311,674	JVF E.I. LTD.
Cecile Cooper	543,411	ESOP
Sheldon Powe	23,000	
	2,022,857	ESOP
Carolyn DaCosta	1,050,303	200.
	57,921	ESOP
	4,357	CRAIG DACOSTA
	127,169	DERMOTT DACOSTA
	4,795	MERLINE DACOSTA
	5,237	AMANDA DACOSTA
Kisha Anderson	660,395	AMANDA DACOSTA
	57,921	ESOP
	36,927	ELIZABETH THOMPSON
	10,000	REBEKAH HOILETT
	1,500	GAIL BARRETT
Paul Gray	658,587	5005
	699,043	ESOP
	538,006	TEVERLY GRAY
Julian Mair	212,500	
	239,711	ESOP
Patrick Ellis	966,872	ESOP
Janet Patrick	808,823	ESOP
	18,432	
Hugh Duncan	4,828	
Damion Brown	2,400	
	908,951	ESOP
Kerry Ann Stimpson	780,032	ESOP
Keisha Forbes	759,787	ESOP
Sharon Gibson	NIL	
Sheron Gilzean	NIL	
Christopher Walker	NIL	
Claudine Tracey	NIL	
Jerome Smalling	908,951	ESOP



## STRONG REGIONAL KNOWLEDGE

**REGIONAL MACROECONOMIC LANDSCAPE** 



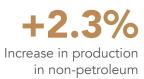




### **Overview of the Economy**

-13.5% Decline in Net International Reserves

> 46% Debt-to-GDP Ratio



sector

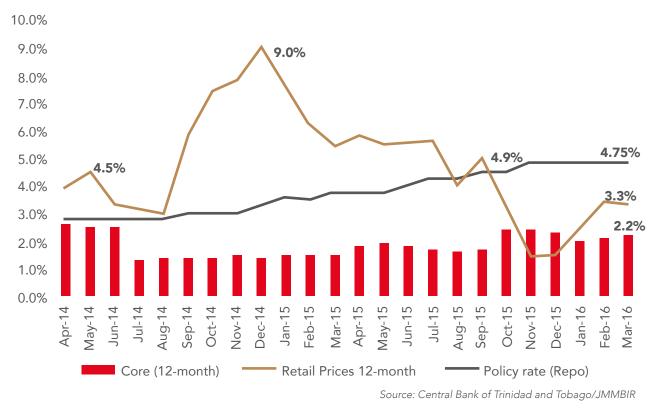
Decline in crude oil production

During calendar year 2015 the Trinidad and Tobago's (T&T) economy was estimated to have grown by 0.2%. This defied expectation as it was projected that the economy would have contracted by around 2% based on revised forecast. The expansion in output was occasioned by increased production in the non-petroleum sector which expanded by 2.3% (output in the petroleum-sector contracted by 3.4%). The Non-petroleum sector was buoyed by expansion in output in Construction (3.4%), Electricity and Water (2.9%) and Manufacturing (1.3%).

Falling hydrocarbon prices have had a negative effect on the economy as a whole. This coupled with declines in output at major gas and oil installations are the main reasons for the contraction in the petroleum sector. Crude oil and natural gas production declined relative to calendar year 2014 by 949,000 barrels (3%) and 3.3 million cubic metres (10%), respectively. Contraction in the petroleum sector had a ripple effect on the entire economy as the sector accounts for 35% of GDP, over 80% of exports, and 30% of government revenues.

### Inflation

At end-March 2015, the inflation rate was 3.3% driven largely by low core inflation at 2.2%, as food prices increased by 9.9%. Assessment of the inflation rate over the last 24 months shows that since it peaked in December 2014 at 9%, the rate has been on a general downward path subsequently. Reduction in the inflation trajectory has been influenced by lower fuel and food prices. During the Q4 2014, domestic flooding and shortages emanating from supply-side shock in source countries resulted in elevated food prices. Subsequently, improved domestic weather conditions and increased supply from source countries have contributed to more favourable food prices.



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## +0.2% **Economic Growth**

This defied expectation as it was projected that the economy would have contracted by around 2% based on revised forecast.

### FIGURE 1: INFLATION AND CENTRAL BANK POLICY RATE (REPO)



### **External Liquidity and Exchange Rate**

The challenging economic environment resulted in reduction in foreign currency inflows, in particular from fuel exports. Demand for foreign currency however remained elevated occasioned by increased demand for consumables. This resulted in tightness in the foreign currency market which placed further depreciatory pressures on the domestic currency. It is estimated that the current account moved from a surplus of 4.5% of GDP in 2014 to a deficit of 3.3% of GDP in 2015. Consequent on this and lower investment flows in the petroleum sector the net international reserves (NIR) declined by US\$1,528.6 million (13.5%) at end-December 2015 relative to end-December 2014. The NIR however remained elevated at over US\$9,788 million or 11.1 weeks of import cover.

Depreciatory pressures were evident in the currency market in 2015. However, the domestic currency traded at the end of the year at a rate of TT\$6.43 relative to the US-dollar, which represents a depreciation rate of 0.8%. The current account deficit is expected to contract to 2.1% in 2016 and depreciatory pressures are expected to remain high. In fact, during Q1 2016 the TT-dollar depreciated by 2.5% relative to the US-dollar. The authority has been reluctant to allow the value of the domestic currency to fall because of potential political fallouts. However there has been a parallel market, unrecognised in Trinidad and Tobago in the last 20 years, where the currency is being traded at a higher rate relative to the official rate.

### \$12,000 \$6.7 \$6.6 \$10,000 \$6.6 \$6.5 \$8,000 \$6.5 \$6,000 \$6.4 \$,000 \$6.4 \$6.3 2,000 \$6.3 \$6.2 \$0 Apr-14 May-14 Jul-14 Jul-14 Sep-14 Sep-14 Nov-14 Jan-15 Feb-15 Feb-15 Apr-15 Apr-15 Mar-16 9 Jul-15 Aug-15 Sep-15 Oct-15 Nov-15 Dec-1 Jan-1 Feb-1 Net International Reserves (US\$ Mn) [LHS] Exchange rate TT\$/US\$ [RHS]

### FIGURE 2: NET INTERNATIONAL RESERVES (US\$MN) AND EXCHANGE RATE (TT\$/US\$)

Source: Trinidad and Tobago Central Bank/JMMBIR

### The Central Bank Policy Rate (Repo)

The Central Bank increased its benchmark policy rate (Repo) by 25 basis points on six (6) occasions during calendar year 2015 to 4.75%. The rounds of monetary tightening were aimed at curtailing core inflation and suppressing depreciatory pressures through the use of higher lending costs as a conduit to stymie consumer loans. The policy was met with mixed reviews by the investment public, as it was thought to have an adverse effect on the productive sector, in particular the non-petroleum sector. A new Central Bank governor took office in December 2015. The policy stance appears to have shifted; however, the bank's policy rate has held steady since.

### **Fiscal Policy and Debt Trajectory**

Falling hydrocarbon prices negatively impacted central government revenues which resulted in a higher than programmed fiscal deficit estimated at 4.1% of GDP at end 2015. The combination of the fiscal deficit and sluggish growth resulted in the debt-to-GDP ratio increasing from 40.9% in 2014 to around 46% in 2015. The Government has not presented a comprehensive strategy to rein in the fiscal deficit going forward. As such further fiscal slippages are expected, as well as, worsening of the debt ratio.

### TABLE 1: SELECTED MACROECONOMIC INDICATORS FOR TRINIDAD AND TOBAGO

	2011	2012	2013	2014	2015(e)	2016(f)	2017(f)	2018(f)
Per Capital GDP, USD	18,256	18,456	20,330	20,811	20,011	19,444	18,861	17,767
Real GDP growth, % eop	0.0	1.4	1.7	1.9	0.2	0.2	-1.1	1.8
Unemployment	5.0	4.9	3.6	3.3	3.6	4.0	4.0	4.0
СРІ, % у-о-у, еор	5.3	7.2	5.6	8.5	1.5	3.9	5.3	4.8
Lending rate, %, eop	7.8	7.5	7.5	7.5	9.0	9.5	10.5	10.5
Central bank policy rate, % eop	3.00	2.75	2.75	3.00	4.75	5.25	5.75	5.50
Exchange rate: TTD/USD, eop	6.37	6.42	6.40	6.36	6.42	7.06	8.50	9.00
Exchange rate: TTD/USD, eop % y-o-y	0.8	0.7	-0.3	-0.6	1.0	9.9	20.4	5.9
Fiscal balance, % of GDP	-0.7	-1.4	-2.8	-2.5	-4.1	-4.4	-4.1	-3.8
Primary balance % of GDP	1.1	0.5	-1.2	-0.7	-2.4	-2.8	-2.6	-2.4
Current account balance, % of GDP	11.9	3.3	7.0	4.5	-3.3	-2.1	-2.5	-3.3
Net FDI inflows, % of GDP	3.2	3.1	-0.2	-	-	-	-	-
Foreign reserves ex gold, USDbn	9.8	9.2	10.0	11.3	9.8	9.0	9.2	9.4
Import cover, months	12.4	12.2	13.5	16.2	17.5	20.1	15.6	12.8
Government gross debt to GDP, eop	30.9	38.9	39.5	40.9	46.1	57.8	64.4	69.2

### **Expectation**

Like most major hydrocarbon dependent countries, Trinidad and Tobago will experience economic challenges in the near term due to structurally low prices for both crude and gas. Though the sovereign is likely to increase output, at least in gas, price volatility could result in weak real output growth in the petroleum sector. Although the initial stance of the authority was not to allow the domestic currency to depreciate, market forces have resulted in them having to relent. Consequently, upward adjustments in the price of the currency have been observed in Q1 and further adjustments are expected going forward, albeit at a slower rate owing to further expected upward adjustments in hydrocarbon prices.

In 2015 the Central Bank embarked on a cycle of interest rate hikes to maintain adequate spread between TT-dollar denominated debt and US-Treasury to stymie US dollar outflows from portfolios. While the policy has broadly achieved its objective, it has tempered output in the non-petroleum sector in particular the Distributive Sector which contracted by 5.3% in 2015. Further, rate hikes are envisaged, however, this is likely to be predicated on speed and quantum of adjustments by the US Feds.

The sovereign faces headwinds in calendar year 2016. Further slippages are expected in the main macroeconomic variables which lead us to take a passive view on the sovereign's economic outlook. The current account is expected to erode and depreciatory pressures are likely to persist. Consequently, the domestic currency is expected to depreciate further. Notwithstanding, the external liquidity position will remain robust. Increases in oil prices are not expected to have any material effect on real output as supply-side challenges still remain. The debt dynamics will continue to worsen, but this will not impair the sovereign's ability to meet its debt servicing obligations.



Source: IMF/BMI/JMMBIR • e-expectation, and f-forecast





### **Overview of the Economy**

.3% Increase in productive sector

producing and service sectors experienced growth of 1.3% and 0.6%, respectively. The expansion in output was led by increases in Tourism (2%), Construction (0.9%), and 2.6%

Manufacturing (3.1%). Investor confidence remained elevated throughout the period. Fiscal operations for FY2015 /16 were cast within the third year of the Extended Fund facility (EFF) with the International Monetary Fund (IMF). The Government had initially programmed a primary surplus target of 7.5% of GDP which was revised downward to 7.0%

of GDP during the 10th Review of the country under the Programme.

During calendar year 2015, the domestic economy exhibited signs of further stability in the

broad macroeconomic variables - inflation, interest rate, and exchange rate- however higher

than average real GDP growth remained elusive. The Government of Jamaica (GOJ) -

envisaged growth of 2% in 2015 while the economy expanded by 0.8%. Both the goods

-6.1% Depreciation of the Jamaican currency

Inflation rate

During the fiscal year the GOJ bought back US\$3.25 billion in debt from the Government of Venezuela, acting through PDVSA Petroleos, S.A., for approximately 46% of the face value on the debt. To effect the transaction, the Government issued two new Eurobonds totaling US\$2,000.0 million from which US\$1.5 billion was used to effect the debt buy-back and the remainder was used for budget support. During the FY the GOJ also successfully re-rentered the domestic capital market having issued two bonds with face value amounting to \$15 billion. This follows a three-year hiatus as investors stayed away from GOJ domestic issued debt due to the National Debt Exchange programme (NDX).

All quantitative targets and structural benchmark were met during the fiscal year. The Fund team concluded in 11th and 12th review on Jamaica that "since May 2013, Jamaica's

implementation of the economic reform program supported by the EFF has been exceptional by international standards. After three years of difficult economic reforms, inflation is at historic lows; the current account deficit has more than halved, net international reserves have doubled, and access to domestic and international financial markets has been restored, supported by upgrades in credit ratings and historically high business confidence indicators. Comprehensive reforms in tax policy and administration have been and continue to be undertaken, while strict adherence to fiscal discipline together with a PetroCaribe debt buyback has helped place debt on a downward trajectory." The debt-buy back shaved 10% of GDP from the sovereign debt resulting in the debt-to-GDP decrease from 137.4% at end-March 2015 to 124.5% at end-March 2015.

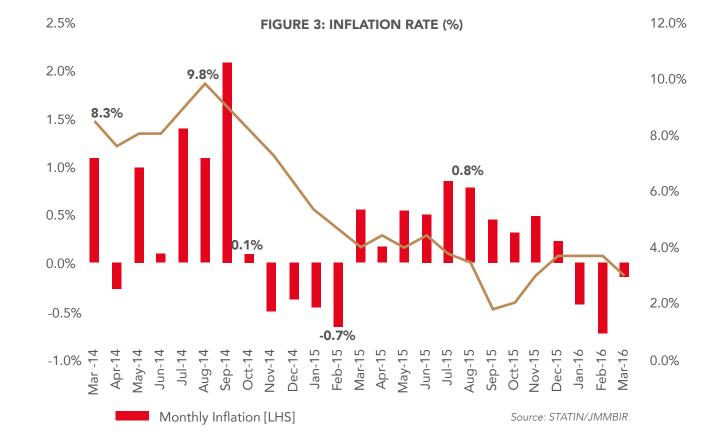
### Inflation

During the last 24-month the inflation rate peaked at 9.8% in August 2014. Subsequently, owing to a confluence of low commodity/oil prices and improved domestic agriculture production the inflation rate has trended down. During calendar year 2015 the inflation rate almost halved relative to the previous year moving from 6.3% to 3.7%. The inflation rate was 2.6% at end-March 2016. Increase in world oil prices and the tax on fuel are expected to push the inflation rate higher in 2016. However rates are expected to moderate around the 4% to 6% range by the end of the period. The upside risks abound in the form of continued increases in oil prices and bad weather, which could negatively impact domestic food production. However, a relatively low probability is assigned to both events occurring simultaneously.



# +0.8% Economic **Expansion**





### Interest Rate: Treasury Bill yields and **Central Bank Policy Rate (Repo)**

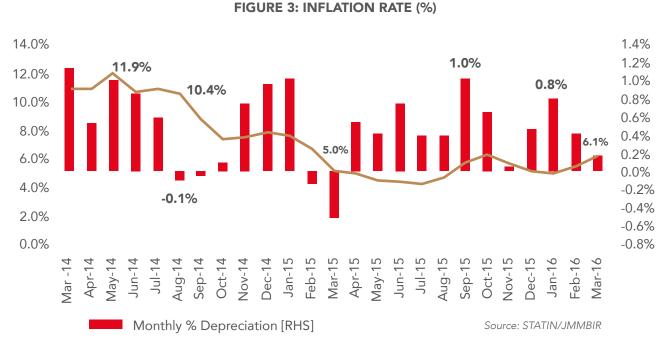
Subsequent to the GOJ signing the EFF with the IMF, there has been heightened confidence in the sovereign's economic programme. This has culminated in reduction in interest rates in the form of the Treasury Bill yields, which have exhibited a downward trajectory since. In CY 2015, the 6-month and 3-month Treasury Bill yields declined by 110 bps and 100 bps to 6.04% and 5.96%, respectively. Yields trended down further in March, as yields on the 6-month and 3-month instruments were 5.83% and 5.75% respectively. As the GOJ is expected to maintain fiscal prudence, this and moderation in the inflation rate are expected to assists in maintaining confidence in J-dollar assets and the economy as a whole. The outlook is for yields to meander with the 5.5%- 6.0% band in FY 2015/16.

### **Exchange Rate and Current Account**

For the period December 2012 – December 2014, the domestic currency depreciated cumulatively by 23.3% (11.7% per annum) relative to the US-dollar. Of note,

the EFF was signed in March 2013 and one of the pillars of the programme is to boost the external competitiveness of the sovereign. The Fund was of the view that the domestic-currency was over-valued and this in part has led to the high current account deficit. Consequently, in the ensuing period the central bank intervened minimally in the foreign currency market thereby allowing the pace of depreciation of the J-dollar to accelerate. For most of CY 2015, depreciatory pressure abated which resulted in the rate of deprecation for the domestic currency falling to 5% at end-December 2015 compared to 7.8% for the similar period in 2014. At end-March 2016, the J-dollar depreciated by 6.1% relative to the US-dollar.

Pressure has built on the Q2 2016 due in part to tighter US-dollar liquidity in the market and some amount of speculation arising from a financial transaction. The Central Bank has subsequently intervened in the market to assuage any fear of acceleration in the depreciation path. The domestic currency is expected to close the fiscal year at around the same rate as in the year prior.



### **Fiscal Policy**

The Government of Jamaica (GOJ) tabled the Estimate of Expenditure for the FY 2016/17 Budget in the House of Representatives on April 15, 2016. The authority is programming to spend \$579.9 billion which is \$223.5 billion (27.8%) less than the amount expended in FY 2015/16. The fiscal deficit is expected to increase to \$17.6 billion (1% of GDP) due in part to an increased outlay on capital and the Government having to make direct provision for pension contributions for public sector workers.

The major highlight in the Minister of Finance's budget presentation on May 15 was the income tax relief for persons who fall under the P.A.Y.E. tax regime. The measure will result in increases in the income tax threshold from \$509,800 to \$1,000,472 on July 1, 2016 and \$1,500,000 on June 1, 2017. However, the marginal tax rate for persons with income above \$6 million has been increased to 30% from 25%. The cumulative annual net reduction in revenue resulting from this tax measure is approximately \$26 billion, but it will cost the Treasury \$12.5 billion in the current fiscal year because of the phasing in of the implementation.

As an offsetting measure to make up for the fallout in revenue and increased budgetary allocation to capital expenditure and pension, taxes amounting to \$13.3 billion were imposed. The bulk of the taxes were levied on petroleum based products (SCT, \$7.9 billion) and higher departure tax (\$5.3 billion).

The increase in the income tax threshold is a step in the right direction in rebalancing the sovereign's tax regime towards indirect taxes given the high level of tax leakages under the current system. This will help to improve efficiency and possibly help to engender higher levels of economic growth. The measure is also in keeping with the recommendation from the Matalon Committee Tax Report in 2015. However, consumption based taxes are regressive and therefore it is recommended that safeguards, such as improvements in the social safety net like PATH, are instituted or improved to mitigate the impact of increased taxes (GCT and SCT) on the poor.





## +6.2% Economic Growth compared to 1.9% for the rest of Latin American and the Caribbean.

-13.5%

International Reserves

Decline in Net

46%

Debt-to-GDP Ratio

+2.3%

in non-petroleum

Decline in crude oil

production

sector

Increase in production

### Macroeconomic Overview

The Dominican Republic (DR) economy continues to grow at a brisk pace relative to other countries in Latin America and the Caribbean. In 2015 the sovereign's economy grew by 6.2% compared to 1.9% for the rest of Latin American and the Caribbean. Growth has been buoyed by tourism and construction, as mining activities been relatively subdued. Looking ahead, strong growth in tourism and construction are likely to lead to tighter labour market conditions and buoy household consumptions in the coming years. Thus the expectation is that real output will continue to expand in 2016. However, the pace of expansion is projected to slow in subsequent years due mainly to maturing gold mining operations.

Improvements in labour market dynamics in the US, the largest source market for tourists, will continue to drive tourism activities in the Dominican Republic over the short- to medium-term. Visitor arrival from the US accounted for more than 50% of stopover arrivals and crew ship passengers in 2014.

The Dominican Republic will remain an attractive tourism destination in the Caribbean, owing to its modern hotels, rich colonial heritage sights and ever improving transportation infrastructure. Total hotel rooms amounted to 68,800 in 2014 and average occupancy rate expanded above pre-recession level to 74.8%. Construction and modernization of hotels and related facilities are being undertaken in key resort areas, including Punta Cana which receives about 60% of total visitors to the country. Growth in the tourism sector is expected to have a positive spill-over effect on other areas of the economy including the broad service sector and agriculture.

TABLE 2: CENTRAL GOVERNMENT SUMMARY ACCOUNTS (	\$'000)
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	2014/15	2015/16	2016/17	2017/18				
Revenue & Grants	411,716.0	455,835.8	484,763.0	517,184.7				
Tax Revenue	370,877.5	411,854.0	445,488.9	487,515.3				
Expenditure	418,986.8	460,719.5	502,373.8	515,022.2				
Recurrent Expenditure	395,967.8	427,972.2	459,373.0	467,632.4				
Compensation*	158,758.6	133,505.2	139,772.4	190,740.7				
Interest	124,512.6	125,679.6	138,458.7	128,612.3				
Capital	23,019.0	32,747.3	43,000.8	47,389.8				
Fiscal Balance	(7,270.8)	(4,883.7)	(17,610.8)	2,162.5				
Loans	168,705.9	298,600.5	89,384.4	213,315.8				
Amortisation	87,794.4	342,726.0	77,560.1	23,731.7				
Primary Balance	117,241.8	120,795.9	120,847.9	130,774.8				
		% of GDP						
Revenue & Grants	26.3	27.9	28.1	27.6				
Tax revenue	25.2	25.8	26.1	25.6				
Expenditure	26.8	28.2	29.1	27.1				
Fiscal Balance	-0.5	-0.3	-1.0	0.1				
Primary balance	7.5	7.4	7.0	7.0				

\* Includes wages and salaries and pension contribution

Source: Ministry of Finance and Planning/JMMBIR

### Outlook

The broad macroeconomic fundamentals for Jamaica remain sound over the next 12-months. While inflation rate is expected to increase, it is our view that it will be well behaved over the forecast horizon. Depreciatory pressure has emerged in QII 2016, but should subside going forward consequent on the action of the Central Bank as well as market forces in general. The pace of depreciation of the domestic currency is therefore expected to slow. Treasury Bill yields are likely to remain relatively static while the GOJ is envisaged to fulfill its obligations under the Fund Programme.

Notwithstanding the relatively stable outlook, there are headwinds. They could have an adverse impact on the debt dynamics and macro-fiscal outturn. Fiscal slippages and low GDP growth matching the status quo over the last 30 years could erode the gains made in improving the debt dynamics. This could lead to an increase in sovereign risk premium and higher cost of new debt issuances. Within the context of increasing oil prices, possible "Brexit", widening of the CAD and lowering of the NIR, there exists the possibility of diminished appetite for GOJ securities ushering in a vicious cycle of higher interest rates on new issuances, exchange rate volatility and an elevated debt path. While this is possible, we attach a relatively low probability to this outcome.







### TABLE 3: SELECTED MACROECONOMIC DATA FOR THE DOMINICA REPUBLIC

	2011	2012	2013	2014	2015(e)	2016(f)	2017(f)	2018(f)
Per capita GDP (USD)	5,819	5,968	5,966	6,164	6,386	6,798	7,268	7,731
Real GDP growth (%)	2.8	2.6	4.8	7.3	7.0	5.4	4.9	4.3
Unemployment, % of labour force, eop	5.8	6.4	7.0	6.4	5.9	5.3	5.4	5.4
СРІ, у-о-у, еор	7.8	3.9	3.9	1.6	2.3	3.5	4.0	4.3
Lending rate, %, eop	17.2	12.9	14.1	14.2	13.0	13.0	13.5	13.7
Central bank policy rate, % eop	6.75	5.00	6.25	6.25	5.00	5.00	5.50	5.75
Exchange rate: DOP/USD, eop	38.67	39.92	42.73	44.41	45.53	45.75	46.00	46.25
Depreciation: DOP/USD%, eop	4.0	3.2	7.0	3.9	2.5	0.5	0.6	0.5
Fiscal balance, % of GDP	-2.3	-5.4	-2.8	-2.7	-2.5	-2.9	-2.7	-2.6
Primary balance, % of GDP	-1.1	-4.4	-1.0	-0.3	5.0	-2.9	-2.7	-2.6
Current account balance, % of GDP	-7.5	-6.6	-4.1	-3.2	-2.1	-2.2	-2.4	-2.9
Foreign reserves ex gold, USDbn	4.1	3.6	4.7	4.9	5.0	5.4	5.7	5.9
NIR import cover, months	2.8	2.4	3.4	3.4	3.4	3.5	3.6	3.5
Government gross debt to GDP, eop	25.8	30.4	34.6	34.3	34.2	35.1	35.9	36

Source: IMF/BMI/JMMBIR • e-expectation, and f-forecast

Real output growth in the service sector over the last decade has been a major contributing factor to the overall expansion in gross output. In 2014 the sector accounted for 62.1% of the economy and expanded by 5.5% in real terms in the decade leading up to 2014. The hotel and bars sub-sector accounts for .57% of GDP, is in large part due to tourism, and is set to expand over the forecast horizon, as arrivals are projected to increase. Expansion in tourism activities is also set to drive other services such as commerce which accounted for 9.5% of GDP in 2014. Construction activities should continue to expand over the forecast horizon as elevated levels of investments in hotels are expected to be complemented by infrastructure development on roads and port facilities. In 2007, which marked the onset of the global financial crises, the construction sector accounted for 10.4% of gross output but declined to 9.0% in 2014. The share of construction to gross output is set to rise to pre-crises level at the end of 2020 driven in part by tourism and infrastructure development.

The mining sector expanded at a brisk pace in 2013 and 2014, owing to the production of gold and silver at one of the world's largest mines at Pueblo Viejo. In 2014 export earnings from mining accounted for 15.5% of total exports but only 1.6% of GDP. While the sector is expected to continue to contribute significantly to export earning the share of the sector as a proportion of total output is likely to fall over the forecast horizon. The sector in 2015 has been dogged by low prices,

which are expected to persist over the medium-term, as well as technical issues that have impacted production. While it is anticipated that output will expand, subdued prices are likely to weigh negatively on investments and stymie real growth output.

### **Fiscal Activities and External Accounts**

The Dominica Republic has one of the lowest revenue collection efforts among Latin American and Caribbean countries. For the period 2010-2013, revenue as a percentage of GDP was less than 14.0% compared to 25.4% for other countries in the region. The fiscal deficit has been a major source of debt build-up, which although low has been steadily increasing. In 2013 the government took steps to consolidate fiscal operations and reduce the deficit by raising revenues and slashing expenditure. Consequently in 2014 revenue as a percentage of GDP increased to 17%, 3.6% more than in 2012, while the fiscal deficit fell to 2.2% of GDP compared to 8.1% of GDP in 2012.

As congressional and presidential elections are due to be held in 2016, no further cuts in expenditure are envisaged by the ruling administration in the short-run. A fiscal deficit of 1.6% of GDP is projected in 2016 and it should remain at around the same level through to 2020 while the debt is expected to stabilize at 37.5% of GDP.

Strong export earnings from manufacturing and gold

as well as reduction in imports due to subdued billion in 2016 to US\$6.0 billion in 2020. However as commodity prices, particularly oil, have helped to imports arising from stronger real domestic household narrow the current account deficit from 7.5% of GDP consumption is forecasted to rise, the months of import cover should remain relatively static at 3.4 months in in 2010 to 2.1% of GDP in 2015. The current account 2016 and 3.2 months in 2020, which is below the deficit is however expected to increase gradually as a result of upward adjustments in oil and other stipulated minimum requirement of at least 4 months. commodity prices over the forecast horizon. Approximately 85% of the sovereign's energy need is Monetary Policy, Inflation, Interest Rate generated from fossil fuel of which the greater share and Exchange Rate is from imports. Higher levels of consumer imports are also expected due to increases in real income and

Structurally low oil prices and the attendant tighter domestic job market conditions, especially in favourable pass-through effect on utility and the hospitality sector. transportation costs have had a positive effect on prices in the Dominican Republic. The Inflation rate **Current Account and Reserves** fell from 1.6% in 2014 to 0.7% in 2015, below the Central Bank's programmed band of  $4\% \pm 1\%$ . Due The external position of the sovereign is weak and to low inflation and widening real interest rates in the highly vulnerable to external shocks, as there is no domestic market the central bank lowered its policy cushion. Notwithstanding expected slippages in the or Repo rate by 150 basis points to 5.0% in the first current account, elevated flows from remittance and half of the year. Although, rates have held steady investment are likely to have a positive impact on the since June 2015, they are expected to fall by a further balance of payment and as such the net international 50 basis points in 2016 to encourage household credit reserves (NIR) is programmed to increase over the and boost output. While this should push the inflation medium-term. Based on our assessment the sovereign rate within the targeted range, it is likely to have is likely to borrow less foreign debt and as such this minimal effect on growth in output as lower export should result in lower external debt obligation going earnings should curtail the effect of the Central Bank's forward. This too should also have a positive impact stimulus. on the NIR, which is expected to increase from US\$5.0



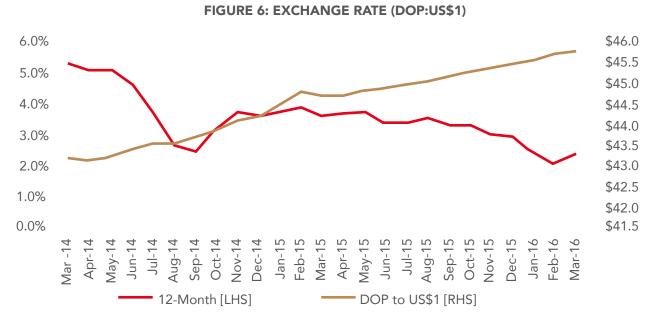




### FIGURE 5: INFLATION RATE AND CENTRAL BANK POLICY RATE (REPO)



Prudent fiscal and monetary policies continue to influence confidence in the domestic economy and as such have had a positive effect on exchange rate dynamics. The exchange rate of the domestic currency, the Dominican pesos (DOP), relative to the US-dollar has experienced low volatility since the Central Bank became independent in 2012. The narrowing of differential of the inflation rates for the US and the DR as well as improvements in the external balances are expected to influence the rate of depreciation of the DOP going forward. As such, the DOP is expected to depreciate at an annualized rate of 0.5% over the medium-term.



Source: Central Bank of the Dominican Republic

### Outlook

Strong US growth is expected to have a positive impact on tourism activities in 2016 through to the medium-term. However, lower export earnings from mining should weigh on output thus resulting in structurally lower real GDP growth in 2016. The macroeconomic dynamics should remain stable over the forecast horizon while policy consistency, favourable job market dynamics and low inflation should engender improved labour market conditions and boost household spending. Overall the outlook for the sovereign is positive through to the medium-term. Barring any major exogenous shocks the Dominican Republic should be able to service the debt with relative ease.

Downside risks in the form of significant increases in oil prices, further fallout in other commodity prices (gold, silver and ferrous metal) and a recession in the US could force the sovereign on a lower growth path and have an adverse impact on government financing, the debt dynamics and the labour market. The converse holds true. We however are of the view that the probability of these events occurring is low and therefore have not ascribed prominence to them being realized in our outlook.

Wealth generation in the Dominican Republic is unevenly distributed and although the incidence of poverty has declined it remains elevated at around 38%. Violent crime and transshipment of drugs pose a serious threat to economic and social stability, and if left unchecked could derail the macro-fiscal path envisaged over the medium-term.



## A BALANCED OUTLOOK



# MANAGEMENT DISCUSSION AND ANALYSIS

### JMMB GROUP VISION & STRATEGY OVERVIEW

We are pleased to highlight the results of our 2015/16 leg of the Group's journey, as we mark this milestone of presenting our inaugural report as the JMMB Group Limited. We are proud to have made significant progress in the execution of the Regional Integrated Financial Services Model across the three markets in which the JMMB Group operates. We continued to build out key elements of this efficient and differentiated Financial Integrated Services Model through newly formed companies and business line acquisition. Given this, most of the companies in the JMMB Group of Companies are in start - up and growth phases. As each entity experiences different levels of performance consistent with its business life cycle phase, we are optimistic that the JMMB Group will continue on a sustainable growth path.



With the expansion that the JMMB Group has undergone in the past three years in all three countries, growing to 14 "client facing" companies across business lines at different stages of development, it has become increasingly complex to plan and execute differentiated strategies consistent with their business cycle phase. Nevertheless, we continued to pursue our primary objective of becoming increasingly operationally efficient while delivering on JMMB's differentiated client experience and value proposition.

Additionally, we look to maximize existing synergies and efficiencies across the Group, countries and entities. To this end we have been pursuing a critical strategic imperative to increase our capacity to drive change and transformation. In so doing, we have repositioned and rebranded our business project management office, creating Group Change Support Service department in the year under review. This focus on change and transformation in strategy and structure will yield the desired results through the quality and timely delivery of the Group's strategic projects and initiatives going forward.

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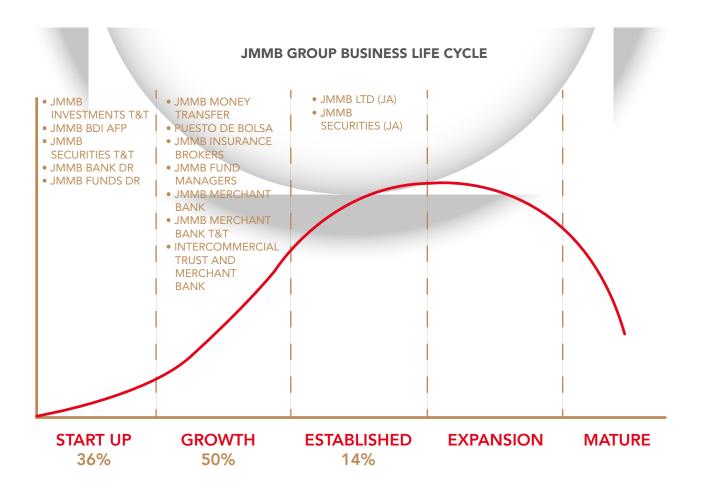
GROUP CEO





Across all three Countries we continue to improve our ability drive revenues by ensuring that we increase the complement of our Financial Advisors who are trained to deliver our simple, integrated, goal oriented solutions efficiently while being completely in the world of the client. We therefore continue across Trinidad and Tobago, Dominican Republic and Jamaica to build out our Financial Life Goal Centres where business lines are integrated as much as is possible within regulatory constraints. This has been achieved in our Chaguanas Branch in Trinidad and Tobago, our Knutsford Boulevard Branch in Jamaica and our Santo Domingo Branch in the Dominican Republic. We will continue to build out new branches and integrate existing branches, as Financial Life Goal Centres, over the next three years.

Finally during our 2015/16 financial year, we have continued to harmonize our Governance, Policies, Processes, Operations, Technology solutions and, most importantly, the JMMB Culture across the Group. This is important work as it ensures the seamless delivery of our holistic financial solutions consistent with JMMB's Vision of Love.



### STRATEGIC MILESTONES AND **ACHIEVEMENTS FOR 2015/16**

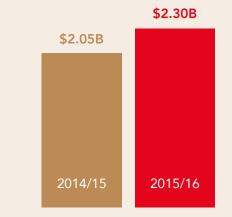
During the 2015/16 financial year, our teams across the region diligently executed our strategy delivering significant achievements which together continue to make the JMMB Group a leader in client experience and innovation in the financial services landscape across the region. Some of these milestones and achievements included:

### **JMMB GROUP**

- The Group's key financial performance indicators including Profit after tax (J\$ 2.30 B), Operating Revenue Net of Interest Expense (J\$ 10.42 B), earnings per share (J\$ 1.39) and total assets (\$ 230.6 B) all increased over the previous financial year indicative of steady progress in the build out of our regional integrated financial services model.
- With the growth of the Group's profitability this year exceeding the rate of inflation in all three territories, we have managed to deliver to our shareholders real returns.
- In Jamaica the JMMB Group raised \$7B in capital in the largest ever Preference Share Offer on the Jamaica Stock Exchange and our first US\$ denominated Preference Share Offer. There was an overwhelming response to the US dollar offer which was oversubscribed by 291 per cent.
- The JMMB Group Limited was listed on the stock exchanges of Barbados, Jamaica, and Trinidad and Tobago, and was the first company to list and delist at the same time and on the same day in all three territories.
- In Jamaica we completed and submitted our Commercial Banking License application to the

### **KEY HIGHLIGHTS**

### **GROUP PROFIT AFTER TAX (J\$ BILLION)**





Bank of Jamaica, a significant milestone on our path to enhancing the Group's value proposition in the Jamaican market.

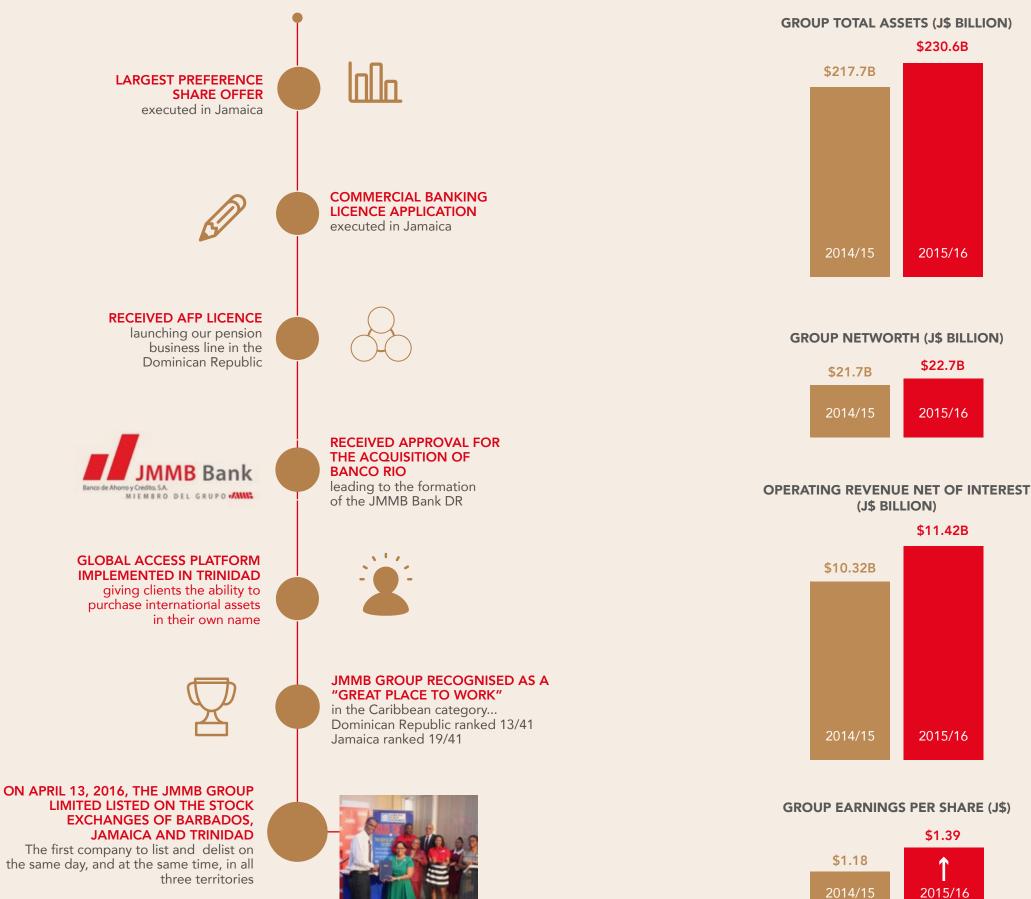
- The JMMB Group was recognized as a "Great Place to Work". In the Caribbean category, our Dominican Republic team placed 13th and the Jamaica team placed 19th out of 41 participants. - In the Dominican Republic we obtained approval
- for the acquisition of 90% of shares of Banco de Ahorro y Credito Rio, SA which we later rebranded to Banco de Ahorro y Credito JMMB Bank, S.A. During the year, we also launched our first Mutual Fund through our Funds Administrator company, JMMB Sociedad Administradora de Fondos de Inversión, S.A. Topping off these achievements was the final approval received on the 28th of December 2015 to incorporate and operate a Pensions Funds Administrator in the country, AFP JMMB BDI S.A. This company is the sixth entity of its kind in the country and the first one approved in more than 10 years.
- In Jamaica, we received approval for the roll out of a Type 1 Pooled Fund, providing the opportunity to improve the investment management of Superannuation Plans and Retirement Schemes. Additionally, under our Unit Trust business line, we rolled out four investment solutions: JMMB Bond Fund, JMMB Real Value Fund, JMMB J\$ Income Distribution Fund and the JMMB US\$ Income Distribution Fund.

These achievements credibly demonstrate that our regional and business line diversification strategy is working as anticipated and that we have the teams in place across the region to execute and deliver results and create long-term growth across the region, and thus real value to our stakeholders.



### **GROUP OPERATING PROFIT (J\$ BILLION)**

### **KEY HIGHLIGHTS CONTINUED**

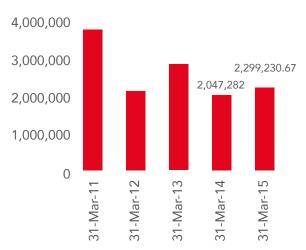




## GROUP FINANCIAL PERFORMANCE FOR 2015/16

### **Group Net Profit**

The JMMB Group recorded strong financial performance for the financial year ending March 31st 2016. The Group's Profit After Taxes of J\$2.3 Billion represents an increase of 12% over the prior year's figure of J\$2.05 Billion.



**GROUP NET PROFIT (IN J\$'000)** 

### **Total Operating Revenue**

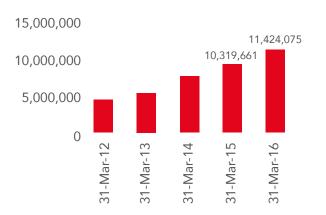
Total Operating Revenues continued on a positive trajectory with solid growth from J\$10.32 Million to J\$11.43 Million or by 10.8%. This performance was driven mainly by increased Gains on Securities Trading from increased volume of transactions. Gains on Securities Trading grew by J\$ 597.64 Million (2014/15: J\$3.42 Billion compared to 2015/16 J\$4.02 Billion).

There were additionally increases in other revenue lines such as Net Interest Income which grew by J\$241.73 Million, Fees and Commission which grew by J\$ 202.90 Million and fees from managed funds which grew by J\$ 63.45 Million. Foreign exchange margins from currency trading was flat at J\$934.83 Million.



### TOTAL ASSETS (IN J\$'000)









### **Country Contribution**

This financial year in the region was marked by political uncertainty pending elections in all three territories in which the Group operates. Despite this, both Jamaica and Trinidad reflect improved results over the prior period. Our operations in Jamaica contributed J\$ 2.1 Billion to the Group while Trinidad's contribution was J\$184.97 Million. As part of our regional revenue diversification strategy our operations in the Dominican Republic included two start-ups, AFP JMMB BDI S.A and JMMB Sociedad Administradora de Fondos de Inversión, S.A., and one acquisition, Banco de Ahorro y Crédito JMMB Bank, S.A, which are currently establishing operations, client base and market presence. These entities have an aggregate negative contribution of J\$239.24 Million. This was expected given the expenses to grow and scale these businesses. However, JMMB Puesto de Bolsa S.A, JMMB Group's flagship operation in the Dominican Republic market for the last eight years, recorded profits of J\$208.13M.

### Efficiency

In the 2015/16 financial year, administrative expenses moved from J\$7.79 Billion to J\$8.78 Billion. This was primarily due to expenses associated with the market expansion of the Group through acquisition integration, and start-ups in the DR as well as the costs associated with the rebranding and integration of the IBL Group in Trinidad and Tobago. Normal inflationary increases across the Group also factored into the year over year increase in operating expense.

We are confident that our medium term imperative of operational efficiency along our ongoing journey of generating long-term sustainable stakeholder value will yield tangible efficiencies in our regional growth strategy.

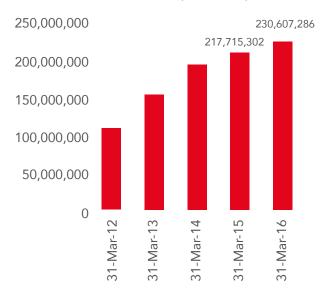
### **Capital Adequacy**

The individually regulated entities within the Group are required to maintain appropriate capital adequacy ratios (CAR). These entities include JMMB Limited and JMMB Merchant Bank in Jamaica as well as JMMB Bank in Trinidad and Tobago.

JMMB Limited, the investments arm of the Group in Jamaica, ended the year with capital to risk weighted assets ratio of 17%, well above the Financial Services Commission's benchmark minimum of 10%. JMMB Merchant Bank reported a ratio of 19% which exceeds the Bank of Jamaica's minimum regulatory requirement of 10%. IBL also reported a ratio of 19% also above the Central Bank of Trinidad and Tobago's minimum requirement of 8%.

### **Total Assets**

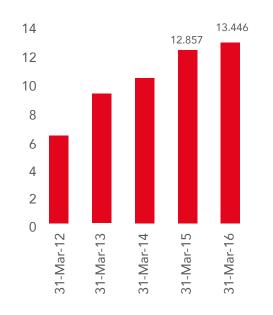
The JMMB Group's total asset base grew by J\$12.89 Billion to J\$230.61 Billion over the period. This was attributable to growth in deposits and the issuance of the new USD and JMD Preference Share.



### **Book Value Per Stock**

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\$13.45 up from J\$12.86 in FY 2014/15. The stock's closing price on the JSE as at the end of the financial year stood at J\$10.01, demonstrating significant value for existing and prospective shareholders.

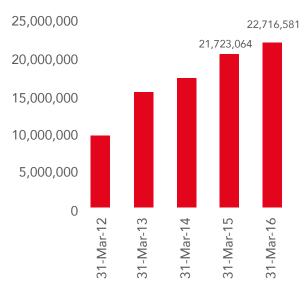
### **BOOK VALUE PER STOCK UNITS (IN J\$)**





### Shareholders' Equity

Shareholders' Equity stood at J\$ 22.72 Billion, at the end of the financial year, the highest in the Group's history and reflects an increase of J\$ 993.52 Million or growth of 4.57% over the prior year. This solid capital base continues to demonstrate the Group's strength and is a key component of the Group's growth strategy.



### TOTAL STOCKHOLDERS' EQUITY (IN J\$'000)

### Shareholders' Return

Total dividend paid and proposed in respect of the 2015/16 financial year amounted to J\$603.30 Million. The Group's performance over the period continues to drive positive shareholder returns and demonstrates our steadfast commitment to driving sustainable growth and achieving long-term earnings and increased returns to our shareholders.



### **DIVIDENDS PAID AND PROPOSED (IN J\$'000)**



### REGIONAL PERFORMANCE AND OUTLOOK FOR 2016/17

### JMMB JAMAICA : STRATEGY OVERVIEW, OPERATIONS & PERFORMANCE

The 2015/16 financial year continued to be one of success for JMMB in Jamaica. The marketplace in which we operated was characterized by the Government of Jamaica's demonstrated ability to continue to deliver on its commitment to the International Monetary Fund (IMF), creditably passing all quantitative tests and setting the stage for a sovereign credit rating upgrade from two financial rating agencies, Moody's in May 2015 and Standard & Poor's (S&P) in June 2015.

Real GDP growth increased from 0.2% for FY 2014/15 to a projected 0.9% for FY 2015/16. Business and consumer confidence levels in the local market continued to build positively from the previous year's momentum while inflation remained subdued given lower oil prices. Additionally, there was a general weakness in consumer purchasing power resulting in a reduction in demand pull inflation factors. As a result of the Government of Jamaica's commitment to prudent fiscal management, the current account deficit saw a significant drop from 5.5% as at March 2015 to 2.5% as at March 2016. The rate of deprecation for the Jamaican dollar versus the United States Dollar continued to be moderate moving from 5% for FY 2014/15 to approximately 6.1% for FY 2015/16. The Bank of Jamaica continued to maintain an active presence in the foreign exchange and money markets throughout the year with its various monetary policy tools.

Against this macroeconomic backdrop, the JMMB team in Jamaica continued on our path to deliver to clients our promise of financial partnership and to always keep their best interest at heart by providing simple, transparent solutions oriented around life goal(s) via a multi-channel experience that is easy, empowering and enjoyable.

To this end, our execution for financial year 2015/16 saw increased focus on:

### Enhancing Client Experience

Towards the end of the year we commissioned a team of Financial Solution Advisors to offer JMMB solutions

to new and existing clients at locations of the client's choice. The full impact of this initiative in building our reach, enhancing client access to our solutions and services and contributing to sustainable growth in revenues is expected to bear fruit in financial year 2016/17.

### Building Out our Integrated Financial Services Model

In April 2015 we launched our second integrated branch location on Knutsford Boulevard in Kingston which offers Investment, Banking, Insurance Brokerage and Remittance services. With increased traffic at the location we experienced teething pains in the first few months of operation. These have since been addressed. We take pride in the overwhelming feedback and suggestions from our clients who we view as engaged partners in this pioneering activity. In 2016/17, pending approval from our Regulators, we intend to upgrade two additional JMMB Ltd. locations to integrated locations.

### Managing Growth

We saw successful growth over the year across several of the Companies and business lines in Jamaica specifically:

- We made significant strides resulting in increases in our loan portfolio and deposit savings in JMMB MB, growth in corporate repurchase agreements in JMMB Ltd. and growth in client funds in the suite of collective investment schemes and pension funds offered and managed by JMMB FM.
- Tremendous effort was placed on transitioning our JMMB Ltd. clients to new collective investment scheme structures and helping them navigate through the retail repurchase agreement trust structure.
- More frequent financial partnership conversations were used to ensure that clients who we engaged received a documented plan cementing our partnership in helping them attain their financial goals.
- Our capital markets team in Jamaica was successful in structuring new IPO's over 2015/16, achieving one in a record three (3) days towards the end of the financial year. This activity fulfils both the mandate of supporting small to medium sized businesses in creatively re-structuring their balance sheets and offering clients a variety of investment options, resulting in win/win.

- In the remittance business the implementation of a new platform was an important plank in our journey towards growing our transaction volumes and increasing our network on both the 'send' and 'receive' sides of the business.
- Our insurance brokerage, JMMBIB, enjoyed commendable achievements in the retention of business, meeting renewal targets set and receiving confidence from policy holders as signaled by their growth in referrals from existing clients.

We recognized that with growth, the integration of several business lines and an increased demand in our processes as a result of regulatory changes, we may not have maintained our distinct service advantage as desired. We therefore made a deliberate effort in the area of client experience to develop a series of initiatives aimed at enhancing our service delivery ensuring that it is easy, empowering and enjoyable for clients. These will be implemented in the new financial year and are expected to have a measurable impact on our clients' experiences along every step of their journey with the JMMB Group.

## ENTITY OPERATIONS & FINANCIAL PERFORMANCE

### JMMB LTD.

### Year in Review

In keeping with our long term strategic direction, during the 2015/16 year the JMMB team focused on re-engaging clients with respect to our portfolio advisory services. This was consistent with our commitment to the annual re-balancing of client portfolios and is evident in the results for the year which saw total on and off balance sheet assets growing by 13% due primarily to the 63% growth in off balance sheet offerings.

In August 2015, the securities dealer industry saw the introduction of an important new structural frameworkthe Retail Repurchase (Repo) Agreement Trust Structure. This new framework was introduced to manage retail repurchase agreement liabilities and further strengthen the financial industry by reducing any possible systemic risk.

Bolstered by the change in the regulatory environment the team adopted several initiatives towards guiding the transition of clients from the retail repo investments into collective investment vehicles as well as facilitating



their outright purchase of assets, depending on their goals and risk appetite.

JMMB Ltd., the largest player in the retail repo market in Jamaica, successfully transitioned its operations to comply with this new trust structure framework. Going forward, we anticipate this framework will have implications for how the industry operates. We expect to continue seeing more growth in off balance sheet offerings (collective investment schemes etc.) for the retail segment rather than repurchase agreements, though corporate repurchase agreements are expected to grow.

### **Solution Suite Expansion**

Two (2) new discretionary portfolio solutions were added to our solutions suite, The JMMB Graduate and JMMB Drive Easy Solution, and were launched in partnership with our local entities in the Group (JMMB Fund Managers, JMMB Merchant Bank and JMMB Insurance). These solutions represented diverse and holistic financial solutions and are tangible examples of the delivery of our value proposition to clients. The additions are complementary offerings to the existing solutions focused on retirement and wealth maximization.

### FINANCIAL PERFORMANCE

Highlights of our performance include:

### Profit after Taxes

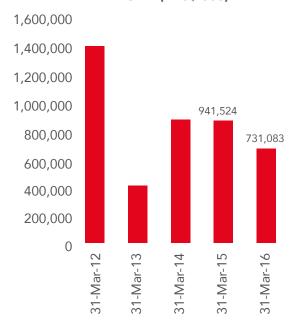
At the end of the 2015/16 financial year, JMMB Ltd. reported flat Net Operating Revenue of J\$5.2 Billion. Growths in Net Gains on Securities Trading and Fees and Commission Income were offset by declines in Net Interest Income and Foreign Exchange Margins from Cambio Trading.

Notably, Net Gains on Securities Trading recorded significant growth of 9.4% or J\$220.0 Million ending the year at J\$2.55 Billion. This was due to wider bond spreads and a rallying in GOJ Global bond prices. On the other hand, there was a 4.5% reduction in Net Interest Income from J\$2.5 Billion to J\$2.4 Billion, resulting from a smaller investment portfolio as well as relative stability in interest rates.

Operating expenses increased by 11.9% to J\$4.3 Billion and was largely due to the build-out of our existing and new business lines and to a lesser extent inflationary increases. This led to net profit of J\$731.1 Million, down 22% relative to the prior year.

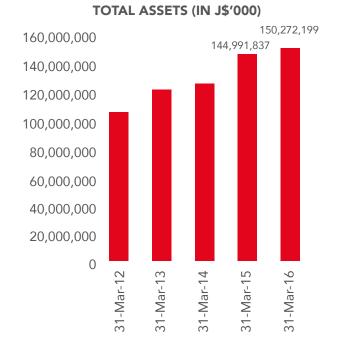


NET PROFIT (IN J\$'000)



### **Total Assets**

Total Assets grew modestly by 3.64% to J\$150.3 Billion. This was primarily on account of increases in liquid asset holdings. Cash and Equivalents rose 162% or J\$7.8 Billion to J\$12.6 Billion, while Resale Agreements were up 33% or J\$4.4 Billion to J\$17.7 Billion. Improved liquidity was a function of general market conditions arising from local government bonds maturing in late February as well as proactive risk management in anticipation of heightened political risk.



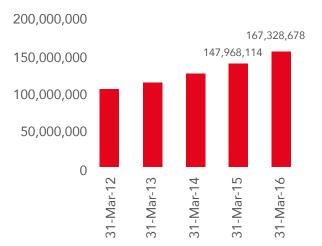
### Asset Management

As a result of the Monetary Policy of the Central Bank coupled with increased market confidence, short term interest rates continued to fall. The benchmark six (6) month T-Bill yield fell by 1.17% moving from 7.00% in March 2015 to 5.83% as at March 2016. Against this background our Asset Management business posted strong performance for FY 2015/16.

Total Funds under Management<sup>1</sup> (FUM) grew by 13% to J\$167.3 Billion. This was on account of increases in both On-Balance sheet FUM and Off-Balance sheet FUM.

TOTAL FUNDS UNDER MANAGEMENT

(IN J\$'000)



On-balance sheet FUM increased modestly by 5.9% to J\$133.6 Billion and was mostly due to depreciation as efforts were made to migrate clients off-balance sheet to suitable fund products. Off-balance sheet FUM rose by 63.2% to J\$70.2 Billion. This was on account of organic growth as well as client migration resulting from the implementation of the retail repo trust structure.

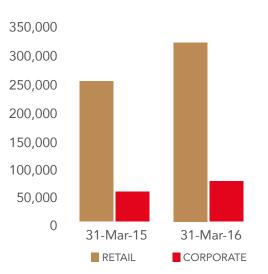
Our core brokerage business for Equity (offered through JMMBSL) and Bonds continued to grow and provided significant returns to our clients. Clients' holding of Global bonds totaled US\$418.3 Million, reflecting growth of 26.7%. Of this amount, approximately 80% was for retail clients.

<sup>1</sup>Total Funds under Management include on-balance sheet customer liabilities as well as managed funds. However, clients' bond and equity holdings are excluded.

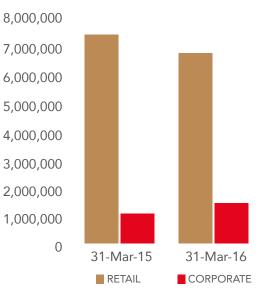
Based on the stability in the economy, there was growing interest from clients who wanted to diversify their portfolio. Consequently, there was a marked increase in Retail Global bond holdings which rose by 25.7% or US\$68.6 Million to US\$335.8 Million. Also, Corporate Global bond holding was 28.8% or US\$18.0 Million higher at US\$80.4 Million. Given improving economic indicators, we anticipate continued growth in this business line.

Clients' equity holdings declined by 5% to J\$8.7 Billion. This was mostly on account of the rally in the local equities market as clients crystallized gains. As such, retail equity holding declined by 7.8% to J\$7.1 Billion, and was partially offset by a 10.3% growth to J\$1.5 Billion in corporate equity holding.





### **CLIENT EQUITY HOLDINGS (IN J\$'000)**





### Focus for 2016/17

The JMMB Ltd. team will continue to focus on introducing the clients of the Group in Jamaica to solutions provided by all our business lines. This strategy will ensure sustainable growth for JMMB Ltd. and an enhanced client experience through:

- creating and delivering a suite of products tailored to meet client's holistic financial needs and ongoing partnership with clients towards goal realization through our discretionary portfolio management service.
- improving operational excellence by optimizing our current structure to deliver efficiently and streamlining and re-engineering our key processes.
- continuing to focus on integrated services delivery across portfolio management, equities trading, cambio services, securities trading, unit trust and pension solutions.

### JMMB FUND MANAGERS LTD. (PENSIONS & UNIT TRUST)

JMMB Fund Managers (JMMBFM) provides oversight for fund management and administrative services of Pension Funds and Collective Investment Schemes (CIS). The company's business model is client centric in focus as we aim to provide clients with the benefits of continued process improvements in order to deliver an enhanced client experience. Accordingly, our range of CIS offerings can be accessed directly or via JMMB's solutions which provide clients with a portfolio (predetermined mix of funds) geared towards helping them achieve their particular goals.

### **Financial Performance**

Over the year combined Funds under Management (FUM) grew to approximately JA\$15.4 Billion. Specifically, during the 2015/16 financial year, CIS FUM increased by JA\$2.2 Billion or 50% to JA\$6.7 Billion under management. This was achieved in part due to a focused and sustained effort to align clients' value proposition with structured investment portfolios underpinned by our range of CIS.

Pension FUM grew by 35% with a subsequent growth in fee income of approximately 28%. The growth in this business line reflects the realization of strategic sales initiatives which were focused on targeted client segments as well as reinforcement of the value



proposition for our group pension accounts. The team continues to reinforce through workshops and sessions with clients, the importance of attaining long term financial stability through a proactive focus on retirement savings.

JMMBFM ended the financial year with net profits of JA\$79 Million, a 78% increase over the JA\$44 Million after tax profits for the 2014/2015 financial year. The strategic focus of JMMB Fund Managers Ltd. during the 2015/16 financial year was on:

- 1. leveraging the administrative capabilities of JMMBFM, extending this to other jurisdictions in which the JMMB Group has a presence thereby contributing to improvements in the Group's operational efficiency
- 2. realigning processes with a view to improving overall efficiency within the company
- 3. reviewing the product suite and looking for opportunities to widen the value proposition of our offerings.

### **Product Suite Expansion**

Pension Funds - During the financial year, we received approval for the roll out of a Type 1 Pooled Fund. This new fund provides JMMB with the opportunity to refine the investment management of Superannuation Plans and Retirement Schemes allowing for greater levels of service and efficiency as it allows for:

- Greater diversification for smaller funds
- Greater levels of foreign currency exposure
- The consolidation of resources for participation in large investment opportunities
- An improved asset selection process for smaller to medium sized funds

This milestone is aligned with our strategic focus to expand product offerings for clients whilst leveraging our investment management expertise.

Unit Trust - Subsequent to the approval received for the launch of the Life Goal Suite (unit trust funds), the company embarked on a successful launch of four investment solutions: the JMMB Bond Fund, JMMB Real Value Fund, JMMB J\$ Income Distribution Fund and the JMMB US\$ Income Distribution Fund. Additionally, as the company sought to rebalance the unit trust product offerings, changes were made to two existing unit trust funds resulting in the further expansion of our product suite which contributed positively to the value proposition of JMMBFM's product offerings. The following changes were effected:

- 1. Conversion of the Giltedge Fund to a money market fund (**Giltedge Money Market Fund**)
- 2. Conversion of the Optimum Capital Fund to a real estate fund (**Optimum Capital Real Estate Fund**)

### **OUTLOOK FOR 2016/17**

The strategic focus of JMMBFM for financial year 2016/17 is two -fold:

- The implementation of technology to improve efficiency and strengthen client experience
- The provision of diverse yet relevant product offerings and solutions

## Technology, Efficiency and Client Experience

In support of our continued growth in the Pension Fund Management business line, the acquisition of a new fund administration platform in 2016/17 will further raise the bar in client experience and overall fund administration. Key benefits will include significantly enhanced online functionalities through 'MoneyLine' (JMMB's online financial services platform) allowing client's direct real-time sight of their investments and faster processing of benefit payments. Full implementation is slated for Q2 of FY 2016/17.

## Delivering Relevant Products and Solutions

The growth in the JMMB Fund Manager's business lines reflects the realization of the JMMB Group's regional integrated financial services strategy which is aimed at ensuring continued goal attainment for clients at any stage of their financial lifecycle. The continued success of JMMBFM is therefore founded on the delivery of excellent customer service, diverse yet relevant product offerings underpinned by the strength of a sound governance and management structure.

JMMBFM remains poised to continue on its upward trajectory based on a favorable regulatory framework, greater acceptance of Collective Investment schemes by the investing public and the ever present need to engage around retirement planning, in alignment with our holistic approach for financial goal achievement.

### JMMB SECURITIES LTD.

### Jamaica, 2015's Top Stock Exchange Market

Financial year 2015/16 was a positive year for the local equities market. Global Financial news provider Bloomberg, ranked the Jamaica Stock Exchange (JSE) as the # 1 performing stock exchange in the world for 2015. This was in part due to increases in the JSE Main Index, by over 80% for the year as acquisition deals for Desnoes & Geddes along with Dolphin Cove by foreign investors reinforced confidence in the market. The stability in the macroeconomic environment also bode well for the market, encouraging increased investor participation.

### Strong Growth & Stellar Performance

Against the backdrop of strong market performance, JMMB Securities Limited was able to grow its total Commission earned on equity trades and total trade value by 115% (Total: JA\$42.85 Million) and 84% (Total: JA\$2.8 Billion) respectively. Retail activity was the main driver in the performance of the equity business line and corporate activity also showed positive growth.

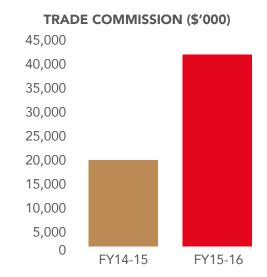
JMMB Securities remained active in the local Capital Markets raising over JA\$7.2 Billion through the listing of the following symbols:

- JMMB Group Limited 7.25% and 7.50% JA\$ Preference Shares
- JMMB Group Limited 5.75% and 6.00% US\$ Preference Shares
- Jetcon Corporation Limited
- Key Insurance Limited

### TRADE VALUE (IN \$'000)







In addition to these successes, JMMB Securities Limited was recognized at the JSE Best Practices Awards for 2015 after winning the Chairman's Award for Overall Winner (Member Dealer) as well as the Member Dealer's award for Expansion of Investors & Listed Companies Base.

### EQUITIES MARKET OUTLOOK FOR 2016/17

We expect local market indices to continue to improve as the economy starts to grow. For the upcoming year we will continue to promote the offerings of JMMB Fund Managers (Pension and Unit Trust portfolios) to offer off-balance sheet diversified fund options to our retail client base. We will also be expanding our research offerings to provide clients with more up to date market analysis and information for outright single stock purchases. Opportunities for unlocking regional synergies with our JMMB Securities T&T office will continue as interest in cross trading on the JSE and TTSE increases.

### CAMBIO BUSINESS LINE

### Changing Environment, Strong Performance

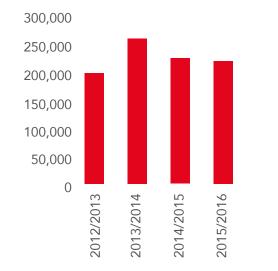
Over the fiscal year 2015/16, the foreign exchange trading market was buoyant with the Jamaican dollar recording a depreciation rate of 6.1% against the United States Dollar. The Bank of Jamaica (BOJ) consistently maintained its presence in the market, through interventions, to satisfy any excessive demand. Notwithstanding this, the cambio sector faced

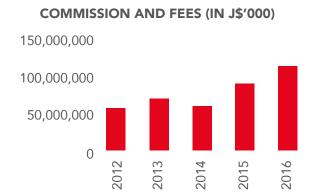


persistent challenges with correspondent banking relationships throughout the year, as increased scrutiny due to anti-money laundering and terrorism financing measures resulted in the removal and or restriction of banking relationships for a number of players in the sector. As a result of this, the cambio trading operations of JMMB Ltd. were shifted into JMMB Securities Ltd. Even amidst the challenges in the market, changes in operations and relatively tight spreads, JMMB cambio business maintained its strong market position.



### FOREIGN EXCHANGE MARGIN FROM CAMBIO (IN J\$'000)





### Cambio Business Line Outlook for 2016/17

The macroeconomic outlook for the market in 2016/17 remains strong as Jamaica continues on the right trajectory in relation to the IMF economic program. Net International Reserves (NIR) reflect a strong position totaling in excess of US\$2.4B which should ease any concerns over the supply of foreign currency. As the JMMB Group in Jamaica continues to evolve and integrate our branches, we expect to see some moderation in cambio trading revenues as client business is transitioned to our banking operations. The focus will therefore shift somewhat from retail to creating new trading relationships, based on our assessment of trading sectors locally and trading relationships regionally, in order to capitalize upon currency trading opportunities.

### JMMB INSURANCE BROKERS LTD.

### **Success Despite Falling Premiums**

Despite the fact that premium rates in Jamaica and across the world continued to decline throughout the financial year, JMMB Insurance Brokers Ltd. (JMMBIB) was able to grow revenues by \$25.8 Million or 27% year over year. This revenue growth was the direct result of strong relationships with our partners, referral support from the JMMB Group and delivering high levels of customer satisfaction and client experience. We enjoyed a high level of confidence from these clients as we had an 81% renewal retention rate and accompanied new business from client referrals. For the 2015 financial year, JMMBIB's primary strategic objectives included, finding new ways of growing market share and sustaining profitability, whilst delivering excellence in client outcome. We were able to achieve this by working closely with our partners to enhance their product offerings and make them exclusive to JMMBIB's clients. We currently have direct branch presence in five (5) of the eight branches of JMMB. As a result we have been reaping success as our clients now have direct physical access to the insurance services provided instead of having to do business with us remotely.

### **Financial Performance**

JMMBIB ended the year with a 27% increase in commission and fees moving from \$96.5 Million in 2014/15 to \$122.36 Million in 2015/16 and also achieved a 25% increase in Total Revenues moving from \$110 Million to \$138 Million. Our performance continues to be recognized by the industry as we were again awarded Broker of the Year in 2015 by one General Insurer and earned recognition from our Employee Benefits partners. Recognition by our partners continues to demonstrate our value to the industry that we, through these relationships, are able to pass on to our clients and stakeholders.

### Outlook for 2016/17

JMMBIB will continue to improve its competitive position by focusing on growing market share and increasing profitability by:

- Prudent management of the portfolio mix and client retention whilst exploring opportunities for enhanced client access
- Maximizing any opportunities to grow inorganically through the acquisition of profitable portfolios.Continuously improving productivity and operational excellence through the use of automated interfaces
- Continuously improving productivity and operwith our partners and simplified processes.
- Building out a dynamic Corporate Team and continuously designing strategies to improve Team Member development and engagement.
- Building unique product offering and delivering a consistent and seamless experience to drive client loyalty and referrals.
- Cross- selling JMMBIB's "Exclusive Products" through consistently building Group awareness, and bundling insurance products with Group offerings.

### JMMB MONEY TRANSFER LTD.

JMMB Money Transfer Ltd. (JMMBMT), the remittance arm of the JMMB Group, had a successful year reporting growth in total revenues by 24%.

### Implementing Technology to Improve Efficiency, Spark Growth and Enhancing Client Experience

To increase client experience, operational efficiency, and reliability and bolster AML/CFT compliance, JMMBMT implemented a cutting-edge remittance platform in July 2015, which checks transactions for both senders and recipients before processing, against international lists of Specially Designated Nationals to increase our compliance. With this implementation, the average up-time for the remittance platform improved to 99.95% thereby bolstering our service standards in keeping with client expectations and our service standard.

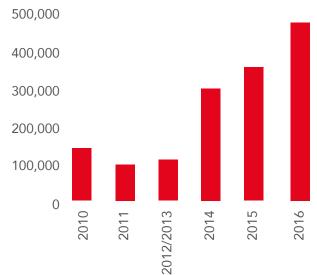
In September 2015, Capital & Credit Remittance Limited was rebranded to JMMB Money Transfer, and in October 2015, the Company launched a new business line, Intra-Island Money Transfer, which was positioned as an 'easy' and convenient offering 'real time' (0- 5 minutes) local money transfer service.

The JMMBMT team remains committed to offering clients more choices in 'send' and 'receive' locations through





expansion of the agent network. In 2015 we increased our network from 55 to 122 local partner agents. The team, over the year was deliberate in sharing the value proposition of our offerings. As a result, we saw a high uptake in the number of clients using our 'deposit to account' service, which is an important channel for us as it allows clients to receive remittances directly to an account at their preferred financial institution. We also saw our quarterly Client Satisfaction and Engagement Survey score- a key performance indicator of our business line- increase, averaging at 92% for the year.



NET PROFIT AFTER TAXES (IN J\$'000)

Total liabilities also remained flat as the Bank shifted funding profile to reduce more expensive Repo funding consistent with the 27% increase in deposits. This was reflected in the improvement of the cost of funding year over year.

#### **OUTLOOK FOR 2016/17**

For 2016/17 the JMMBMT team remains committed to offering innovative, competitively priced services and products through expanded channels to our clients. We intend to grow this business line by increasing our transaction volumes and thereby revenues and profitability. We are also proactively exploring developments in this business line with a view to determining the opportune approach for JMMB in evolving our service offerings.

#### JMMB MERCHANT BANK LTD

JMMB Merchant Bank (JMMBMB) continued on the path of growth and stability reflecting the company's commitment to client satisfaction and employing prudent risk management practices. JMMBMB consolidated the position achieved for the previous financial year by maintaining asset quality and continuing to grow a stable diversified source of deposit.

JMMBMB will continue on the journey of offering a unique brand of banking to the sector by leveraging the JMMB way of partnering with clients to achieve their goals.

#### **Financial Performance**

The Bank recorded a net revenue of J\$1.37 Billion for the 12 month period ending March 31, 2016 (12 months March 2014: J\$1.19 Billion). This represented an increase of approximately 14.24%.

This performance compared well with the previous reporting period as interest earned on loans improved by 33%. This reflects the growth in performing loans bookings as well as tight management of the loan portfolio to prevent deterioration in quality.

Loan fees recorded growth of 40% as a result of increased bookings over the period. Interest Expenses decreased by 4% despite the 24% increase in deposits for the period as a result of tight management of the Bank's balance sheet. Non-Interest Expenses were managed to an increase of just under 7% reflecting the growth in the sales team during the year.

The foregoing resulted in a net profit of \$469.6 Million representing a 30% growth year over year. Net profits before taxation reflected a 36% improvement over the previous year.

#### Loan Performance

The Bank's loan portfolio stood at J\$12.3 Billion (March 2015: J\$9 Billion), year over year growth of J\$3.3 Billion or 36.4%. Non-Performing loans remained relatively flat despite the significant portfolio growth and stood at 1.18%.

#### Assets

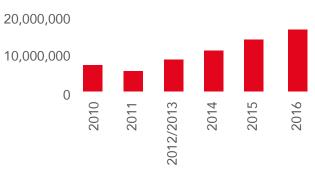
The Company's total assets were relatively flat year-

over-year as we pursued a core banking strategy which resulted in a shift from investment assets to loan and advances. Loans and advances increased by 36.4% while investments assets decreased by 31.3%.

#### Liabilities

Total liabilities also remained flat as the Bank shifted funding profile to reduce more expensive Repo funding consistent with the 27% increase in deposits. This was reflected in the improvement of the cost of funding year over year.

#### CUSTOMER DEPOSITS (IN J\$'000)



#### **Shareholders' Equity**

JMMBMB 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 business line. The Bank's capital adequacy ratios, a measure of the Group's overall strength, exceed the regulatory requirements. Total shareholders' equity stood at J\$6.43 Billion as at March 31, 2016, representing an increase of J\$359 Million or 6% over the amount at March 31, 2015.

#### Retail Banking

Having refocused on core banking activities, the Merchant Bank was successful in competing in the retail banking market resulting in significant growth in the retail business. This remains consistent with JMMB core strengths of banking clients across a wide cross section thereby diversifying both credit and deposit risks. The overall success in retail growth was supported by a number of initiatives aimed at delivering on our commitment to clients through strategic partnerships and the wider JMMB Group network. The bank is slated to establish at least two new locations over the upcoming year as the JMMB Group continues on the

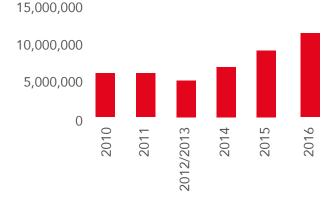


path of meeting client goals through an integrated financial services model and providing clients with a comprehensive suite of solutions via a multi-channel experience that is easy, empowering and enjoyable.

#### Corporate, Commercial & SME Banking

The Bank again recorded growth in both loans and deposit in the Corporate and Commercial space. The market continues to respond well to the unique value proposition centred on helping clients to drive growth and manage productivity in the respective sectors. We continue to manage the growth in this sector to ensure diversification across industries and business size.

JMMBMB successfully launched its Small & Medium Enterprises business banking desk with the intention of extending the JMMB brand of service to this subsector. The JMMB family is excited about this initiative as the group continues its commitment to fueling growth in the Jamaican Business sector.



#### LOANS AND ADVANCES (IN J\$'000)

#### Treasury

The Treasury team returned positive results during a year marked by close oversight on currency trading bands by the Central Bank and challenges regarding corresponding banking services. The Bank was successful in navigating market liquidity challenges with support from the JMMB Group, a testament of the continued strength of the Group. This was supported by the confidence expressed by the market resulting in growth in the deposit portfolio thereby affording the opportunity to shift the funding profile to one consistent with core banking.

#### Strategic Focus for 2016/17 and Beyond

In March 2016 the JMMB Merchant Bank submitted to the Bank of Jamaica an application to upgrade



licensing to Commercial Bank status. We await feedback from the Regulators early in the new financial year and are confident that our value proposition for a Commercial Bank will be a good addition to the financial landscape in Jamaica. Positive feedback will see additions to our strategy to get us to a state of readiness for operating in the shortest time possible.

The next three years will see JMMBMB building on the successes achieved since acquisition with specific focus on:

#### Driving client satisfaction

The Bank will focus on providing clients with additional channels to access our services thereby improving client satisfaction through further digitization of services. In 2015/16 the Bank joined the Group's Moneyline platform (JMMB's online financial services platform) which now allows clients to view their accounts online anywhere, at any time. In the year ahead we intend to apply to upgrade this type of access to give our bank clients transaction processing services

#### **Expanded Branch Network**

The Bank intends to increase the footprint of full service locations by commissioning at least two new locations for the period 2016/17 under the Group's integrated financial services model.

#### Providing holistic solutions

We will seek to meet the goals and needs of our expanded client base through our banking products and bundled solutions whilst maximizing sustainable, profitable growth and the benefits of the integrated financial services model.

#### JMMB GROUP CAPITAL MARKETS UNIT

The JMMB Group Capital Markets (JMMBCM) offers our corporate clients, sovereign and government agencies a range of tailored capital markets and investment banking solutions through the structuring and arranging of debt and equity fund raising instruments. JMMBCM provides clients with access to capital through our strong and well established distribution platform and our ability to be nimble in offering financial solutions that enhance shareholder value.

The team focuses on structuring customized solutions by working closely with our clients, our global financial partners and our extensive local and international investor base to tap the requisite expertise and depth of funding for highly tailored financial transactions. Our financial solutions comprise local, regional and international bond issuances, preference share issuances, initial public offering of equity (IPO), rights issues and follow-on issues of equity, syndicated loans, sale and lease back structures and asset securitization.

The JMMBCM team is comprised of accomplished professionals who are dedicated to serving our customers primarily in the key geographic areas in which we operate namely Jamaica, Trinidad and Tobago & The Eastern Caribbean and the Dominican Republic. JMMBCM covers a wide range of industries including Real Estate, Retail and Distribution, Manufacturing, Utilities, Entertainment, Telecommunications and Transportation and financial services.

#### **Ground-breaking Performance**

Over the year, the team structured and arranged transactions with an aggregate value of over J\$2.5 Billion comprising both debt and equity transactions. Two notable transactions completed by the unit during the year were the IPO for Key Insurance Company Limited and a private placement Bond for North Star Development Jamaica Water. The Key Insurance transaction opened closed and was listed on the Jamaica Stock Exchange all within three days, a first for any IPO on the JSE. The team also structured and arranged a private placement Bond transaction for North Star, the proceeds of which were used to finance the exploration and drilling of a well to provide water to the UWI Mona campus. This project will start supplying water to the UWI Mona Campus prior to the start of the new academic year in August 2016. These activities fulfil both the mandate of supporting small to medium sized businesses in creatively restructuring their balance sheets as well as offering clients a variety of investment options, resulting in a win/win situation.

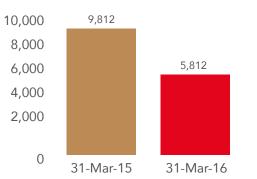
JMMBCM also acted as advisors for the structuring of the JMMB Group Ltd's heavily oversubscribed successful preference share issue that raised over J\$7B.

#### JMMB INTERNATIONAL LTD.

#### **Profit after Taxes**

For the 2015/16 financial year, Operating Revenue net of Interest Expense for JMMB International declined by 40% to US\$6.0 Million. In the prior period, JMMB Puesto de Bolsa was a subsidiary of JMMB International but due to the re-organization of the JMMB Group reporting period, ownership was transferred to JMMB Holdings SRL. Consequently, there was a one-time dividend payment of US\$6.31 Million from the Puesto de Bolsa in the previous financial year.

NET PROFIT (IN US\$'000)

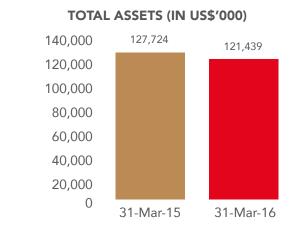


If this amount were to be excluded from operating revenue then a growth of 60% would be recorded since all other revenue items improved. Net Interest Income rose by 29% to US\$4.8 Million and market opportunities were capitalized on as Gains on Securities Trading of US\$1.2 Million (was reported) which was absent in the prior period. Net Profit declined by 41% to US\$5.8 Million. However, if dividends received in the prior year were to be excluded then Net Profit would record marked growth of 63% or US\$2.3 Million. This equated to J\$690.1 Million.

#### **Total Assets**

At the end of the 2015/16 financial year, Total Assets stood at US\$121.4 Million reflecting a 4.9% decline relative to the prior period. Consistent with the reorganization plan for the JMMB Group, the entity is in the process of being converted from an IBSC and will be applying for a securities dealers' licence in the Eastern Caribbean to offer a full suite of investment options to that bloc.





#### COUNTRY OUTLOOK FOR 2016/17

The teams comprising the JMMB Group in Jamaica remain committed to client partnership, the core of our culture, as well as excellence in our operations and service delivery. In pursuit of these we look forward to an even more successful 2016/2017 for the benefit of all our stakeholders as we continue to serve 'one client' and build a strong unified 'one JMMB team'.

Our country focus, in line with the Group's overarching direction for the coming financial year, will therefore include:

- growth of core revenues through developing an expanded sales force, loan portfolio growth, embedding portfolio management services and the continued targeted cross-selling of solutions across business lines.
- ensuring that as we begin to further expand our integrated branch network our new branches are designed and implemented to deliver efficiencies from integrated service delivery and an experience that is easy, empowering, enjoyable and in our client's best interest.
- further streamlining of our operating structure through the introduction of new technology, changes to how our teams are developed and structured to deliver and the re-engineering of key processes in order to deliver an improved efficiency ratio.



#### JMMB DOMINICAN REPUBLIC: STRATEGY OVERVIEW, **OPERATIONS & PERFORMANCE**

JMMB in the Dominican Republic (DR) is a relatively new player in the financial services landscape. Our team has therefore been working to create a notable space in the market for the group of companies to contribute to the industry and, more broadly, economic development of the country.

For the year under review, JMMB Puesto de Bolsa S.A. performed credibly recording profits of RD \$78.24 Million while Banco de Ahorro y Crédito JMMB Bank, S.A., JMMB Sociedad Administradora de Fondos de Inversión, S.A. and AFP JMMB BDI, S.A. recorded a combined loss of RD\$ 89.94 Million. This performance was anticipated and is consistent with the start - up phase of the business life cycle given the expenses associated with growing and scaling these businesses. Nevertheless, it is expected that our robust sales strategy driven by a buoyant leads management framework will result in significant market penetration and ultimate profitability in the medium term. We are already seeing early indications of this growth potential with the total client base for the country growing by 16% relative to the previous financial year. This demonstrates that we have the teams and strategies in place to grow our businesses in the DR and that this will continue as we gain further momentum in the market.

For the FY 2015/16 the group of JMMB companies in the DR recorded total Operating Revenue net of Interest Expense of RD\$ 388.06 Million. The most significant contributor to this result was Puesto de Bolsa, the investments arm of JMMB in the DR, which contributed RD\$ 341.48 Million. Consolidated total Assets stood at RD\$ 9.21 Billion and the most significant contributor to this result was Puesto de Bolsa whose assets grew from RD\$ 7.73 Billion to RD\$ 8.42 Billion in the period.

The professionalism and sense of responsibility with which we have assumed our commitment to the JMMB brand and the country are making inroads in the Dominican Republic market as our teams have fast become known to be trustworthy, efficient, responsive to the clients' service needs and supportive in helping them achieve their goals.

#### **Market Penetration & Strategic** Successes

JMMB's Dominican Republic team continued to position ourselves as one of the major Securities Broker with our JMMB Puesto de Bolsa company growing the business line's offerings for the Dominican Market in the year under review. Additionally, we obtained approval for the acquisition of 90% of shares of Banco de Ahorro y Credito Rio, SA which we later rebranded to Banco de Ahorro y Credito JMMB Bank S.A. During the year, we also launched our first Mutual Fund through our Funds Administrator company, JMMB Administradora de Fondos de Inversion, S.A. Topping off these achievements was the final approval received on the 28th of December 2015 to incorporate and operate a Pensions Funds Administrator in the country, AFP JMMB BDI S.A. This company is the sixth entity of its kind in the country and the first one approved in more than 10 years. This is a significant achievement for the JMMB Group in the Dominican Republic and the country's financial services landscape.

During the year we grew to a team of 150 employees across all business lines inclusive of sales and support areas. Of note is that we placed 13th in the Caribbean and 12th in the Dominican Republic out of 41 participants by the Great Places to Work Institute. We continue to consolidate our team and build on the JMMB Culture and Vision of Love, embracing our Jamaican roots and doing business with our core values at heart: Love, Honesty, Integrity, Openness and Care. During the year we deepened our connection to the JMMB Group and are certain that our most successful strategies have created a sustainable foundation for growth in the medium and long term for JMMB in the DR.

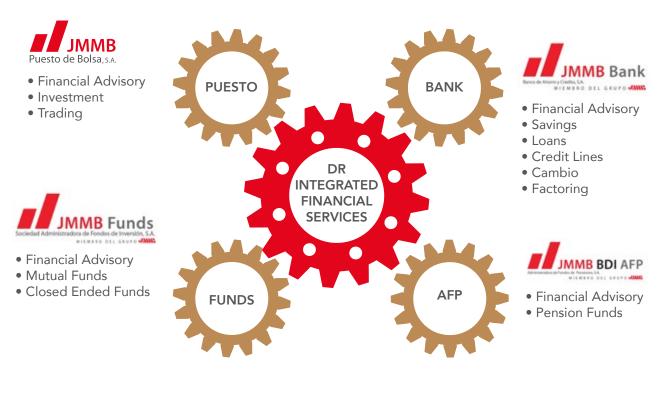
Our successes were backed by a specific focus on execution in 2015/16 which included:

- Maintaining growth and building a sustainable revenue base through business line expansion and market penetration.
- Concentrated emphasis on compliance with current regulations and applying a methodical cost containment strategy.
- Embedding good governance by implementing absolute independence and autonomy in the supervision and control areas.
- Rolling out the first phase of the Group's integrated financial services model in the DR

as our first financial life goals centre was launched in July 2015. and client financial partnership.

In 2015/16 the JMMB DR team was better positioned to more fully serve the Dominican market, deliver on our promise of financial partnership and offer solutions which have the clients' best interest at heart via a multi-channel experience that is easy, empowering and enjoyable.

#### DOMINICAN REPUBLIC FINANCIAL SERVICES



#### **ENTITY OPERATIONS & FINANCIAL PERFORMANCE**

#### JMMB PUESTO de BOLSA S.A.

During the 2015/16 financial year, JMMB Puesto de Bolsa, S. A. applied a conservative strategy to preserve spreads, always maintaining high cash reserves to respond to the cyclical pressure in compliance with our risk policy. This strategy was employed in anticipation of the 2016 electoral year in the Dominican Republic. We recorded credible Operating Revenue of RD\$ 341.48 Million. We were able to maintain market confidence as evidenced by our successful issuance of Class B preferred shares amounting to US\$ 4.16 Million. This successful share issue will support the further build out and growth of the business line.

Additionally, the team continued to focus on helping clients achieve their financial goals by offering personalized financial advisory services. Total Funds Under Management grew from RD\$6.44 to RD\$ 7.72 Billion in FY 2015/16 representing an increase of 20% over the prior year.

Moreover, we have managed to obtain and maintain a general level of customer satisfaction of 94%, well above the industry average.



- Creating motivated and committed teams across business lines by embedding the JMMB culture of love



#### BANCO de AHORRO y CRÉDITO JMMB BANK S.A.

#### Acquisition takes root

Financial year 2015/16 was a year of transition for JMMB Bank as we took the necessary steps for the integration of JMMB as new shareholders.

In June 2015, JMMB Bank SA received final approval from the Central Bank Monetary Board to acquire 90% of the shares from Banco Río de Ahorro y Crédito S.A. In that same month we held a Shareholders' Extraordinary Assembly to get to know and approve the shareholders change that had been planned and which became effective in July.

Since then, some important changes have been made to ensure the seamless transition into the JMMB Group including the rebranding to Banco de Ahorro y Crédito JMMB Bank and the implementation of significant changes to the management and operations of the company.

#### Performance

As at acquisition, Banco Rio was a small savings and loan bank. Our team's efforts and energy throughout this year of transition were therefore focused on transforming JMMB Bank into a profitable and robust financial institution. As such, many of our projects and initiatives were undertaken to ensure that we achieved specific short term performance indicators and objectives. Some of our successes include:

- Sustaining the growth of our Credit Portfolio as we ended period with total value standing at RD\$400.28 million
- Diversification of the active portfolio by new client acquisition
- Our deposits portfolio's growth to RD\$597.58 million which represents an over 50% increase since acquisition
- Moving our branch and corporate offices to the "Corporativo 2010", that houses all of JMMB DR's businesses

Even with these accomplishments, the accumulated results prior to change of management and the initial acquisition expenses impacted our results for the year as previously mentioned. We however expect that with the further integration and alignment with JMMB's operating model, Brand Values and Culture, team development and the provision of client centric integrated financial solutions, our results will be stronger.

#### **OUTLOOK FOR 2016/17**

In our transition, we have created synergies which add value to the Group's overall solution offerings in the region. We are confident that these changes will bring better services and solutions for our clients in the Dominican Republic and enable our teams to deliver a differentiated experience grounded in JMMB's culture of love and client partnership. It is therefore our main objective to turn JMMB Bank into a key player in the market by increasing our portfolio, developing new products and deepening our relationship with clients. We believe our strategy to be sound and that we are poised to accomplish these goals in the medium term.

#### JMMB SOCIEDAD ADMINISTRADORA de FONDOS de INVERSIÓN, S.A. (JMMB FUNDS)

#### Market Penetration: Value for the Group, Value for the Dominican Republic

Financial year 2015/16 was the first year of operation of JMMB Funds. During the year, we initiated the management of our first open investment fund, a Money Market Fund named "JMMB Fondo Mutuo de Mercado de Dinero". This first managed fund began its operative stage in December 2015. JMMB Funds also received approval for the launch of a second investment fund, a Real Estate Investment Trust (REIT) named "JMMB Fondo de Inversión Cerrado Inmobiliario" making JMMB Funds the only society managing both open and closed ended funds in the Dominican Republic market. More notably, by bringing another investment alternative to meet our clients' needs, we are adding value to the market as a whole. The launch of this second fund is in line with our objectives to create innovative products which complement the solutions suite of the JMMB Group across the region. Through this investment fund we will be investing in real estate assets in different sectors.

As this was the first year of operations, all our team's efforts were concentrated on setting a sound foundation for the business line's operations. We confirmed a

team of professionals with extensive expertise in this new business area. This team played a significant role in the implementation of regulatory and control requirements enabling the company to enter the market on the stipulated dates with innovative products.

#### **Financial Performance**

Our first Money Market Fund commenced operations in August 2015 and as at March 31 2016 finished the FY with 259 contributors and assets under management of RD\$137.45 Million.

Towards this fiscal year end, the company's total Equity stood at RD\$29.74 Million and total assets of RD\$39.08 Million. In terms of income, JMMB Funds recorded Operating Revenue of RD\$2.7 Million generated from interests on investments as well as administration fees from the Money Market Fund.

#### **OUTLOOK FOR 2016/17**

Moving forward, JMMB Funds will focus on consolidating the Group's offer in the market and continue the constant process of creating new products to complement the existing ones, bringing innovation to the market and supporting the entity's financial results by increasing the assets under management.

We are optimistic about the opportunity and the future that we bring to the Funds Administration market. We understand that by consolidating the organization and creating new products, the company will have an important presence resulting in major value to our clients and a sustainable financial institution for the JMMB Group in the Dominican market.

#### JMMB TRINIDAD AND TOBAGO: STRATEGY OVERVIEW, OPERATIONS & PERFORMANCE

JMMB's operations in Trinidad and Tobago comprise the major business lines of Banking, through the JMMB Bank (T&T) Limited (formerly Intercommercial Bank Limited) and the Intercommercial Trust and Merchant Bank Limited (IBL Group) subsidiaries as well as Investments, Securities Dealing and Stock Brokering, which are carried on through JMMB Investments (Trinidad and Tobago) Limited and JMMB Securities Limited (JMMB ITT).

Despite the uncertainties in the economic and political environment facing the country and fierce competition in the financial services market, the entities' performance was commendable, growing combined Profit after Tax (PAT) by 86% to TT\$13.2 Million and its total asset base by 14% over the previous financial year.

The country team's focus for financial year 2015/16 was on:

#### - Operationalizing the Regional Integrated Financial Services Model

Significant effort was placed on developing and laying the foundation for implementing the first phase of the integrated financial solutions model, a key pillar of the JMMB Group's regional integrated financial services strategy. The team worked diligently to ensure that the processes, touch points and technology supporting the delivery of integrated products and services were aligned with the Group's client partnership framework as well as its client experience and operating models. -Maximizing the JMMB Group Band

Creating increased awareness of the JMMB Brand in the local market was an essential element of our strategic focus for financial year 2016/17. We therefore undertook several initiatives aimed at raising the level of awareness of the JMMB brand and the client value propositions of the products and services offered by both the banking and investment business lines.





#### -Team Development

In financial year 2015/16 we continued to strengthen the expertise and knowledge base of the country's teams and reinforced the JMMB culture of love and client financial partnership. -Enhancing Client Experience

As we seek to grow market share and expand our client base we have been deliberately engaging our clients in the design of unique experiences. To this end, the country team executed a number of initiatives throughout the year to demonstrate our commitment to our clients and our promise to enure that their experiences with us were easy, enjoyable and empowering. On Oct 6th 2015, we celebrated "International Customer Experience (CX) Day" in branches across the country. Clients were treated with special "sweet" favours and asked to give feedback on their experiences on our "CX Wall". We received overwhelming positive feedback including:

- "The service and expertise is 10, a cut above the rest. Very family oriented. I feel that warmth every visit, never a dull moment. Service with a unique personalised touch. My expectations are always surpassed."
- "Keep up the good service, service with a smile!"
- "Treats everyone like family every time"

Our efforts to design experiences for our clients tailored to their needs and their journeys thoughout their relationship cycle are on-going and are an integral part of our focus for financial year 2016/17. We are therefore well-positioned to deliver on our promise to keep our Clients' best interests at heart by listening to, understanding and caring for their and their family's unique needs -exceeding their greatest expectations by providing simple, transparent solutions oriented around life goals.

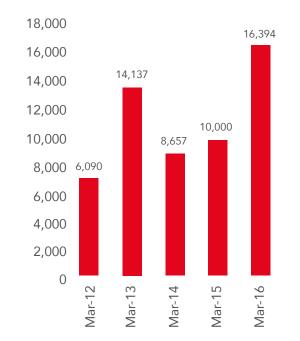
#### **ENTITY OPERATIONS &** FINANCIAL PERFORMANCE **IBL GROUP**

The year 2015-16 marked a successful year for the IBL Group notwithstanding the challenging economic and competitive banking environment in Trinidad and Tobago. The team's focus on building expertise and JMMB's unique approach to client care positioned the Bank to make notable inroads in both Personal and

Business Banking segments.

The IBL Group reported a Profit before Tax (PBT) of TT\$16.4 Million for the financial year ended March 31 2016, an increase of TT\$6.4 Million or 64% over the prior period and PAT of TT\$12.4 Million, almost double that of the prior year's TT\$6.3 Million.

#### PROFIT BEFORE TAX (IN TT\$'000)



#### Net Interest Income

Total Net Interest Income (NII) earned for the twelve months to March 2016 was TT\$63.8 Million, a 5.1% increase over the prior period of TT\$60.7 Million. NII consists of loan interest income and investment interest income net of the interest expense on funding instruments and accounts for 62% of the Group's total operating income.

#### Loan Performance

The loan portfolio grew by 7.9% over the previous year but was adversely impacted by the economic slow-down and uncertainties created by the general elections in September 2015 as many companies and individuals were hesitant to undertake significant spending, adopting instead a "wait and see" approach. Loan interest income excluding interest recovered on the Bank's non-performing portfolio increased year on year by 11.8% from TT\$62 Million in 2015 to TT\$69 Million in 2016.

#### Investment Interest Income

Investment interest income also increased year on year by 32% consistent with the increase in the investment portfolio from TT\$251.3 Million to TT\$300 Million as at March 31 2016.

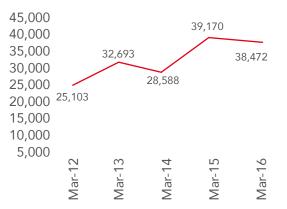
The Bank has been able to effectively manage its funding costs and has reported a marginal increase in interest expense on customer deposits and other funding instruments of 1% or TT\$151k from the previous financial year.

#### **Other Income**

Over the financial year ended March 2016, other income decreased by 2% to TT\$38.5 Million compared to the prior financial year of TT\$39.2 Million with revenues from foreign exchange trading accounting for the majority of this revenue line.

Foreign exchange activities for the period generated TT\$32 million in revenues compared to TT\$33 million in the prior year. This is commendable given the reduction in supply of foreign exchange in the market.

#### OTHER INCOME (IN TT\$'000)



#### **Operating Expenses**

Total expenses decreased by 4% or TT\$4 Million for the year ended March 2016 mainly due to a reduction in loan loss expense from TT\$6.5 Million in the prior year to TT\$1.2 Million in 2015-16. Note that the Bank changed its provisioning methodology during 2014-15 to align with the JMMB Group resulting in a one-time increase in the loan loss expense in that year.

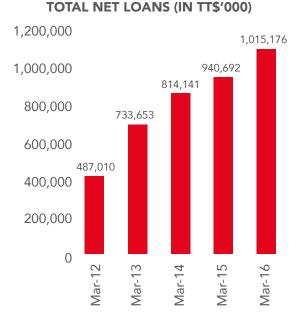
In terms of operating expenses, the Bank continued



to focus on managing costs and was able to improve its operating efficiency (non-interest expense to total revenue) by 6% . A key strategic objective of the Group is to move this ratio more in line with industry standards in the short to medium term.

#### **Total Assets**

Total assets increased by TT\$10.3 Million or 0.6% from the prior period. The TT Group successfully grew its loan portfolio by TT\$75 Million or 8% from the previous year. Loans and advances represent the TT Group's core asset base and account for 57% of total assets. In terms of asset quality, the non-performing loans ratio closed at 3.8% in March 2016, an improvement compared to the prior year's 5.8%.



The investment portfolio grew by TT\$49 Million or 19% over the fiscal year 2015. The Bank's investment portfolio is used to enhance overall returns and is managed within the risk appetite set by the Board of Directors through its Risk Committee, utilising a strategy of maintaining a portfolio of assets that allows capital preservation and provides liquidity if and when required.

#### **Total Shareholders' Equity**

Total shareholders' equity closed at TT\$161.3 Million at the end of the financial year March 2016, an increase from prior year of TT\$13 Million. This is due to the increase in net profit for the period, as well as a



favourable movement in the investment revaluation reserve.

The statutory minimum capital adequacy requirement for banks in Trinidad and Tobago as determined by the Central Bank of Trinidad and Tobago is 8%. IBL's capital was bolstered in 2014 with the issue of TT\$80 Million subordinated debt and its capital adequacy ratio closed March 2016 at 17.55%, well above the statutory requirement.

#### JMMB INVESTMENTS (TRINIDAD AND TOBAGO) LIMITED

JMMB Investments (Trinidad and Tobago) Limited (JMMB ITT) began operations in February 2014 initially offering fixed income products to institutional investors. It successfully completed its acquisition of AIC Securities Limited (renamed JMMB Securities Limited) during the financial year 2014-2015 adding stock brokering to its products and services offering. The financial year 2015-16 represented JMMB ITT's second full year of operations and saw the company expand its team of financial experts and make significant investments in the infrastructure needed to support its growth in the financial advisory market locally and regionally.

For financial year 2015/16 JMMB ITT reported Profit after Tax (PAT) of TT\$865K, a marginal increase of 2% over the previous year. The year also saw a significant growth in core profits with an increase of 69% in total revenues and a 48% increase in operating expenses as a result of the build out of our sales team and infrastructure.

#### Interest Income and Other Income

Total income increased by 69% from TT\$5.8 Million in 2014-15 to TT\$9.9 Million at the close of the financial year ended March 31 2016. Net interest income grew by 62% during the year closing at TT\$4.8M driven by the 88% growth in the investment portfolio over the year.

Other Income, with fees and commissions earned through JMMB Securities Limited accounting for 66%, was consistent with the prior year closing at TT\$3.3 Million. Revenues on securities trading, the other main contributor to Other Income, declined by 20% year-

on-year, consistent with fewer opportunities available to take advantage of price movements in the bond and equity markets.

#### **Operating Expenses**

Operating Expenses closed the financial year 2015-16 at TT\$9 Million, an increase of 48% over the period, which resulted in an operating efficiency ratio of 91%, an improvement over the 104.3% reported in the previous financial year. The main drivers of operating costs were staff expenses (55% of total expenses) with several critical roles being filled during the year and premises rental (11% of total expenses) as the company moved to a new location to accommodate its growing sales team and allow for greater visibility of the company and the JMMB Brand.

#### Assets

Total assets grew by 83% over the year with the investment portfolio being the main contributor to the increase. There was a gradual but constant growth in the portfolio over the year which closed at TT\$226 Million, 88% higher than the prior year.

A corresponding increase was seen in its Securities Sold under Agreements to Repurchase (Repo) portfolio which grew by 83% to close at TT\$185 Million at the end of fiscal 2015-16.

#### **COUNTRY OUTLOOK FOR 2016/17**

Our strategic focus in the coming financial year will be on completing the transition to the JMMB Brand with the rebranding of IBL Bank to JMMB Bank. This will be a significant milestone in JMMB's history in the Trinidad and Tobago market as it will solidify the JMMB Group Brand in the local financial services landscape. Also critical to JMMB's growth and success in Trinidad and Tobago in financial year 2016/17 is the continued implementation of the integrated financial solutions service delivery model in particular, the seamless provision of banking and investment services based on our clients' needs. A significant part of operationalizing this will be the launch of Trinidad's first and the Group's fourth integrated branch/financial life goal centre in May 2016 at the Chaguanas location.

As JMMB's unique approach to client care is the foundation of the Group's Brand, our strategies in the coming year will seek to set service blueprints for all JMMB entities and monitor service standards across all client touch points. We will ensure our clients' best interest through creating long term financial partnerships that are meaningful and enabling them to achieve their life goals.

We are ever mindful of the need to focus on efficiency and cost management as we continue to grow, build out our physical and technology infrastructure, and invest in our team members. Our objectives for the coming year are thus to increase the number of revenue generating team members, ensure revenues grow faster than our costs and continue working with the Group to identify opportunities for the centralisation of key functions as part of the Group's focus on operational efficiency.

#### JMMB Group Strategic Focus for 2016/17

The Group's focus for financial year 2016/17 is sharpened against a backdrop of growth and expansion across the region over the last three financial years. As a Group, we are therefore intensely focused on operationalizing key aspects of this regional growth strategy guided by a clear strategic focus which drives our prioritization and execution of projects and initiatives and our decision making.

To this end, our Strategic focus for the 2016/17 financial year is:

- Further embedding our Regional Integrated Financial Services Model with specific focus on scaling our startups and completing the transition to the JMMB brand in Trinidad and Tobago
- Increasing Revenue and sales productivity driven by a robust leads management strategy and an ongoing imperative to increase team member engagement and satisfaction
- Enhancing our Clients' Experience
- Improving Operational Efficiency



#### Rebranding to JMMB in Trinidad and Tobago

In Trinidad and Tobago, our primary focus will continue to be around creating increased awareness of the JMMB Brand in the local market as an essential element of our strategic focus for financial year 2016/17. The rebranding of IBL Bank to JMMB Bank represents a significant milestone in JMMB's history in the Trinidad and Tobago Market as it will solidify the JMMB Group Brand in this market. This brand equity coupled with our client experience model





will translate to increased market penetration and greater share of wallet, resulting in significant growth in revenues from the entire Trinidad portfolio as we seek to enhance group revenues.

#### Increasing Team Member Engagement and Satisfaction

"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 are no limitations, no boundaries, no fear. 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, the JMMB Group is committed to providing an open forum for ideas to be discussed, tested and implemented in order to help each other grow."

JMMB is dedicated to living the vision of love and as a result we made the decision in 2015 to take our annual team member satisfaction and engagement survey to the next level. We selected a global institute model, Great Place to Work, based on 25 years of research and data. The process includes a Trust Index Survey which represents the voice of our team members. We also completed an organizational survey known as a Culture Audit. The audit evaluates our policies, processes and team member capital. JMMB continuously strives to improve the level of trust and quality of our workplace experience. By participating in the survey we were able to benchmark ourselves against the best in class. We are excited that "the global authority on building, sustaining and recognizing high trust organizational cultures" reinforced JMMB's commitment to culture and team members engagement. We ranked in the 2016 Best Companies to Work in the Caribbean, Dominican Republic and Multinational.

As a prong of the Group's strategic focus for 2016/17 we have been taking the necessary steps to ensure we act on the feedback and audit results from Great Place to Work. Overall results have been shared with team leaders during annual Executive Workshops throughout the Group. Workshops also include power practices and tools to support Team Leaders as they seek to increase the level of engagement and satisfaction within their teams. To close the loop, Team Leaders will continue to be empowered to partner with their teams to review department and individual Manager Scorecards which support department actions plans and individual Team Leader development.

#### **Enhancing the Client Experience**

The JMMB Group continues to build on its strong base of over 220,000 clients across the region. We worked hard to deliver our value proposition to each client to ensure that "JMMB is your financial partner who always keeps the customers' best interests at heart by providing simple, transparent solutions oriented around life goal(s)". We have made significant strides in implementing key foundational elements of our Client Experience Model by investing in training for our team members and new approaches to process and technology development and implementation across the Group. This investment is based on the Group's commitment to design experiences for our clients that are tailored to their needs and their journeys thoughout their relationship cycle with us. We will continue to keenly monitor and measure our progress to ensure that we are equipped to deliver to our clients our promise of financial partnership and an easy, enjoyable, empowering experience that is in their best interest.

#### **Improving Operational Efficiency**

As we continue the further operationalisation of our integrated financial services model, we will ensure that as we expand across business lines and territories the expected synergies to be gained from regional integrated operations are optimized as far as possible through:

- expanded Country and Entity Sales forces across the Region with streamlined support teams to increase core revenue generation and increase the productivity of the Financial Advisors through targeted cross selling of solutions across business lines.
- streamlined and efficient Processes
- optimized multi-channel delivery to clients



including a seamless Electronic experience

- further rollout of Integrated Life Goal Centres
- further streamlining our operating structure through the introduction of optimized technology solutions across the Group. This is supported by changes to how our Group Support teams are configured and structured to deliver as well as re-engineering key processes in order to produce an improved efficiency ratio.

We are proud that we continued on the path of delivering solid growth and sustainable profits in 2015/16. We move forward into the new financial year confident that we will make significant progress in our medium term strategy to build out our regional integrated financial services model. We recommit ourselves to delivering value for all our stakeholders, making the JMMB Group greater than the sum of its entities.

We would like to acknowledge our loyal clients, who are like family to us and for whom we continue to build the JMMB Group with their best interest at heart. As we build out the Group across the region, we are committed to maintaining our core values of love, openness, honesty, integrity and care as we engage our teams who drive the execution and success of our strategies and serve our clients.



STRONG TEAMWORK

## HEADS OF COUNTRY



#### **KISHA ANDERSON COUNTRY MANAGER -**JAMAICA

Kisha began her tenure with JMMB Ltd. in 1996, and has since worked in several areas of the company's operations. Kisha currently serves as Country Manager of JMMB's Jamaican-based subsidiaries: Jamaica Money Market Brokers (JMMB) Limited, JMMB Merchant Bank Limited, JMMB Insurance Brokers Limited, JMMB Fund Managers Limited and JMMB Securities Limited (Jamaica).

Kisha has gained an in-depth understanding of the financial sector, through her extensive experience as part of the JMMB team and knowledge gained through her participation in a range of professional development courses including: project management, retail banking, people management and securities. She entered the field with a degree in Environmental Sciences from the UWI, Mona. In November 2015 she completed and graduated from a four (4) month Harvard Business School General Management Program, where she gained invaluable knowledge and exposure to new paradigms and techniques to support her strategic and leadership capabilities.

With her innovative ideas, solution-oriented work ethic and drive for excellence in performance, Kisha continues to play a key role in leading her team's contribution towards the realization of the integrated financial services model for the JMMB Group in Jamaica.

She currently sits as a director on the Boards of JMMB Insurance Brokers Ltd., JMMB Fund Managers Ltd., JMMB Securities Ltd., JMMB Money Transfer Limited., JMMB Ltd., JMMB Investments (T&T) and JMMB Securities (T&T). She is a Justice of the Peace for Kingston.



#### **GUILLERMO ARANCIBIA COUNTRY MANAGER -**DOMINICAN REPUBLIC

Guillermo is the CEO of JMMB Puesto de Bolsa, S.A, and country manager of the Dominican Republic, a role he has held since 2006.

He joined the JMMB family with over 20 years' experience in the financial sector specializing in commercial banking. He worked for over 19 years with the Citigroup in regional management positions for Latin America with responsibility for operations in the 14 countries in which Citibank operated.

Guillermo also served as Manager of Corporate Communications, Products and Channels at Grupo Altas Cumbres and as General Manager, Corporation Financiera Miravalles in Costa Rica, before joining JMMB.

He brings to the JMMB family a variety of skills including special skills in banking, prudent risk management, strategic financial planning and mergers and acquisitions.

# **GROUP EXECUTIVE TEAM LEADERS**



DAMION BROWN **GROUP RISK MANAGER** 

Damion'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 experience in the industry. His first professional assignment as an Economist at the Bank of Jamaica in 2003 prepared him well to enter the unique world of investment at JMMB, as an Investment Strategist in 2007.

Within a year, Damion was appointed Market Risk Manager and, following a three-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. His responsibilities reflect the focus of the JMMB Group on maintaining its financial strength and ensuring that a robust framework is in place to safeguard shareholder value.

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) designations.





#### CAROLYN DACOSTA **GROUP COMPLIANCE MANAGER** AND COMPANY SECRETARY

Carolyn has provided the JMMB Group with over two decades of stellar service, beginning her stint in 1995 as a Branch Supervisor. 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 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.

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



## GROUP EXECUTIVE TEAM LEADERS



#### DONNA DUNCAN-SCOTT GROUP EXECUTIVE DIRECTOR, CULTURE & HUMAN DEVELOPMENT

A true visionary and possibility thinker, Donna is guided by the philosophy that: "We were born to manifest the glory of God. It is not just in some of us; it is in every one of us". She is committed to standing for the greatness in all.

Since 2005, she has infused her zeal for empowerment and transformation into her role as Group Executive Director of Culture and Human Development. Currently she leads the design and development of programmes and practices to deepen JMMB's unique culture of being in the world of team members and clients and having their best interest at heart.

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



KEITH DUNCAN GROUP CHIEF EXECUTIVE OFFICER

Keith joined JMMB as Trading Manager in 1993, and in 2000 became the Deputy Managing Director. He was promoted to Group Chief Executive Officer in 2005 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. In March 2011, under his leadership, JMMB was conferred with the prestigious Jamaica Chamber of Commerce 'Best of the Chamber Award' in the 'Large' category.

Keith served as a vice-president of the Private Sector Organization of Jamaica during the period 2012 – 2014 and continues to contribute to Jamaica through various roles including his membership on the Economic Programme and Oversight Committee (EPOC).

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



#### PATRICK ELLIS GROUP CHIEF FINANCIAL OFFICER

Since 2008, Patrick has held the post of Group Chief Financial Officer, a role which includes the 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), where he led the management of the audits of major companies in the financial and telecommunications industries in Jamaica and the wider Caribbean. His experience as a multisectoral 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 AND TREASURER

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 Group oversight responsibility for the investment management framework, which includes portfolio build out and management, liquidity planning and hedging strategies.

Paul is the Chairman of the Group Investment and Liquidity Management Committees and also serves on the Board of JMMB Insurance Brokers Ltd., JMMB Securities Limited and JMMB DR Sociedad Administradora de Fondos de Inversión S.A. He is a member of the ALCO committees of JMMB Merchant Bank and JMMB Bank Trinidad and Tobago Ltd. (formerly Intercommercial Bank Ltd.). In addition to the foregoing he is President of the Primary Dealers Association of Jamaica.

Paul has received professional training in treasury, asset/ liability and risk management, both locally and overseas. He also holds a Master's degree in Finance from the Manchester Business Schools, UK.



## GROUP EXECUTIVE TEAM LEADERS



#### JULIAN MAIR GROUP CHIEF INVESTMENT STRATEGIST

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

His work experience includes positions at the foremost Jamaican financial institutions, as Head of Treasury and Investment Services at Dehring, Bunting and Golding Ltd. (now Scotia Investments Jamaica Ltd.) 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 Lets Investment Ltd., his leadership resulted in that boutique operation becoming a global player in the trading of internationally issued securities.

A founding member and current President of the Jamaica Securities Dealers Association (JSDA), Julian also serves various institutions as director, including JMMB Securities Ltd., JMMB International Ltd., JMMB Puesto deBolsa and the Jamaica Stock Exchange.



#### JANET PATRICK FINANCIAL CONTROLLER – PLANNING AND STRATEGY

Janet was appointed Financial Controller in 2007, having been promoted from her initial position of Chief Accountant, which she held from 1998.

In her current role, 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.

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, Jamaica.



#### 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 and 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, Mona and a Masters degree in Industrial and Systems Engineering from the University of Florida. His expertise is supported by various certifications including Project Management Professional (PMP), Certified Information Systems Auditor (CISA), Certified Information Security Manager (CISM), Certified Scrum Master and ITIL V3 certified.

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





#### KERRY-ANN STIMPSON GROUP MARKETING MANAGER

Kerry-Ann 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 of marketing management experience in the financial services sector, Kerry-Ann added even greater heft to the JMMB marketing team in late 2012, when she assumed responsibility for marketing strategy development and execution for the JMMB Group.

Her professional journey in marketing began at the former Dehring, Bunting & Golding Limited (DB&G), in 2002. Under her leadership, the marketing approach of the DB&G brand became synonymous with both a unique style of creativity, and pushing the proverbial envelop. In 2007, she took up the role of Assistant Vice President, Marketing and Public Relations, at First Global Bank Ltd.; before assuming the role as Assistant Vice President, Marketing, for First Global Bank and First Global Financial Services Ltd., in 2008.

Kerry-Ann holds a Bachelor of Science (BSc.) degree, with a major in Management Studies and minor in Economics, from the University of the West Indies and a Master of Business Administration (MBA), with a specialization in marketing, from the Robert H. Smith School of Business, at the University of Maryland.

Kerry-Ann is also a communication coach, a motivational speaker and (her personal favourite) a summer camps counsellor of teenagers and young adults.



## **GROUP EXECUTIVE TEAM LEADERS**



#### **CLAUDINE TRACEY GROUP CHIEF STRATEGY MANAGER**

Claudine joined the JMMB Group team as Group Chief Strategy Manager in 2016, following a distinguished career in risk management, strategic management, business analytics, project management, compliance and product development. She has a strong track-record of delivering results and providing innovative solutions to companies' challenges, while contributing significantly to revenue generation and/or cost reduction through the redesign of business processes and analytics.

Her wealth of experience in strategy, enterprise risk management, compliance, micro-small and medium-sized enterprises capacity building and new product development was garnered over her 13-year stint in the financial industry as well as service at government entities where she held senior positions. Her strategic management and corporate planning expertise are supplemented by her human resource planning and research and project management knowledge-base.

Claudine holds a Bachelor of Science and a Master's of Business Administration (MBA) from the University of the West Indies, Mona in Economics and Psychology and Banking and Finance respectively and Certification in International Risk Management. She is also an Accredited Director. In addition, she is a member of Global Association of Risk Professionals and Risk Management Society.

She is the Chairperson of Turner Innovations and sits on the board of Jose Marti Technical High School.

# HEADS OF ENTITIES



#### EDGAR DEL TORO **GENERAL MANAGER -JMMB FUNDS (SAFI)**

Edgar has a more than fifteen (15) years' of experience in the financial sector, specializing in Commercial Banking. He has held various managerial positions in local and international private banking institutions, before assuming his current position he served as Vice President of Corporate Banking for Citibank in the Dominican Republic and Haiti. He has been Manager of Corporate Business at other local banks. Edgar has had extensive experience in handling relations with commercial customers and Multinational Enterprises.

He holds a Bachelors and Masters degrees in Business Administration (MBA) with a concentration in Corporate Finance. Specialized studies in Leadership & Management, Advanced Risk, Derivatives, Cash Management Solutions, Banking, among others complete his impressive repetoire.





#### **RONALD CARTER CHIEF EXECUTIVE OFFICER -**JMMB INVESTMENTS (TRINIDAD AND **TOBAGO) LIMITED**

Ronald is the Chief Executive Officer of JMMB Investments Trinidad and Tobago. His financial services and investment management experience spans 20 years across the Caribbean and the United States. He has held several senior positions within a number of top-tier global financial institutions and successfully led businesses in wealth and investment management, capital markets and corporate banking. Ronald has significant technical experience in corporate finance and investments and an outstanding track record in managing large and highly sophisticated investment portfolios. His career has been built through his all-embracing approach to management and focus on service. He is also a successful entrepreneur, having co-founded, built and sold a successful company that delivers specialized information management services to large and medium size institutions.

Ronald holds a BSc. Honours. degree in- Business Management with a major in Accounting from the University of the West Indies and a Master of Business Administration with a concentration in Finance from the New York University-Leonard N. Stern School of Business.



## **HEADS OF ENTITIES**



#### **KEISHA FORBES CHIEF EXECUTIVE OFFICER -JMMB LIMITED**

Keisha has over 18 years' experience in the local financial services industry having joined JMMB Ltd. in 1997, as a Trading Assistant. Keisha was promoted through the ranks of the Trading department where she successfully traded JMMB's portfolios in various capacities. Prior to her current role as CEO, she was Head of Trading and Treasury. She brings a wealth of knowledge and innovative thinking to JMMB Limited, which is evident in her solid track record.

Keisha provides leadership and oversight in the development and execution of the strategy for JMMB Ltd.. She is charged with the responsibility for the growth and development of the company through its stock brokerage offerings, cambio services, portfolio management offerings, collective investment schemes as well as the overall asset management business line of the company. With the support of her retail, corporate, trading and treasury teams, Keisha ensures that revenue, market share, profit targets and other key performance indicators are met.

Keisha holds a Bachelor's degree in Business Management from Nova South Eastern University and a Master's degree in Banking and Finance from Mona School of Business, UWI.



#### SHARON GIBSON **GENERAL MANAGER -**JMMB MONEY TRANSFER LIMITED

The JMMB Group remittance arm, JMMB Money Transfer, is now headed by an experienced financier, who has over 20 years at the managerial level in the financial industry. Sharon held several senior positions at National Commercial Bank (NCB) spanning: remittance, customer service, project management, product development and operations. She is the former manager for NCB Remittance Services. During her stint at the institution she climbed the ranks while broadening her experience through serving as Product Development Manager, Customer Service Manager and Operations Manager. Also while at NCB, Sharon served as Chair of the Audit Committee of the NCB Cooperative Credit Union.

Sharon holds an Executive Masters of Business Administration (EMBA) from The University of the West Indies, Mona in addition to other professional designations including AICB from the Canadian Institute of Bankers. She also holds a Diploma in Management Studies from the Jamaica Institute of Management (JIM), now UTech/ JIM School of Advanced Management.



#### SHERON GILZEAN **GENERAL MANAGER -**JMMB INSURANCE BROKERS LIMITED

A recent addition to the JMMB Group executive team, Sheron was appointed to the post of General Manager of JMMB Insurance Brokers Ltd. in 2014. She boasts a wealth of experience with in depth knowledge of the insurance industry having amassed more than 25 years of experience in every facet of the industry. An expert in claims and underwriting, risk management, team building and relationship management, Sheron's has served in several local insurance companies and brokers.

Prior to joining the JMMB team, she served as Managing Director at Covenant Insurance Brokers and also as a part of the management team at British Caribbean Insurance Company and American Home Assurance Company. In addition to being an insurance practitioner, Sheron has been a part-time lecturer at the College of Insurance & Professional Studies since 2003.

She is the holder of both an undergraduate and postgraduate degree from The UWI, Mona and is a Fellow Chartered Insurance Professional with the Insurance Institute of Canada. She is also an Executive and Chartered Member of Jamaica Society of Insurance Professionals and Technicians (JSIPT), which is responsible for maintaining the high standards of the insurance profession.

An avid volunteer, Sheron serves as the Treasurer for Kiwanis Club of Constant Spring and is the co-founder of the Norman Gardens Reading Club, mentoring at-risk children.





#### JUAN JOSE MELO PIMENTEL CHIEF EXECUTIVE OFFICER-**JMMB BANK (DR)**

Juan is a financial professional and entrepreneur with over 9 years' experience in business valuation, mergers and acquisitions. He has also worked in real estate, corporate restructuring, business planning and performance measurement in various institutions.

> He has a degree in Industrial Engineering from the Pontificia Universidad Catolica Madre y Maestra and an MBA in Finance from the University of Comillas, Spain. In August 2009, he joined the family of JMMB as Director of Investment Banking.



## HEADS OF ENTITIES



#### NIGEL ROMANO MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER - JMMB BANK (T&T) LIMITED

Nigel is Managing Director and Chief Executive Officer of JMMB Bank (T&T) Ltd.. He is a Chartered Accountant and has extensive international banking and accounting experience, having worked in countries such as Indonesia, Hong Kong, Singapore and the Philippines.

Prior to joining the JMMB family he served as Vice President, Operations (Acting) at the Caribbean Development Bank, with responsibility for the bank's Projects and Economics department. He has also held senior positions in banking such as CFO for Citibank in Trinidad and Tobago, Indonesia, and the Philippines and Tax Corporate Finance Partner at Ernst & Young in Trinidad and Tobago. Nigel is charged with the overall strategic direction and operational framework of the bank.

As a strategic thinker, he has a reputation for delivering strong results and sustainable profitable growth. Nigel holds a B.Sc. in Management Studies and an M.Sc. in Accounting from the University of the West Indies and is a member of the Institute of Chartered Accountants of Trinidad and Tobago.



#### JEROME SMALLING CHIEF EXECUTIVE OFFICER -JMMB MERCHANT BANK LIMITED

Jerome joined the JMMB Group team in 2013. Boasting an enviable 24-year career in banking, Jerome has honed critical coaching, sales leadership and business development skills to grow assets and profitability, while driving customer value at the financial institutions at which he was based. His career has included tenures as Scotiabank Branch Manager; Vice President, Personal Banking at RBC Caribbean and Manager, Branch Sales Strategy Initiatives at the RBC Royal Bank's National Office in Toronto, Canada.

Jerome's diverse experience in senior positions in banking has allowed him alongside a dedicated team to steer the JMMB Merchant Bank on a path of profitability since being acquired as part of the Capital and Credit Financial Group.

He holds a Bachelor's degree, and an MBA in Business & Professional Management from the H. Wayne Huizenga Business School, Nova Southeastern University, Florida USA. Jerome is also a Fellow of The Institute of Canadian Bankers and completed executive training at The University of Pennsylvania's Wharton Business School.



#### CHRISTOPHER WALKER HEAD - CLIENT FUND SERVICES, JMMB FUND MANAGERS LIMITED

Christopher joined the JMMB team in September 2012, following JMMB's acquisition of the Capital and Credit Financial Group (CCFG). A veteran financier, having served over 16 years in the financial services industry, he was appointed to his current position at the helm of JMMB Fund Managers in April 2013. His tenure at CCFG ranged in responsibility from being the Business Development Manager of the Merchant Bank, to Manager of the Pension Fund Unit, Senior Manager - Client Services and Pensions, AVP - Wealth Management and ultimately the Senior Vice President and General Manager of Capital and Credit Securities Ltd. (CCSL) and Capital and Credit Fund Managers (CCFM).

His position as Head, Client Fund Services, JMMB Fund Managers Limited (JMMBFM) sees him continuing to offer expert leadership in guiding the strategic positioning of the company's off-book client portfolio, with particular focus on collective investment schemes (CIS) and pension funds.

Complementing his vast experience is a BSc. in Management and Economics from the University of the West Indies, Canadian Investment Manager Designation from the Canadian Securities Institute and a Masters degree in Business Administration (MBA) from the University of Liverpool.







# JOAN DUNCAN FOUNDATION

#### CORPORATE SOCIAL RESPONSIBILITY



The vision of the Joan Duncan Foundation is "To enable Jamaicans to tap into their potential for greatness and have their greatness impact their own lives, and enhance the lives of their communities". This transformation will ultimately lead to a more prosperous and abundant society.

As responsible corporate citizens, the Foundation has a mission to develop, support and steward transformational initiatives in education and entrepreneurship to create and inspire positive change. Through the network of branches, team members are involved in outreach initiatives geared towards the empowerment of people and their communities. This commitment is grounded in the JMMB values of love, openness, honesty, integrity and care.

#### NATIONAL PROJECTS

#### **Conversations for Greatness**

Supporting the thrust towards transforming education to meet the Vision 2030 goals, the national project of the Joan Duncan Foundation was officially launched in October 2015. "Conversations for Greatness" is a transformation project in collaboration with the Ministry of Education designed to share principles and tools that support teachers, principals, and administration – all school personnel, to express the greatness within and provide transformational leadership for their students.

Intervention in pilot schools, Holy Family Primary and Donald Quarrie Secondary were completed, and roll-out of the project has started in region one. The goal of the project is to touch 150 primary and secondary schools islandwide over a two year period.

#### Y.U.T.E. - Youth Upliftment Through Employment Ltd. programme

The Joan Duncan Foundation continued to support Youth Upliftment Through Employment (YUTE) Ltd., a registered charitable organisation based in Kingston, Jamaica. YUTE Microwork, one of the innovative programmes implemented, offers at-risk young Jamaicans a chance to tap into self-employment opportunities around the world, via the Internet. YUTE participants benefited from training workshops which provided opportunities for youth employment and self-employment in expanding traditional and non-traditional industries, as well as transformation of the person.

The Foundation also supported the design and development of a new YUTE website, www.yutejamaica.com.

#### **Child Resiliency Programme**

Operating from three locations across Jamaica, the Child Resiliency Programme aims to support parents and their preadolescents, with strategies to prevent high risk behaviour in adolescence including violence and abuse. The programme seeks to build on the strengths of preadolescents and those things that are known to protect. There are five arms to the programme: 1) Life skills training, 2) Academic support (primarily literacy), 3) Nutrition and Sports to reinforce life skills 4) Creative Expression to reinforce life skills, and 5) Positive Parenting and Family support.

2015-16 saw 160 children from Grade 5 and 80 parents participating in the programme. This included 60 children and 30 parents at YMCA and Boys Town centres respectively and 40 children and 20 parents at Falmouth All Age.

#### **Transformational Training**

Enshrined in the corporate vision of JMMB is the steadfast belief, that all people can reach their true potential and thanks to the Vision of Love stated by our late founder Joan Duncan, we are mindful of the importance of having a positive impact on individuals and communities. As such, recipients of funding from the Joan Duncan Foundation are given the opportunity to participate in a one-day course engaging them to tap their talents, fuel their passion and empower their lives. Topics addressed include understanding of self, your role as a citizen of Jamaica and recognizing your greatness, among others.

YUTE participants, netball and football coaches, and scholarship recipients are a few of the beneficiaries who have attended these courses.

The Foundation has also supported workshops for counsellors of play therapy for Traumatized Kids and programmes such as "Darkness to Light" Initiative, Happiness Seminars, and others facilitating transformational training.

#### EDUCATION

#### Joan Duncan School of Entrepreneurship, Ethics & Leadership

The Joan Duncan School of Entrepreneurship, Ethics and Leadership (JDSEEL), College of Business and



Management, at the University of Technology continues to be supported.

In keeping with that commitment, the 2nd annual Joan Duncan Memorial Lecture was held in May 2015 with Senator the Honourable Mark Golding, Minister of Justice delivering the keynote address on "The New Ganja Laws... Institutionalizing Unethical Behavior or Promoting the National Growth Agenda".

#### **Read Across Jamaica**

Demonstrating the importance of reading and literacy to the overall development of young minds, JMMB team members participated in Read Across Jamaica Day. Time was spent reading for students and books were donated to schools.

#### **Scholarships**

To ensure upcoming generations are equipped to fully contribute to a prosperous society, academic scholarships and bursaries were provided to several individuals from primary to university levels, as well as to summer camps. Students attend a variety of education institutions including University of the West Indies, University of Technology Jamaica, Edna Manley College of Visual & Performing Arts, Queens High, Immaculate Conception High, Manchester High, York Castle High, St. Mary High, Hampton High, Wolmers Boys High, Holy Childhood High, Glenmuir High, Kingston College and Waterford High to name a few.

#### School Improvement

Throughout the year the Foundation supported several school improvement initiatives including donations to:

- Jose Marti Technical High and St. Richard's Primary to purchase projectors
- Mount Alvernia High towards repair of the sixth form gazebo
- Church's Teacher's College towards repair of the gym floor
- Mount Carey Baptist Basic School donation of a white board
- Several schools which received reconditioned computers to increase the number of units in their labs



#### JFF Coaching School

In recognition of the tremendous power of sport to unite, the Joan Duncan Foundation continued its support of the JMMB/JFF/UTech Jamaica Coaching School to develop the sporting talent in Jamaica. We are pleased to have maintained our partnership with both the JFF and UTech Jamaica, as we ultimately move towards the advancement of the national football programme through raising the standard of local coaching and the development of a uniform coaching philosophy.

Coaches across the island have responded positively, taking on the challenge of equipping themselves to adequately train the talented youngsters who represent Jamaica in the sport on different levels; to turn talent and inspiration into results, and ultimately to continue to inspire positive change in our society, through the very important avenue of sports.

#### Netball Jamaica

This year, the Joan Duncan Foundation established a partnership with Netball Jamaica for the support of the Netball Jamaica/University of Technology, (UTech Jamaica) certificate coaching courses similar to our JFF partnership. Included in the course was a module on transformational coaching facilitated by the Foundation.

#### **ENTREPRENEURSHIP**

In fulfilling our promise to support a competition among tertiary institutions to develop innovative business plans, the Joan Duncan Foundation sponsored the UWI Venture Challenge Competition for a third year. Teams/individuals are invited to present their business plans to a panel of independent judges with the aim of convincing them that they can be most successful in implementing their business plan and achieving the business goals that have been outlined. The judges are drawn from the private sector and from the University.

The Foundation also offered its support and mentorship of the Junior Achievement programme in two schools: Christiana High School and Jamaica Christian School for the Deaf.

#### COMMUNITY INVOLVEMENT

"Recognising the link between the organization and the wider society and the inter-relatedness of all life" our branches and team members continue to be active in the communities within which they

operate.

The teams devote their time, talent and financial assistance towards various activities, as they seek to empower individuals within their communities. During the course of the year, team members were involved in activities across the areas of education, sports and general outreach.

#### CUMI– Committee for the Upliftment of The Mentally III

The Foundation continues to be a strong and consistent supporter of this gem of a programme which provides a comprehensive rehabilitation programme for those who face mental challenges as well as homelessness. Participants are empowered to live normal, productive lives within their families and society, through activities which are designed to improve lives by imparting necessary knowledge and coping skills.

The Foundation also provided additional support as a major sponsor of the annual fundraising event CUMI 'Come Run' event in September with team members from Montego Bay donning their sneakers to raise awareness.

#### **August Town Sports Development**

Acknowledging the importance of sports as an intervention strategy in community development, the Foundation's relationship with the August Town Sports Development Foundation continues with the support of their summer football programme designed to keep at risk youth involved in positive extra-curricular activities.

Consistent with our Vision of Love, we extend our support to initiatives spearheaded by the wider society. As such, our team participated in various events during

the course of the year including but not limited to various community-based activities including fundraisers for school events, care packages and sports activities.

#### Labour Day & 5Ks

In championing community development the JMMB family formed teams to labour for Jamaica. For the second year in a row, Team Kingston joined forces with the Port Royal Marine Laboratory to revisit beach cleaning activity in Port Royal. Team Mobay also again partnered with the Mobay Marine Park to remove more garbage from the mangroves, while Team Ochi painted the St. Ann's Bay Hospital.

JMMB team members, as well as their families, were unwavering in their support of the many fundraising 5Ks held throughout the year. They suited up and took part in these fun events which also contribute to team building and good health practices. These included Food for the Poor, Sagicor Sigma, Digicel Foundation Imagine Night Run and Jamaica Cancer Society Relay For Life (Kingston & St. Elizabeth).

We are thankful that God has enabled us to do our part as an arm of a corporate entity, recognizing that it is our responsibility and our purpose to support the building of our society. In essence, it is about realizing dreams, achieving our full potential as individuals, communities and a nation and recognising our power within. It is about love and respect, but most of all it is about a willingness to serve which is an intrinsic characteristic of a true leader.











atricia Sutherland (2nd L) Chair, Joan Duncan Foundation, Hon. Rev. Ronald Thwaites (4th L) Former Minister of Education, Kim Mair (C) CEO, Joan Duncan Foundation are flanked by nembers of the Holy Family Recorder Ensemble during the launch of the Foundation's national project Conversations for Greatness

# Vision of

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 and 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 aspire 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 interrelatedness 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 the 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 are fears, 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 providing 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.



Denise Dawkin JMMB Client

## STRENGTH OF CONVICTION A Client Story

Introduced to the saving instruments available at Jamaica Money Market Brokers during a redundancy session at her former job, Denise Dawkins remains a content client seven years after choosing to make investments with JMMB. "I have never felt the need to question my importance and value as a client," said Dawkins, a chemist by profession who maintains accounts at the town branch in her home parish of Manchester.

"I remember watching the television interview programme Profile when Donna Duncan-Scott was the featured guest, and being in deep admiration of the principles that she spoke of," Dawkins shared. "I could readily identify and connect with the culture of love she referred to among clients and employees and immediately understood why I am a part of the JMMB family," the ardent customer explained of her ties with the investment company.

Burnt by a failed hefty investment elsewhere, Dawkins who has a close relationship with her JMMB Mandeville branch Client Relations Officer Jacqueline Tomlin-Brooks, recalled being comforted when she divulged how things had gone awry and her confidence restored with the words, "We'll get through this".

Well on the road to financial recovery, Dawkins, a single mother to a nine-year old son, is making savvy investments towards his schooling. "I want to give my son a good start in terms of his tertiary level education," she said, recalling the trying financial times she faced repaying student loans after securing her first university degree. "At the end of the day, it boils down to dollars and cents and I want to get returns, I want my money to make money, and with JMMB my money makes money," a confident Dawkins said. She's a fan of stocks, and while having the inclination for high-risk, she says the moderate and safe ones, are her preferred choice.

"What I like with my portfolio manager Jackie is that because I am an extremely logical person and data-driven, she always presents me with data, and performance of particular stock and products, which allows me to form a better judgement of the risk factors for investing," Dawkins said.

#### From Denise. With Love:

What I like most with JMMB is that I get regular feedback and information about new products. My portfolio manager and I have frequent correspondence, whether by email or phone call. It is personalised service that makes me feel like an individual and I love that.

I have been able to achieve exponential growth in terms of returns on my investment. I have opened other accounts with other institutions and JMMB is the institution where I received the biggest gains.

My life philosophy is... to do unto others as you would have them do unto you, and that is the way I live. In terms of my son what I teach him is do not hurt others, whether physically or emotionally. Ensure that at the end of the day, you can feel good about yourself.



JMMB MERCADITO

ANNUAL REPORT 2016



# CLIENT EXPERIENCE (CX) MATTERS

The JMMB Group has long been known as a customer-centric organization with an on-going emphasis on meeting the financial needs of our clients, as well as providing an easy and enjoyable experience, that supports their and their family's best interest.

Over the financial year 2015-16, we have expanded our proficiency in listening to our clients, taking deliberate steps to deepen our Client Understanding and in fostering loyalty amongst our clients across the Group. In this regard, we have expanded our Client Satisfaction & Engagement Assessments across all the territories including feedback from clients in both the Dominican Republic and Trinidad and Tobago as well. Benchmark results are quite encouraging for the JMMB Group, with average **Client Satisfaction** scores of 85% versus the American Customer Satisfaction Index measure for the Finance & Insurance Sector of 75% for the year 2015.

Further, with our understanding and commitment that satisfaction and loyalty amongst our clients is central to the success of our business operations, our training in **JMMB's Client Partnership Culture** continued in our Jamaica, Trinidad & Tobago and Dominican Republic operations. This training is designed to integrate and embed the thinking and language of client partnership into our internal and external relationships, our communication and our service delivery practices. Over the last year, an endorsement of JMMB's Service Excellence was demonstrated as JMMB Jamaica was the proud winner of the **Service Excellence Award 2015 - Category Champion for "Service Excellence Charter and Standards**". This coveted award was conferred by the Private Sector Organization of Jamaica (PSOJ) and the Jamaica Customer Service Association (JaCSA) in collaboration with Rubis Energy Jamaica. To further solidify our commitment to our clients JMMB has been a regular participant of National Customer Service Week since 2006. Our team members (our internal clients) were once again acknowledged and celebrated for their dedicated service to each other and to JMMB's clients across the Group.

A more recent addition to this week of client recognition is Client Experience (CX) Day, which was first introduced in 2012 as a global celebration of great client experiences and the specialists who make it happen. This was held on October 6 2015. Global Best Practice distils that, "Client Experience is impacted by team members, the ease of doing business, accessibility and how clients feel about the company's brand value and reputation." At the JMMB Group our **Client Experience Principles** reflect our desired outcome for each and every client; what we want for every client, is what we wish for our team members." Our enduring participation in client appreciation initiatives locally and regionally reinforces our commitment to genuine client care.

With unrelenting focus on delivering better experiences across all channels and interactions, as well as in eliminating the pain points of our clients, deliberate efforts have been made across the Group to ensure that the client is at the centre of all that we do. To this end, an enterprise-wide focus on Design & Innovation, Process Optimization and Technology was also undertaken. Improvements in our physical Branch experience, our self-help tools, upgrades to our Online banking platforms, as well as understanding our clients' journeys across all our touch-points and territories, were tackled with success over this financial year.







#### Looking Ahead to 2016

Moving forward to the next F/Year, we are committed to creating easier ways for our clients to do business with us, and providing greater accessibility to our services. Key projects and initiatives have been identified that will not only embed our Client Partnership and CX Principles, but will ensure that across the JMMB Group we will grow in designing and delivering better experiences for our clients. Increased maturity in our Client Experience is expected to redound to not only increased levels of client loyalty, satisfaction and engagement, but also with the resultant positive revenue impact for our stakeholders and shareholders. At the JMMB Group we are clear that the experiences of our Clients matter.

#### Client **Testimonials**

### JMMB Puesto de Bolsa – Santo Domingo, Dominican Republic.

"JMMB is a Group run by young, well trained individuals that offer great service. In each of our requests they have acted with a spirit to find solutions and answer all our doubts with clarity and truth. We are very satisfied with the service"

"The Financial advisor that provided service to me is very capable and has all the knowledge the clients need to feel comfortable and trusting."

- "I have recommended the JMMB
- Group to some friends and family
- because it's one of the Financial
- Institutions where they have made me feel important and show interest in my
- financial needs and inquiries."

## JMMB Merchant Bank, Ocho Rios Jamaica

"As a senior government officer, I am of the view that when my staff offers extraordinary service they must be commended, likewise, when I receive such service I must document and communicate to the appropriate individual/s.

My financial journey with the JMMB since 2014 has been a very pleasant and professional one. This was made possible through your agent, Mr. Foreman. The service he offered was simply superb and extraordinary. His professionalism, dedication in offering expert advice, excellent communication skills and genuine interest in the welfare of the client ought not to be taken for granted and is indeed an exemplary and remarkable one. At times it was just a phone call saying 'Hello Mrs. Gordon this is Kevin Foreman, just checking on you, how are you doing?'

I look forward to the opportunity to continue doing business with you soon. I can truly testify that based on the service Mr. Foreman offered, he has kept the JMMB promise: 'Our clients are at the heart of what we do'.

May JMMB continue being our financial companion with our best interest at heart."

#### JMMB Investments Trinidad and Tobago - Port of Spain Trinidad.

"So far I have had a very good experience as it was through JMMB that I found out the AIC Securities is now JMMB. JMMB helped me with all documents that had to be filled out. The ladies that I dealt with were very professional and kept me informed at all times of what next had to be done. A really nice experience to start with the company.

# **GROUP CULTURE AND** HUMAN DEVELOPMENT

#### A Great Place to Work

JMMB operations in the Dominican Republic (DR) and Jamaica were designated as 'Great Places to Work', We are purposeful about love, integrity, fun and by Great Place to Work Institute, a globally recognized togetherness. research consulting and training firm.

The Great Places to Work Institute uses metrics to establish the standard that defines a great workplace. Their annual research is based on data representing more than 10 million employees in 50 countries representing about 6,000 organizations of varying sizes, industries, maturity and structures. A great place to work is considered to be an organization in which there is trust among team members, a display of pride in what team members do and when team members enjoy the people they work with.

Great Places to Work assesses the culture of the organization, through answers provided on an employee survey, the Trust Index Employee Survey. Additionally, the company looks at the management perspective of workplace through a Culture Audit. Based on the result of both these assessment tools, JMMB was identified as a Great Place to Work.

This recognition, by Great Places to Work Institute, confirms that we are being true to our founding principles and Vision of Love.

#### **Our Family Culture**

Our co-founders the late Joan Duncan and Dr. Noel Lyon had an extraordinary vision to establish a money market in Jamaica and create a business based on love. Through this vision the core values, love, care, integrity, honesty and openness, became the foundation of the JMMB Group's culture. These core values serve as the precedent in drafting all our people policies and procedures. We believe in and stand for the greatness of all our team members.

Our core values are echoed through our Vision of Love (VOL) which further defines who we are and our beliefs.



Culture can either be designed or it happens by itself. As a result, we are intentional about building and maintaining our unique culture.

#### **Developing People**

Aligned to our culture, we support our team members achieving greatness in their professional and personal life.

JMMB provides both cultural and functional training for team members. Our customized cultural training sessions included: JMMB Way, Crucial Accountability, and Client Partnership Culture. JMMB Way offers individuals a new way of thinking, which is transformational and supports each person living true to values. Crucial Accountability teaches our team how to hold others accountable for his/her broken commitments and behavior inconsistent with our core values. The Client Partnership Culture training introduces team members to language and behavior, which creates positive interaction and leaves delightful and lasting impressions.

In-house and external functional training is available, to help our team members achieve the Group' strategic objectives. Our team members complete individual development plans which are designed to help create a road map for them to achieve their dreams inside or outside of JMMB. In the process, their short, medium and long-term goals are identified.

#### Welcoming

Talent selection is a strategic focus for JMMB. It is important to us that all team members embody JMMB's core values, as we believe each team member is an extension of our brand. Various talent and strength assessment tools are utilized in the recruitment and selection process. These steps help to ensure that we have the right fit for the right role, which ultimately



leads to higher levels of team member engagement and satisfaction and performance. We consider our team members as our most valuable assets. JMMB boasts a team member retention rate of 91.4%.

#### Caring

JMMB is committed to ensuring that team members are able to foster an integrated life, where team members are encouraged to honour and be true to all the roles they play, and achieve their life goals.

Predicated on this commitment, the company provides our team members with JMMB nursery and after-school care facilities at our head office. For our out of town locations, we cover the cost for similar services. Physical and mental wellness, are also two areas that the company encourages and supports. In supporting physical wellness, there is an active sports club in Jamaica, Trinidad & Tobago and the Dominican Republic. In Jamaica we have gym facilities at our head office, and at our other locations in Jamaica and in the Dominican Republic the cost for these services is subsidized. Additionally, counseling and life coaching services are accessible to team members in all three countries, as the Group recognizes the importance of emotional and relationship wellness.







## DOMINICAN REPUBLIC



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## CORPORATE GOVERNANCE REPORT

This report provides a summary of what the Board and its Committees have accomplished over the financial year. The report covers JMMB Group Ltd. and its subsidiaries. JMMB Group Ltd. shares are listed on the Jamaica Stock Exchange (JSE), Trinidad and Tobago Stock Exchange (TTSE) and the Barbados Stock Exchange (BSE). We will also summarise the corporate governance structures, principles and practices which we believe promotes the effective functioning of the subsidiary boards and enable the Group to satisfy governance expectations of regulators in the territories in which it operates.

The Corporate Governance Policy applies to all companies in the JMMB Group. The Group Board of Directors and its board committees have oversight responsibility for the subsidiaries' boards and their board committees.

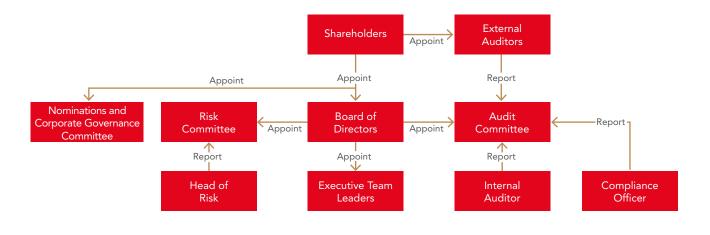
The Group's corporate governance framework is subject to on-going review, assessment and improvement. The board of directors proactively adopts governance policies and practices designed to align the interests of the board and management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level of the organization.

#### **Corporate Governance Principles**

The Group's approach to corporate governance is guided by the principles below:

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

The Board of Directors is committed to high standards of corporate governance and sees this as critical to strong business performance and investor confidence. The Group's corporate governance policies and procedures are built on a number of regulatory standards including the Bank of Jamaica, the Stock Exchanges in Jamaica, Trinidad and Tobago and Barbados, the Trinidad and Tobago Securities Exchange Commission, the Financial Services Commission of Barbados and Jamaica and the PSOJ Code on Governance. A copy of the JMMB Group Corporate Governance Policy can be found on our website at www.jmmb.com. JMMB is a member of the Caribbean Corporate Governance Institute and the group of companies benefit from our membership with the association.



#### **Board of Directors**

The following definitions have been adopted by the JMMB Group:

**"Independent Director"** means a director who is not: 1. an employee of the Company within the last five years

2. a person holding five per centum or more of the shares of the Company or a connected person3. a party to a significant economic or other relationship with the Company within the last five years

**"Executive Director"** means a director who is a member of the management team of JMMB Group Limited or its subsidiaries.

A "Non-executive Director" is a member of a company's board of directors who is not part of the executive team but owns five per centum or more of the shares of the Company

#### **Board Role and Function**

The primary role of the Board of Directors is to provide effective leadership and oversight for the benefit of shareholders and other stakeholders, including our clients, team members, suppliers, local communities and regulators. In this context, the Board provides guidance and support to a competent management team, ultimately ensuring the safe and sound operation of the Group. The Board ensures that our management team is suitably qualified and properly structured to carry out their responsibilities and monitors the



#### CORPORATE GOVERNANCE STRUCTURE

performance of the Group and management against the targets set in the company's strategic plan.

The Board ensures that:

- 1. The size of the management team is proportionate to the size, scope and complexity of the company's operations. Senior management's oversight and direction is adequate to cover all areas of the company's operations.
- 2. Fit and proper assessments are conducted for all proposed senior management and key employees and are consistent with the requirements of the relevant regulatory authorities.
- 3. Regulatory authorities are promptly advised of all proposed senior management appointments, resignations and dismissals.
- 4. Appropriate succession systems are in place for critical roles to ensure the continuity of business operations.
- 5. A team member does not undertake activities or hold multiple positions within the Group that could create an actual or potential conflict of interest except in extraordinary situations approved by the regulator.
- 6. The Company has policies designed to prevent or minimize the use of its services, whether intentionally or unintentionally, for criminal activities, and that such policies, at minimum, comply with local laws and are to be updated periodically.
- 7. Ensure that any transaction between the Company or Group and a connected person is at commercial arm's length pricing and terms.



8. The Code of Conduct and Ethics applies to all team members and a provision for compliance is established.

In all actions taken by the Board, the directors are expected to exercise independent thinking and sound business judgment in what they reasonably believe to be in the best interest of the Group. In exercising this obligation, directors may rely on advice provided by Executive Team Leaders (ETLs) as well as external advisors and auditors.

#### **Board Responsibilities**

The main responsibility of the board is to oversee the company's businesses and affairs, exercise prudent business judgment, take decisions that are in the best interest of the company thereby optimising shareholder value whilst being mindful of its obligations to regulators, depositors and investors. The board's primary responsibilities include:

#### Strategic Planning and Annual Budget

The Board of Directors is ultimately responsible for the establishment of strategic objectives and plans of the Group. These are clearly defined, well documented and communicated to management. In fulfilling this responsibility the Board shall:

- 1. Review and challenge strategic options presented to the Board by the management giving full consideration to the risks involved.
- 2. Approve the annual budget and review performance against the plan.
- 3. Monitor and evaluate the implementation of strategies, adherence to regulatory requirements, policies and performance measures
- 4. Ensure that appropriate information systems are in place to enable the Company and the Group to meet its operational and strategic goals in the most effective and efficient manner
- 5. Ensure that information is received in a timely manner, in a form and of a quality appropriate to enable the Board to discharge its duties effectively
- 6. Ensure that activities undertaken are in accordance with policy
- 7. Ensure that the competence and capacity of the company are appropriate to match the needs of the strategic plan
- 8. Ensure that the Company and the Group is focused on its agreed strategy and pursue a culture of high performance.

#### **Risk Management and Internal Controls**

It is the responsibility of the Board and management to ensure that an adequate and effective enterprise wide risk management framework is in place for identifying, measuring, monitoring and controlling all material risks to which the Company and the Group is exposed. In fulfilling these responsibilities, the board shall:

- 1. Define the risk appetite of the Company while setting the overall tone and direction of the Group through the establishment of sound strategies, values and culture.
- 2. Understand the nature and level of risks being taken by the Company.
- 3. Identify and assess key risk areas of the business and ensure measures are put in place to mitigate those risks.
- 4. Inform shareholders in the JMMB Group Limited Annual Report that an evaluation of risks has been conducted.
- 5. Ensure that management is provided with the resources required to adequately manage the material risks to which the Company is exposed.
- 6. Ensure that effective internal controls systems are in place to safeguard the Company's assets.
- 7. Ensure the information technology systems and processes are appropriate and reinforced with a system of checks and balances to ensure security and confidentiality of data.
- 8. Ensure that the integrity of the Company's internal controls and risk management systems are evaluated on an annual basis.
- 9. Ensure that there is an effective risk-based internal audit function that reports directly to the Audit Committee.
- 10. Assess the work of both internal and external auditors.
- 11. Approve policies and practices that will be used to mitigate risks to which the Company is exposed.

For the JMMB Group Limited Board of Directors the responsibilities above extend to the Group as a whole.

#### Other Key Responsibilities

- 1. Ensure that the CEO is qualified and competent with sufficient experience and knowledge of the business.
- 2. Ensure that adequate succession planning is in place for senior management and other critical positions in the organisation.
- 3. Ensure the adoption of good governance

structures and practices.

- 4. Ensure that the Group's brand and reputation is protected.
- 5. Understand the statutory and regulatory obligations with which the Group must comply and ensure that there is an effective compliance system in place for all applicable laws and regulations.
- 6. Assess periodically the effectiveness of the Board and its committees.
- 7. Ensure that if any of the following circumstances occur it is reported to the regulators:
  - a. Matters that could materially affect the financial condition of the Company or which could materially affect its reputation or the reputation of the Group
- b. Advise of any significant transactions (including transactions with related/ connected parties) or significant events or circumstances that could affect the viability of the Company or the Group
- c. Advise of any fraud or criminal act believed to have been committed by senior management or a key employee of the company or committed against the company
- 8. Ensure that the regulators are advised of any terminations or resignations from senior management or key positions and to advise of any circumstances that may render any director, manager or officer unfit for office; and to ensure that the appropriate steps are being taken by the Group in response to the situation.
- 9. Approve material changes in capital structure and acquisitions and disposals of assets within the group.
- 10. Ensure that the JMMB Group's vision, mission and values are being practiced by all.
- 11. Ensure that the Group is true to its core values.
- 12. Ensure that the JMMB Group Code of Business Conduct and Ethics establishes the standards of ethical behaviour by directors and team members of the Group.
- 13. Ensure that the Group is appropriately structured, constituted and developed.
- 14. Oversee the investments in subsidiaries and associated companies to the benefit of the shareholders.
- 15. Ensure effective communication with shareholders.

#### Composition of the Board

The structure and composition of the Board should



be consistent with local, statutory and regulatory requirements, and leading practices. All directors are competent, knowledgeable and experienced professionals who provide strategic guidance and visionary leadership to the Group.

The size and complexity of the Company and Group shall also be considered in determining the composition and structure of the relevant Board.

- 1. The Board of Directors should be composed of a minimum of five (5) and a maximum of fifteen (15) members.
- 2. To ensure that the Board is capable of unbiased judgement and decision making, the majority of the board are independent directors. Board committees also have a minimum of three independent directors, one of whom serves as the committee's chairperson.
- 3. The Board should also have a mix of independent and executive directors. At least one of the executive directors shall not be a substantial shareholder (10% or more) of JMMB Group Limited shares.
- 4. The roles of Board Chairperson and Chief Executive Officer (CEO)/Managing Director (MD)/ President shall be separate roles.
- 5. The Board of Directors brings a combination of knowledge, competence and experience to be able to fully understand the company's material activities and associated risks thereby enabling the board to carry out its functions effectively.
- 6. All members of the Board are individuals of integrity who share the core values of the JMMB Group.
- 7. A directors' maximum number of consecutive terms will be in accordance with the company's Articles of Incorporation.
- The JMMB Group Limited Board of Directors has fourteen (13) members of which nine (9) are independent.

#### **Board Committees**

The Board has established board committees to improve the efficiency and effectiveness of the execution of the Board's duties and responsibilities. These board committees handle matters requiring more detailed and frequent reviews or in-depth analysis. The board committees may make decisions on behalf of the Board or submit recommendations for the Board's consideration, depending on their specific charter. Each board committee reports to the board of directors.



Board committee members and chairpersons are appointed by the Board on the recommendation of the JMMB Group Nominations and Corporate Governance Committee. Committee chairpersons and members are rotated at the recommendation of the JMMB Group Nominations and Corporate Governance Committee.

The Board Committees are as follows:

- 1. Audit
- 2. Finance
- 3. Risk
- 4. Group Nominations and Corporate Governance Committee
- 5. Culture and Human Development
- 6. Information Systems

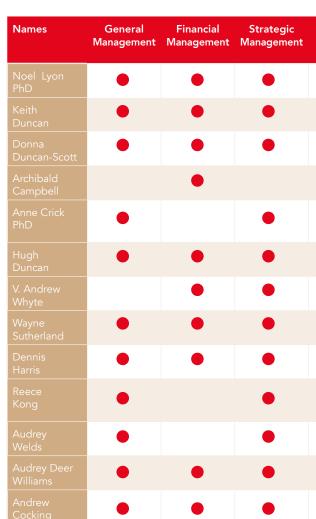
Banking subsidiaries also have a Board Credit Committee and their own Audit Commitee.

Each committee has at least three (3) independent directors and is governed by a charter that outlines its responsibilities. The chairperson of each committee must be an independent director.

#### **Board Composition and Expertise**

#### **BOARD COMMITTEE COMPOSITION**

COMPOSITION			COMMITTEES				
Names	Position	Audit	Risk	Culture and Human Development	Information Systems	Finance	Group Nominations and Corporate Governance
Noel Lyon PhD	Non-Executive						Member
Keith Duncan	Executive						
Donna Duncan-Scott	Executive			Executive			
Archibald Campbell	Independent	Chairman	Chairman			Chairman	
Anne Crick PhD	Independent			Chairman			Chairman
V. Andrew Whyte	Independent	Member	Member			Member	Member
Wayne Sutherland	Independent	Member			Chairman		Member
Dennis Harris	Independent	Member	Member	Member		Member	Member
Hugh Duncan	Executive						
Audrey Deer Williams	Independent		Member	Member			
Audrey Welds	Independent						
Reece Kong	Independent				Member		
Andrew Cocking	Independent						
Maurice Barnes (JMMB Money Transfer Limited)	Independent				Member		



#### Audit Committee

The Audit Committee assists the Board in the oversight of the systems of internal controls, financial reporting processes and audit functions, as well as compliance with legal and regulatory requirements. The Committee reviews adherence to accounting policies and oversees the work of the internal auditors. Additionally, the Committee assists the Board in discharging its duties with regard to the management of operational risks, maintenance of proper records and ensuring that financial transactions are consistent with the policies and directives of the Board. The committee is responsible for the appointment, compensation, and oversight of the Internal Auditor and ensures that independence of the internal audit function is maintained. The Internal Auditors and Group Compliance Manager report directly to the Audit Committee.

During the year ended March 31 2016 there were five (5) meetings which discussed and reviewed the internal auditors' work and assessed the level of compliance with regulations, policies and procedures. The areas audited included information systems, risk, branch network, compliance, human resources, marketing, securities and settlement. No significant issues were identified and the Board is satisfied that the internal auditors have performed their duties in an objective and transparent manner. Recommendations for improvements were made to management which were implemented or are in the process of being implemented.



#### **BOARD EXPERTISE**

Banking	Corporate Finance	Asset Management	Insurance	Others
•	•	•		
•	•	•		
•		•		Leadership Development
•	•	•	•	
				Human Resources and Client Experience
•	•			
•	•	•		
	•			
٠	٠	•		
				Information Technology and Entrepreneurship
	•			Legal
•				
•				



#### **Finance Committee**

The Finance Committee assists the Board in the oversight of external financial reporting. The Chairperson and one or more members of the Finance Committee must have the requisite finance and accounting knowledge and expertise. The Committee assesses the suitability and professional qualifications of external auditors and their independence.

Seven meetings (7) were convened to review the audited and un-audited financial statements. KPMG was re-appointed as the external auditors as the Board is satisfied that the audited financials are complete, consistent and conform to accounting principles and best practices.

#### **Risk Committee**

The Risk Committee assists the Board in its oversight of the Group's global enterprise risk management framework, liquidity and funding risk and risk appetite statement, including risk limits and tolerances. This includes overseeing risk exposures and strategies in relation to the following risks:

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

The chairperson and one or more members of the Risk Committee must have requisite finance and risk management knowledge and expertise.

The Committee is responsible for the appointment of the head of Risk. The head of Risk reports to the Risk Committee.

During the financial year the Committee met eleven (11) times and discussed matters including the following:

- major risk areas across the Group;
- approved new policies and revisions to existing policies;
- assessed various capital market deals;
- reviewed the strategic response to regulatory developments; and
- approved the Internal Capital Adequacy Assessment Process (ICAAP) for the Group and each subsidiary.

#### Culture and Human Development Committee

The purpose of the JMMB Group Culture and Human Development Committee is to assist the board with human resource management, leadership development ensuring that activities are consistent with culture, policies and directives of the Board. The Committee formulates and reviews the compensation programmes for board members and senior officers ensuring compensation is consistent with the objectives, strategy and control environment to ensure truth, fairness and compliance with legal requirements and the Group's mission and values. The Committee also oversees succession plans for the directors, CEO and other senior management. The Committee met six ( 6) times during the financial year and accomplished the following decisions; rights for senior management, approved directors compensation and reviewed group operations as well as department structures.

## Group Nominations and Corporate Governance Committee

The Group Nominations and Corporate Governance Committee identifies individuals qualified to become Board members and recommends nominees to the board director. The process of nominating a director includes:

- Identification of the expertise needed
- Accepting and reviewing resumes of potential candidates
- Short listing of potential candidates , after an assessment of their fit with the organization
- After face to face interviews, selection of the appropriate candidate is made and an invitation letter sent
- After acceptance, subject to regulatory approval, appointment of Director by Board.
- Organize orientation and training for newly appointed directors

The Committee also reviews corporate governance policies and ensures that board composition across the Group supports effective oversight. The Chairperson and at least one member of the Committee must have knowledge of corporate governance leading practices and legal and regulatory requirements.

Periodically the Committee reviews corporate governance policies, assesses the adequacy of board and committee charters and assesses the need for board committees. The Committee considers matters of governance and the conduct of the Company and the Group as a responsible corporate citizen and makes recommendations to the Board. There were three (3) meetings for the year in which board candidates were appointed to subsidiary boards, subsidiary boards were reviewed and restructured, appointments of deputy secretaries were recommend, the succession plan was assessed to ensure that it is relevant and board composition and committees were reviewed.

#### **Information Systems Committee**

The Information Systems (IS) Committee assists the board in its oversight of technology strategy, investments made in support of the strategy and technology risk. The Committee has specific responsibility for establishing structures, mechanisms and processes that ensure that information technology (IT) is controlled and delivers value to the business. It leads the development of a process framework that aligns controls and measures IT activities.

The IS Committee directs the development and implementation of a performance measurement mechanism to monitor IT-related strategic and operational activities and leads the development of a robust IT risk management framework with clearly defined and articulated responsibilities.

- 1. The Chairperson and at least one member of the IS Committee must have requisite skills and competence in the area of information technology.
- 2. The number of members shall be at least three independent directors, one of which must be the Chairperson.
- 3. The Committee shall include directors from companies within the JMMB Group.

The IS Committee collaborates with the Audit Committee on IT-related audits.

For the financial year the committee met six (6) times and accomplished the following tasks:

- approval of the Governance framework;
- approval of the Technical upgrade methodology;
- reviewed the User Acceptance Testing;
- recommended IS Strategy to the Board;
- reviewed IS Security Strategy;
- reviewed IS audit points;
- opined on the Target Operating Model; and
- approved the Infrastructure Plan.



#### Directors' Compensation

The Group compensates its directors fairly and responsibly and aligns remuneration with the Group's strategy. For the financial year a total of \$102,473,000 was paid to the directors who serve on the boards of our subsidiaries in Jamaica, Trinidad and Tobago and the Dominican Republic.

#### **Directors' Training**

The Directors attended training in the following areas:

- POCA (Proceeds of Crime Act)
- Anti -Money Laundering and Red flags
- Reporting Obligations
- Know Your Client / Know Your Employee
- Code of Ethics
- FATCA
- The Banking Services Act
- Jamaica Stock Exchange Standards
- Sexual Harassment Law
- JSE Corporate Governance Index
- Cyber Governance: Roles & Responsibilities of Boards

#### **Regulatory Compliance**

The Compliance Department ensures compliance with laws, regulations and standards of good governance in the territories in which the Group operates. The Group Compliance Manager provides a monthly compliance report to the board on Group companies. The Board is satisfied that compliance issues raised during the financial year have been properly addressed and resolved and that there are no material unresolved issues.

The Board understands the regulatory framework under which the Group operates and cooperates 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,
- 2. Comply promptly and fully with requests for information as required by law,
- 3. Are aware of the findings of on-site examination processes and direct management to determine whether similar problems exist elsewhere in the Group 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.

The company has adopted the Code of Ethics and Standards of Professional Conduct of the Association for Investment Management and Research (AIMR®) and each new team member is trained during orientation. There is also mandatory annual refresher course for all team members and directors.

Names	Position	Board	Audit	Risk	Culture and Human Develop- ment	Corporate Governance and Nomination	Information Systems	Finance
Number of Meetings		12	5	11	6	3	6	7
Noel Lyon, PhD	Non-Executive	10			0	2		
Keith Duncan	Executive	11						
Donna Duncan-Scott	Executive	8						
Archibald Campbell	Independent	8	4	8				6
Anne Crick PhD	Independent	11			6	3		
V. Andrew Whyte	Independent	9	4	9				6
Wayne Sutherland	Non-Executive	10	5			3	6	
Dennis Harris	Independent	11	4	7	5	2		7
Rodger Braham	Independent	11		11		3		
Hugh Duncan	Executive	6						
Audrey Welds	Independent	10						
Audrey Deer-Williams	Independent	12			3			
Reece Kong	Independent *	11					6	
Andrew Cocking	Independent	11						
Maurice Barnes (Rem)	Independent *						6	
Khary Sharpe *	Independent *						6	

#### **BOARD COMMITTEE COMPOSITION**

\* Directors of JMMB Money Transfer Limited, JMMB Merchant Bank and JMMB Group

#### **Political Contributions**

JMMB is committed to the best interest of the country by contributing to the democratic process which allows the voice of the people to be heard. It has been our policy to contribute equal amounts of money to the two major political parties for their respective campaign initiatives and in keeping with our policy of disclosure we wish to advise that for the past election period, JMMB was approached by both the Jamaica Labour Party (JLP) and the People's National Party (PNP) for financial contributions. As a responsible corporate citizen that supports our country's political process, JMMB, in keeping with our policy surrounding campaign contributions, responded affirmatively to both requests, and committed a campaign contribution amount of J\$4.5 Million to each of those political parties.

#### **Board Assessment**

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

For the financial year an assessment was done on the JMMB Bank T&T Limited. The directors participated in a self evaluation as well as an evaluation of the entire Board. The responses were analyzed and presented to the Chairman of the Group Nominations and Corporate Governance Committee after which a meeting was convened to discuss the findings and an action plan formulated.

The items arising from the previous assessment of the various boards have been satisfactorily addressed.

As a Board we are committed to upholding the principles of good governance, strong and effective controls and being responsible for the long term success of the company.

Anne Crick, PhD Chairman, Nominations and Corporate Governance Committee





## RISK REPORT

As JMMB operates in three countries within the Caribbean region the Group has ensured it mitigates its vulnerability to events that are unique to the region. Robust frameworks are in place to continuously manage all material risks and ensure that the Group stands ready to respond to any challenges that may arise.

During the financial year 2015/2016 there has been a raft of changes to the regulatory environment in all three territories where JMMB Group is found. In Jamaica under the IMF's Extended Fund Facility (EFF), changes to the regulatory framework and prudential requirements have caused the JMMB Group to configure its operations to mitigate any risk associated with these changes. In the Dominican Republic this also holds true while in Trinidad and Tobago major changes to the regulatory environment will occur in the financial year 2016/2017. The successful preference share offer by JMMB in Jamaica during the second half of the financial year has further improved the capital position of the Group and enhanced its financial strength.

The potential impact on operations due to regulatory changes increased during the year due to various regulatory initatives. This is particularly true for the alterations under the 'retail repo framework' required changes to operational processes and accessibility to repos by customers. JMMB has taken a preemptive approach with respect to anticipated regulatory changes in order to ensure the Group seizes the opportunities that evolve from these changes and simultaneously minimizes risks that may arise.

In Jamaica, macroeconomic stability has been maintained with adherence to the IMF programme, which has resulted in market stability for most of the financial year. The exchange rate market was relatively stable notwithstanding some volatility towards the end of the year resulting from uncertainty in the market due to general elections and its potential impact on the macroeconomic programme. Growth in the Trinidad and Tobago economy and financial market was constricted during the year due to a fall in global energy prices. Foreign exchange risk increased during the period due to higher volatility in the value of the TT\$ relative to the US\$. Despite the negative short-term outlook, the medium to long term prospects for the economy remain sound as a result of positive effect of an educated workforce, political stability and significant financial safeguards.

In the Dominican Republic the Central Bank, after a round of reduction in interest rate has maintained a monetary policy interest rates during the second half of the financial year. The market saw improved market liquidity conditions and the exchange rate recorded bouts of marginal depreciation over the period. The JMMB Group's risk management framework in this territory allowed us navigate market fluctuations and remain within prudent levels of liquidity and interest rate risk.

The Group continuously monitors the key variables associated with contagion risk from international financial markets. It continues to ensure that its portfolio composition is reflective of the risk appetite of the Company and diversified, subject to regulatory constraints, so that it can withstand adverse occurrences.

Given the contagion effect that may result from mature markets, we also monitor the key blocs – United States, Eurozone and general emerging markets. Global financial markets remained relatively stable throughout the year, except for a bout of pronounced volatility in February 2016, with continued growth in major markets. The JMMB Group continues to adjust its financial profile and actively manage its risk exposures to position itself to take advantage of market opportunities and ensure resilience even if significant adverse market conditions should develop in global markets or in any of the jurisdictions in which we operate.

#### Safeguarding Stakeholders' Interest

Our unique value proposition remains at the core of all our undertakings at the JMMB Group. Since 'we always keep the customers' best interest at heart', the JMMB Group invariably takes proactive measures to safeguard the best interest of our stakeholders. In fulfilling our vision of being an integrated financial services institution we provide a wide suite of products and services for our clients. This is within the context of a robust risk management framework whereby the risk universe is accurately identified; material risk factors are then continuously measured, monitored, controlled and reported. The limit and breach escalation system provides a mechanism for risk control, with limits based on the desired risk appetite for each major risk. Thus, the JMMB Group aims to sustain long-term value creation while ensuring the continued financial soundness of the institution.

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

In the 2015/2016 financial year, the JMMB Group continued to improve the rigor of its risk management framework adopting a principle-based approach to creating policies while taking into account changes in the regulatory environment. The integration process of the risk management framework during the period has led to a strengthening of the risk function of the Group. The approach adopted has afforded management to have a holistic view of the Group's risk exposure ensuring that they are managed at all levels of the organization. This allows for the incorporation of all its subsidiaries and its expanding range of financial products. The continued integration of all risk processes throughout the subsidiaries has resulted in increased efficiency with respect to modeling and data analysis.



#### **Risk Management Principles**

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

- i. There is a vibrant risk management culture embedded in the organization as well as the Board, Senior Management, Team Leaders and all team members throughout the entities in the Group who are aware of and aligned on their roles and responsibilities in risk management.
- ii. Best practice risk management techniques are pursued in managing the various risks to which the Group is exposed and adequate resources are allocated to the management of risk.
- iii. Risk undertaken is within our risk appetite framework and there are effective, dynamic and adaptive processes for the ongoing identification, measurement and management of material risk exposures.
- iv. The enterprise is adequately capitalized to protect against the effects of specified shocks to the Group as well as its subsidiaries on a standalone basis.
- v. Data quality is continuously monitored to ensure transparency, accuracy, completeness and relevance.
- vi. The operating environment for each jurisdiction is taken into consideration and risk management techniques are tailored to adequately support each entity.

#### **Risk Appetite**

As the JMMB Group continues to build out its enterprise risk management framework, its risk appetite statement remains an integral part of this process. Our risk appetite statement framework broadly articulates the maximum amount of risk that the Group, and by extension, each subsidiary is willing to undertake in order to achieve its business objectives. This incorporates the operating environment for each subsidiary, business lines, operating constraints as well as our core objective of increasing stakeholders' value, thereby maintaining the long term viability of the Group and its subsidiaries.

The risk appetite framework is approved by the JMMB Group's Board of Directors and contextualizes all our decision making processes. It considers the material risk exposures of the overall Group as well as for each subsidiary. There are policy limits in place for each major category of risk for each subsidiary and the



overall Group. These are documented in the respective risk policies and serve as the basis for risk monitoring and control. To ensure consistent alignment with the risk appetite statement, there is an escalation process whereby risk indicators that are in breach of stated limits are quickly and systematically returned to acceptable levels.

## THE JMMB GROUP RISK POLICY OVERVIEW

The JMMB Group risk policy is the overarching document that formally outlines the risk management approach of the overall Group. There is significant merit to viewing and/or managing risk exposures from a global level. In this framework, the business takes account of the inter-relatedness of risk exposures and how the financial position and risk profile of the organization is either strengthened or weakened by this relatedness.

The policy explores and discusses all known risk exposures of the JMMB Group and further outlines a process for the determination and management of new risk exposures. This includes market risk, credit risk, liquidity risk and operational risk as well as the issues of risk aggregation, capital adequacy, and capital allocation. By effectively implementing and managing this risk framework, we ensure the long term earnings stability of the Group by effectively managing all types of risks.

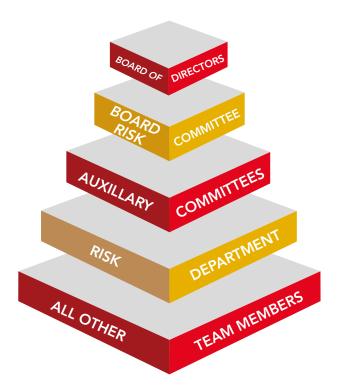
Consequently, the framework identifies the methodologies to be used to identify, quantify and manage risk from a best practice approach as well as outline a company-wide risk management process that supports the effective identification and management of risk. The JMMB Group risk policy is the reference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

The JMMB Group risk policy provides the basis for articulating the policies for the other subsidiaries as well as the policies for individual risk exposures.

#### STRONG RISK GOVERNANCE FRAMEWORK

How the JMMB Group ensures effectiveness of its risk management activities

Figure 1. The JMMB Group risk management hierarchy



The strength of the JMMB Group's risk governance framework reflects the rigor of our processes and the competence of the delegated risk authorities. Our business operations are invariably exposed to the likelihood that outcomes will be worse than expected. This is especially the case as we expand our product offerings across the Caribbean. Careful, comprehensive and continuous analyses of the risks involved are done and material exposures identified for each subsidiary as well as the overall Group. Importantly since we operate over multiple jurisdictions, the potential regulatory changes are pre-empted by partially adopting international best practices and global guidelines (for example, the Basel frameworks).

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

The evaluation and management of risk exposures is within the context of our risk appetite framework which allows for transparency and efficiency. The practice of risk management continues to be deeply rooted in the culture of the JMMB Group as each team member is aware of his role and responsibility in risk management process. The risk management hierarchy is shown in Figure 1. The Board of Directors of the JMMB Group determines the overall level of acceptable risk, active oversight is provided by the Board Risk Committee that approves and monitors the supporting risk tolerances. Thus, the Board Risk Committee provides strategic direction for the Group and ensures that the risk governance framework remains strong. The Board Risk Committee is directly supported by other committees within the Group; subsidiary board risk management and credit committees, management level risk, credit and asset liability management committees which convene regularly and more closely monitor the risk exposures of the Group and its subsidiaries against the limits set by the Board Risk Committee. Furthermore, to ensure that risk management is a part of the fabric of the Group, members of the Group Risk Department are included on committees that address the strategic objectives of the Group.

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



## RISK MEASUREMENT, CONTROL AND REPORTING

The operations of the JMMB Group gives rise to the following material risk exposures: market risk, credit risk, liquidity risk and operational risk. As previously mentioned the control process is based on an internal limit system established with the approval of the Board of Directors. As such, there is an associated breach escalation process that ensures that exposures outside of set boundaries are returned to acceptable levels. Reports are generated periodically to inform decisions of senior management as well to ensure that we remain within the ambit of our risk appetite parameters.

#### Market Risk

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

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

Value-at-Risk (VaR) provides a single measure that captures the potential loss in the portfolio over a specific time period and for a given probability. This metric is widely used by financial institutions globally and currently, the JMMB Group computes a 10-day Monte Carlo VaR using a 99% confidence level, which may be adjusted to meet specific needs. Though the usefulness of the VaR measure is accepted, one of its main drawbacks is that it does not approximate 'worstcase losses'.

As such, the Group Risk Department also estimates expected shortfall (which is the expected loss given that the VaR is exceeded), augmented by stress tests and scenario analysis. Stress tests estimate unlikely yet plausible situations, while the scenario analyzes model historical financial crises both locally and internationally. In each instance, we assess the capacity of the JMMB Group and its subsidiaries as standalone entities to withstand the occurrence of such low probability yet high impact events. This monitoring is done at least monthly and reports are presented to the Board.



Note 28 (d) provides details of VaR levels throughout the financial year.

#### Interest Rate Risk

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

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

#### **Currency Risk**

In alignment with our value proposition of providing simple, transparent solutions, the JMMB Group provides financial products in various currencies. This gives rise to currency risk which represents the possibility of adverse change in the exchange rate for any two currencies. Net positions for all the foreign currencies are monitored and hedged where necessary. There is also periodic stress testing of our currency risk based on plausible 'worst-case' adverse movement in currency pairs.

Note 28 (d) provides additional details on our foreign currency exposures.

#### **Credit and Counterparty Risk**

Credit risk is the potential for loss due to failure of a borrower to meet its contractual obligation to repay a debt in accordance with the agreed terms. The JMMB Group is exposed to credit risk from its lending, investment and funding activities, where counterparties have contractual obligations to make payments or facilitate transactions. The Board specifies a tolerance level for credit risk, which is actively managed by the credit risk team. The JMMB Group's lending activities are primarily concentrated within its merchant and commercial banking subsidiaries. Limits are placed on credit exposures based on their respective classifications. Such classifications include economic sector, collateral type provided, loan purpose and customer profile. Credit facilities are adjudicated and priced using a balanced quantitative framework coupled with sound qualitative judgment. In line with the foregoing, we seek to ensure that the expected return on each credit facility is reflective of its level of risk. This allows us to better deploy our 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, where practicable. Our internal counterparty models are reviewed and updated periodically in order to account for material regulatory changes in the global business environment as well as best practice methodologies. Material counterparties across the Group are actively monitored and their ratings updated based on changes to their financial outlook.

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

Given the expansion of the Group geographically, we continuously improve our counterparty risk management capabilities to better manage Group-wide exposures. This is done in the context of an expansion in the universe of products and services to corporate and institutional clients.

#### **Liquidity Risk**

Liquidity risk is the possibility that a firm will be unable to meet financial obligations without suffering material losses. 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. Given that liquidity risk is often a consequence of other types of risk as well as the significant impact it can have on a financial institution, it is actively managed within the Group with both short-term and long-term horizons.

While there is an overall Group liquidity risk policy which 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, there are also entity-level liquidity policies. These are informed by the liquidity gaps, retention rates, business models and market conditions. Key liquidity metrics monitoring liquidity gaps, overall liquid assets to total assets and available liquid assets are regularly monitored to ensure that liquidity objectives are not compromised. Desired capital and liquidity levels are adjusted according to evaluations of market conditions.

#### **Operational Risk**

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

#### **OPTIMIZING RETURNS FOR ALL STAKEHOLDERS**

The JMMB Group remains firmly committed to its strategy of business line and geographic diversification, which has created significant value to shareholders and improved the resilience of the Group. Diversification has also enhanced the product offerings of the Group and its ability to meet the needs of its clients regionally. This is anchored on detailed capital planning which reflects the capacity of the Group to absorb unexpected losses from inherent risk exposures in its activities. There is also an external component where we ensure that we are within the limits set by the regulators and which offers comfort to our stakeholders.

The flexibility of the JMMB Group's risk management framework allows it to adapt to support the vision of the Group by ensuring that business decisions adequately incorporate the inherent risks involved, so as to optimize stakeholders' value.



# GOING GREEN

The JMMB Group continued to build on its going green initiative over the 2015/16 financial year through responsible business practices such as:

- Reduction of paper wastage through digital client communication collateral and use of green printers
- Installation of smart power strips and occupancy sensors
- Inverter type air conditioning
- LED lighting

Our commitment to 'green practices' was filtered throughout the organization as part of our Earth Day Campaign, which saw us partnering with the Forestry Department of Jamaica, schools and communities to plant trees. The campaign was designed to assist in generating public awareness of the importance of trees and their contribution to the ecosystem, with a focus on the urban areas, which tend to have higher levels of pollutants and carbon dioxide while also beautifying these spaces.

The Group completed an energy conservation analysis of all its locations in Jamaica. Following the analysis, an investment of **USD 4.20K** has been approved for the implementation of a Grid-Tied Solar System. The system is expected to save the company **USD 90K** annually, and reduce oil energy dependency by **34%**. It has the ability to generate **293,935 kWh of electricity per year** with the use of clean renewable energy, thereby reducing JMMB's carbon footprint. The project will expand over time through exploration of other renewable resources to all JMMB Group locations where possible.





## INFORMATION **TECHNOLOGY REPORT**

JMMB Group continues to execute its business strategic plan by investing comprehensively in Information Technology. For the 2015/16 year, the main focus was to ensure operational efficiency, information security, group integration and meeting the requirements of regulatory changes.

The JMMB Group sought to improve efficiency in our transaction processing, customer service, and product development by leveraging the latest technologies and software development. We deployed our Universal Client Information System at JMMB Merchant Bank and JMMB TT Investment in line with our strategic initiative by providing our clients with a seamless experience no matter where they do business with us.

Our hallmark online transaction facility - Moneyline now provides easy access to clients on one platform to their accounts in Jamaica, Trinidad and Dominican Republic, wherever they are and whenever they want. The facility is currently being offered to JMMB Merchant Bank and JMMB Investments Trinidad and boasts the convenience of online access to account information. The rebranding of JMMB Bank (T&T) Ltd. from Intercommercial Bank Limited in Trinidad and Tobago now allows for seamless communication with respect to group email, wireless communication, Microsoft Lync and video conferencing with team members in Trinidad and the Group.

We upgraded our core banking platform in furtherance of our strategy of operation excellence. This sets the stage for roll out to all the banking entities in the Group in the different territories that JMMB has a presence. A state of the art online remittance platform was implemented at our remittance subsidiary, JMMB Money Transfer that enabled us to expand product offerings as well as improve customer service and operational efficiency. The system allows for real time sending of remittance to Jamaica across our wide network of partners island-wide.

At JMMB, we pride ourselves in acquiring IT infrastructure that are managed according to industry

standards and best practices, implementing solutions with improved capabilities for core systems. It is with this in mind that an upgrade of our backup infrastructure was conducted. This resulted in greater reliability and speeds of our backup and restore processes. In addition to our major accomplishments for 2015 there was the relocation project of two of our subsidiaries - TT Investment in Trinidad and Banco Rio in Dominican Republic. A new Disaster Recovery Environment was implemented to enable JMMB's disaster recovery readiness and business continuity planning.

JMMB Group is fully committed to protecting its network and systems from security breaches. This commitment was further endorsed by JMMB's Group Board through their participation and subsequent ratification of JMMB IT Security policy. This demonstrates that JMMB is treating cybersecurity as a business issue and giving it the attention it requires.

As we continue to expand and offer more online services, it is projected that there will be an increase in cyber-attacks. The Group sees cyber security as a priority area and has bolstered its cybersecurity architecture through the implementation of processes and technologies to protect against cybercrime tools and criminals. A zero trust security architecture was implemented for our Dominican Republic counterparts and we have redesigned the network for TT Investment to enable better security and performance.

With the investment completed in infrastructure, security and platform upgrades we expect to see continued success with JMMB Group executing our business strategy.

## MARKETING REPORT

The JMMB Group's 2015/2016 financial year was a brands, and the grand opening of JMMB's attractive successful one, for the JMMB brand. Marketing new offices in the heart of Santo Domingo. The JMMB strategies and plans for the JMMB Group are driven brand in the DR continues to be a trailblazer there, in by two strategic imperatives: building brand JMMB the area of creative execution of marketing and driving conversion, both of which support the communication messages, which are both unique and ultimate objective of revenue generation. memorable.

Building brand JMMB not only involves enhancing In Trinidad and Tobago (T&T), JMMB marketing efforts JMMB's brand awareness, within the countries it in that country largely surrounded the preparation for operates, but also involves articulating its unique brand the rebranding of the Group's commercial bank positioning - "Your Best Interest at Heart". This subsidiary (Intercommercial Bank Limited) to JMMB positioning is not only directly aligned to our core Bank, in May 2016. A mass media advertising campaign values of love, openness, care, transparency and and public relations activities all worked together to honesty, but strengthens our competitiveness in the enhance the brand awareness of JMMB, all in readiness industry, in a way that assures clients that they are at for the rebranding. In addition, marketing support of the centre of what we do. the newest subsidiary, JMMB Investments (T&T) Ltd. also continued throughout the year, particularly in In supporting the process of converting prospective support of the introduction of their new offices in Portclients to new clients, as well as growing existing ones, of-Spain. With the formal introduction of the complete JMMB brand in T&T, and the positive response received a number of specifically created marketing activities were executed throughout the year, which provided to date, a bright future for the Group is on the horizon important opportunities for our licensed representatives in that market.

to interface with anyone who sought JMMB's partnership, in helping them to achieve their financial goals.

In Jamaica, among the highlights of major marketing initiatives for the financial year were: the development and roll-out of two packaged financial solutions (JMMB Graduate and JMMB DriveEasy), meeting our clients' needs in the areas of motor vehicle acquisition and education; a first of its kind online competition, dubbed the JMMB Goal Getter Challenge, conceptualized to educate young professionals about financial matters in a fun and interactive way; and the rebranding of the remittance subsidiary, Reggae Money Express, to JMMB Money Transfer.

Highlighted marketing activities in the Dominican Republic (DR) saw the launch of a major marketing campaign to herald the introduction of the complete JMMB Group of companies, in that country. The campaign, stretching across the traditional and online media, saw the introduction of all JMMB subsidiary



Regionally, the marketing units across the Group continue to build and support the growth of the JMMB brand, from strength to strength. We thank all internal and external stakeholders for their ongoing partnership and, indeed, we look forward to another successful vear.

We are propelled to great heights when our strengths are combined.

#### ANNUAL REPORT 2016

## FINANCIAL STATEMENTS

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#### INDEPENDENT AUDITORS' REPORT

To the Members of JMMB GROUP LIMITED

#### **Report on the Financial Statements**

We have audited the financial statements of JMMB Group Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on page144 to 224, which comprise the consolidated and separate statements of financial position as at 31 March 2016, and the consolidated and separate profit and loss accounts, statements of profit or loss and other 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 of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### 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 our judgment, including our assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 control. 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.

KPMG, a Jamaican partnership and a	R. Tan
member firm of the KPMG network of	Cynth
independent member firms affiliated with	Rajan
KPMG International Cooperative ("KPMG	Norm
international"), a Swiss entity.	

#### KPMG

#### INDEPENDENT AUDITORS' REPORT (CONTINUED)

#### To the Members of JMMB GROUP LIMITED

#### Report on the Financial Statements, (continued)

#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 March 2016, and of the Group's and Company's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards 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.

Act in the manner required.

Chartered Accountants Kingston, Jamaica

May 30, 2016

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



Consolidated Profit and loss Account Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
Net Interest Income and Other Revenue	Note	<b>\$ 000</b>	<b>\$ 000</b>
Interest income	5	13,337,436	13,337,816
Interest expense	5	(7,834,033)	( 8,076,145)
Net interest income		5,503,403	5,261,671
Fee and commission income		749,135	546,233
Gains on securities trading, net		4,018,454	3,420,817
Fees earned from managing funds on behalf of clients		218,254	154,806
Foreign exchange margins from cambio trading		934,829	936,134
Operating revenue net of interest expense		11,424,075	10,319,661
Other income			
Dividends		24,023	14,255
Other		9,581	25,801
		11,457,679	10,359,717
Operating Expenses			
Staff costs	6	( 4,367,807)	( 3,911,132)
Other expenses	8	( 4,413,458)	( 3,876,565)
		( 8,781,265)	(7,787,697)
Operating Profit		2,676,414	2,572,020
Impairment loss on intangible asset	19	( 13,392)	-
Impairment loss on financial assets	7	( 61,810)	( 259,262)
Gain on acquisition of subsidiaries	27	-	19,263
(Loss)/gain on disposal of property, plant and equipment		( 5,655)	22,018
Profit before Taxation		2,595,557	2,354,039
Taxation	9	( 296,326)	( 306,757)
Profit for the Year		2,299,231	2,047,282
Attributable to:			
Equity holders of the parent		2,264,589	1,931,980
Non-controlling interest		34,642	115,302
		2,299,231	2,047,282
Earnings per stock unit	10	\$1.39	\$1.18

# **JMMB GROUP LIMITED**

Consolidated Statement of Profit or Loss and Other Comprehensive Income Year ended 31 March 2016 (expressed in Jamaican dollars unless other

#### Profit for the Year

#### Other comprehensive income Items that may be reclassified to profit or loss: Unrealised (losses)/gains on available-for-sale se

- Related tax
- Foreign exchange differences on translation of for subsidiaries

Total other comprehensive (loss)/income, net of tax Total comprehensive income for year

#### Total comprehensive income attributable to:

Equity holders of the parent Non-controlling interest



14000	indicated)	
	Indicated	
VV13C	Indicated /	

		2016	2015
	Note	\$'000	\$'000
		2,299,231	2,047,282
securities		(1,126,650)	2,002,155
	21	223,667	( 382,424)
foreign		167,462	( 94,847)
		( 735,521)	1,524,884
		1,563,710	3,572,166
		1,529,795	3,167,368
		33,915	404,798
		1,563,710	3,572,166



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# **JMMB GROUP LIMITED**

Consolidated Statement of Financial Position 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
ASSETS			
Cash and cash equivalents	12	25,509,721	18,672,388
Interest receivable		2,677,626	2,561,634
Income tax recoverable		1,446,489	2,130,926
Loans and notes receivable	13	37,450,257	31,924,543
Other receivables	14	1,791,238	1,245,160
Securities purchased under agreements to resell	15	221,506	272,596
Investment securities	16	156,976,090	157,226,757
Investment properties	18	457,591	457,591
Intangible assets	19	1,349,158	1,060,277
Property, plant and equipment	20	2,438,096	2,033,688
Deferred income tax assets	21	165,892	38,933
Customers' liability under acceptances, guarantees and letters of credit as per contra		123,622	90,809
		230,607,286	217,715,302

# **JMMB GROUP LIMITED**

Consolidated Statement of Financial Position (Continued) 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

Share capital
Retained earnings reserve
Investment revaluation reserve
Cumulative translation reserve
Retained earnings
Non-controlling interest
LIABILITIES
Customer deposits
Due to other banks

STOCKHOLDERS' EQUITY

- Securities sold under agreements to repurchase
- Notes payable
- Redeemable preference shares
- Deferred income tax liabilities
- Interest payable
- Income tax payable
- Other payables
- Liabilities under acceptances, guarantees and lette per contra

#### Approved for issue by the Board of Directors on 30 May 2016 and signed on its behalf by:

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Chairman



		2016	2015
	Note	\$'000	\$'000
	22	1,864,554	1,864,054
	23(a)	9,605,055	9,605,055
	23(b)	1,152,069	2,037,032
	23(c)	41,155	( 109,014)
		9,261,483	7,567,587
		21,924,316	20,964,714
		792,265	758,350
		22,716,581	21,723,064
		41,296,373	38,463,504
		499,166	435,032
	24	149,262,369	144,501,658
	25	4,414,355	3,644,384
	22	8,556,784	4,228,705
	21	677,531	682,307
		1,170,402	1,185,595
		117,795	397,758
		1,772,308	2,362,486
ers of credit as			
		123,622	90,809
		207,890,705	195,992,238
		230,607,286	217,715,302

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Keith P. Duncan

Group Chief Executive Officer

# Consolidated Statement of Changes in Stockholders' Equity JMMB GROUP LIMITED

(expressed in Jamaican dollars unless otherwise indicated) Year ended 31 March 2016

Ň	Note	Share Capital \$'000	Retained Earnings Reserve \$'000	Investment Revaluation Reserve \$'000	Cumulative Translation Reserve \$'000	Retained Earnings \$'000	Total Attributable to Equity holders of the Parent \$'000	Non- Controlling Interest \$'000	Total \$*000
Balances at 31 March 2014		1,864,054	9,605,055	636,397	56,233	6,173,689	18,335,428	353,552	18,688,980
Profit for the year						1,931,980	1,931,980	115,302	2,047,282
Other comprehensive income for 2015: Unrealised gains on available-for-sale securities, net of tax		ı	ı	1,400,635	ı	ı	1,400,635	219,096	1,619,731
foreign subsidiaries' balances					(165,247)		( 165,247)	70,400	( 94,847)
Total other comprehensive income			1	1,400,635	(165,247)		1,235,388	289,496	1,524,884
Total comprehensive income				1,400,635	(165,247)	1,931,980	3,167,368	404,798	3,572,166
Transactions with owners of the company Dividends	<del>, -</del>					( 538,082)	( 538,082)		( 538,082)
Balances at 31 March 2015		1,864,054	9,605,055	2,037,032	(109,014)	7,567,587	20,964,714	758,350	21,723,064
Profit for the year			I	1	1	2,264,589	2,264,589	34,642	2,299,231
Other comprehensive income for 2016: Unrealised losses on available-for-sale securities, net of tax		ı		( 884,963)		,	( 884,963)	( 18,020)	( 902,983)
foreign subsidiaries' balances					150,169	I	150,169	17,293	167,462
Total other comprehensive income				(884,963)	150,169	I	(734,794)	( 727)	(735,521)
Total comprehensive income			1	(884,963)	150,169	2,264,589	1,529,795	33,915	1,563,710
Transactions with owners of the company									
Issue of shares	22	500	I	I	ı	I	500	ı	500
Dividends	<del>,</del>	1	ı			(570,693)	( 570,693)		( 570,693)
Balances at 31 March 2016		1,864,554	9,605,055	1,152,069	41,155	9,261,483	21,924,316	792,265	22,716,581

an integral part of these financial statements are a The notes on pages 155 to 224

# **JMMB GROUP LIMITED**

**Consolidated Statement of Cash Flows** Year ended 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

**Cash Flows from Operating Activities** Profit for the year Adjustments for: Interest income Interest expense Dividend income Income tax charge Gain on acquisition of subsidiaries Impairment loss on intangible assets Impairment loss on financial assets Amortisation of intangible assets Depreciation of property, plant and equipment Loss/(gain) on sale of property, plant and equ Unrealised (gains)/losses on trading securitie Foreign currency translation gains

Changes in operating assets and liabilities -

Income tax recoverable, net

Notes receivable

Other receivables

Securities purchased under agreements to re

Customer deposits

Due to other banks

Other payables

Securities sold under agreements to repurch

Interest received

Interest paid Taxation paid

Net cash provided by operating activities (Page







rwise indicated)		
	2016	2015
Note	\$'000	\$'000
	2,299,231	2,047,282
F	(12 227 426)	(12 227 016)
5	(13,337,436)	(13,337,816)
5	7,834,033	8,076,145
0	( 24,023)	( 14,255)
9	296,326	306,757
27	-	( 19,263)
19	13,392	-
7	61,810	259,262
19	162,873	156,700
ent 20	316,278	285,636
quipment	5,655	( 22,018)
ies	( 191,375)	56,057
	( 164,539)	( 273,162)
	( 2,727,775)	( 2,478,675)
	684,437	( 87,306)
	( 4,768,066)	( 5,373,368)
	( 508,152)	715,831
resell	51,090	477,789
	1,798,837	2,575,754
	63,353	151,646
	( 612,163)	167,056
hase	4,760,711	1,199,233
	( 1,257,728)	( 2,652,040)
	13,221,444	13,396,178
	(7,849,226)	( 8,073,524)
	( 484,357)	( 208,696)
age 150)	3,630,133	2,461,918

The notes on pages 155 to 224 are an integral part of these financial statements



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# **JMMB GROUP LIMITED**

Consolidated Statement of Cash Flows (Continued) Year ended 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

2016 2015 \$'000 \$'000 Note 3,630,133 Cash Flows from Operating Activities (Page 149) 2,461,918 **Cash Flows from Investing Activities** Dividends received 24,023 14,255 727,088) (9,727,379) Investment securities, net Purchase of intangible assets 19 355,600) 167,380) Purchase of property, plant and equipment 20 711,530) 465,017) ( Proceeds from disposal of property, plant and equipment 1,142 39,242 Acquisition of subsidiaries, net of cash acquired 27 138,994 ( 12,191) Net cash used in investing activities (1,630,059) (10,318,470) **Cash Flows from Financing Activities** Proceeds from issue of redeemable preference shares 7,087,425 Repayment of redeemable preference shares (2,759,346)22 500 Issue of ordinary shares 769,971 Notes payable 3,644,384 Dividends paid 11 ( 570,693) 538,082) Net cash provided by financing activities 4,527,857 3,106,302 96,218 Effect of exchange rate changes on cash and cash equivalents 309,402 Net increase/(decrease) in cash and cash equivalents 6,837,333 ( 4,654,032) Cash and cash equivalents at beginning of year 18,672,388 23,326,420 CASH AND CASH EQUIVALENTS AT END OF YEAR 12 25,509,721 18,672,388

# **JMMB GROUP LIMITED**

Statement of Profit or loss Account and Other Comprehensive Income Year ended 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

# Net Interest Income and Other Revenue Interest income from securities Interest expense Net interest income Other income Dividends

#### **Operating Expenses**

Profit for the year, being total other comprehensiv

The notes on pages 155 to 224 are an integral part of these financial statements



	Note	2016 \$'000
	5	96,785
	5	(96,750)
		35
		570,693
		570,728
	8	( 17,448)
ve income		553,280

The notes on pages 155 to 224 are an integral part of these financial statements



Statement of Financial Position 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000
ASSETS		
Cash and cash equivalents	12	7,623
Interest receivable		23,906
Income tax recoverable		13,148
Notes receivable	13	5,680,469
Other receivables	14	9,537
Securities purchased under agreements to resell	15	506,956
Investment securities	16	919,556
Interest in subsidiaries	17	6,792,019
Property, plant and equipment	20	313
		13,953,527
STOCKHOLDERS' EQUITY		
Share capital	22	1,864,554
Retained earnings		214,757
		2,079,311
LIABILITIES		
Redeemable preference shares	22	7,087,425
Interest payable		74,049
Other payables		3,154
Due to subsidiary	26	4,709,588
		11,874,216
		13,953,527

Approved for issue by the Board of Directors on 30 May 2016 and signed on its behalf by:

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LIP.

Noel A. Lyon

Chairman

Keith P. Duncan

Group Chief Executive Officer

# JMMB GROUP LIMITED Statement of Changes in Stockholders' Equity

Year ended 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

Profit, being total comprehensive income for period
Transaction with owners of the company:
Issue of share capital
Dividends
Change in ownership interest:

Reserve arising on group restructuring Balances at 31 March 2016



Note	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
		553,280	553,280
22	1,864,554	-	1,864,554
11	-	(570,693)	( 570,693)
	1,864,554	(570,693)	1,293,861
27	-	232,170	232,170
	1,864,554	214,757	2,079,311

The notes on pages 155 to 224 are an integral part of these financial statements



#### Statement of Cash Flows

#### Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000
Cash Flows from Operating Activities		
Profit for the year		553,280
Adjustments for:		
Interest income	5	( 96,785)
Interest expense	5	96,750
Dividends	_	( 570,693)
		( 17,448)
Changes in operating assets and liabilities -		
Income tax recoverable, net		-
Notes receivable		(5,680,469)
Other receivables		( 9,537)
Other payables		3,154
Due to fellow subsidiaries		-
Securities purchased under agreements to resell		( 506,956)
		(6,211,256)
Interest received		72,879
Interest paid		( 22,701)
Net cash used in operating activities	_	(6,161,078)
Cash Flows from Investing Activities	_	
Dividend received		570,693
Investment securities, net		( 919,561)
Cash acquired in group reorganisation		337
Purchase of property, plant and equipment		-
Net cash used in investing activities	_	( 348,531)
Cash Flows from Financing Activities	_	
Issue of share capital	22	500
Proceeds from the issue of redeemable preference shares	22	7,087,425
Dividends paid	11	( 570,693)
Net cash provided by financing activities	_	6,517,232
NET INCREASE IN CASH AND CASH EQUIVALENTS, BEING CASH AND CASH EQUIVALENTS AT END OF YEAR	12	7,623

# JMMB GROUP LIMITED

#### Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 1. Identification

- that of holding equity investments in business enterprises.
- (b) Group reorganisation

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

- JMMB a wholly owned subsidiary of JMMB Group Limited (JMMB Group).

- March 2016.
- Financial Group are being wound up.

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

- companies, adjusted to achieve harmonisation of accounting policies.
- No goodwill arises.
- companies had always been combined.
- the prior year.



(a) JMMB Group Limited (the "company") is incorporated and domiciled in Jamaica. The registered office of the company is located at 6 Haughton Terrace, Kingston 10, Jamaica. The principal activity of the Company is

(i) The 1,630,552,530 existing JMMB ordinary shares held by members of the public being cancelled and simultaneously 1,630,552,530 new ordinary shares issued to JMMB Group Limited, making

(ii) In consideration of the cancellation of the existing JMMB ordinary shares, JMMB Group Limited issued ordinary shares for the benefit of each eligible person (credited and fully paid up) distributed at a rate of one new JMMB Group ordinary share for each cancelled JMMB ordinary share.

(iii) JMMB Group subsequently applied and listed its ordinary shares on the JSE, TTSE and BSE.

(iv) JMMB transferred direct ownership of Capital & Credit Financial Group Limited (CCFG) to JMMB Group Limited. All of CCFG's assets and liabilities were merged with the parent company as at 31

(v) Consequently, JMMB Merchant Bank Limited and JMMB Money Transfer Limited became wholly owned subsidiaries of JMMB Group Limited. Capital & Credit Holdings Inc and Capital & Credit

The Group does not restate assets and liabilities to their fair values. Instead the Group incorporates the assets and liabilities at the amounts recorded in the books of the combined

The consolidated financial statements incorporate the combined companies' results as if the

The corresponding amounts in the consolidated financial statements for the previous year reflect the results of the combined companies, as though the restructuring occurred at the beginning of



Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 1. Identification (Continued)

(c) Acquisition of Banco Rio De Ahorro Y Credito

On 1 July 2015, JMMB Holding Company Limited, SRL, a 100% owned subsidiary of Jamaica Money Market Brokers Limited, acquired 90% equity and obtained management control of Banco Rio De Ahorro Y Credito JMMB Bank S.A., a savings and loan bank in the Dominican Republic, for US\$2,150,000 (J\$252.7 million) (see note 27).

(d) JMMB Group Limited has interest in several subsidiaries which are listed below. The Company and its subsidiaries are collectively referred to as "Group".

	0/ <b>O</b> le a va	la a lalta ar I la lal	O a sum firms of	1
Name of Subsidiary		holding Held nt/Subsidiary	Country of Incorporation	Principal Activities
	Parent	Subsidiary		
JMMB Merchant Bank Limited	100		Jamaica	Merchant Banking
JMMB Money Transfer Limited	100		Jamaica	Funds transfer
Jamaica Money Market Brokers Limited and its subsidiaries	100		Jamaica	Securities brokering
JMMB Securities Limited		100	Jamaica	Stock brokering
JMMB Insurance Brokers Limited		100	Jamaica	Insurance brokering
JMMB Real Estate Holdings Limited		100	Jamaica	Real estate holding
Capital & Credit Securities Limited		100	Jamaica	Investment holding
JMMB Fund Managers Limited		100	Jamaica	Fund management
JMMB International Limited		100	St. Lucia	Investment holding and management
Jamaica Money Market Brokers (Trinidad and Tobago) Limited and its subsidiaries	100		Trinidad and Tobago	Investment holding company
JMMB Investments (Trinidad and Tobago) Limited and its subsidiary		100	Trinidad and Tobago	Securities brokering
JMMB Securities (T&T) Limited		100	Trinidad and Tobago	Stock brokering
JMMB Bank (T&T) Limited, formerly Intercommercial Bank Limited and its subsidiary,		100	Trinidad and Tobago	Commercial banking
Intercommercial Trust and Merchant Bank Limited		100	Trinidad and Tobago	Merchant banking
JMMB Holding Company Limited, SRL and its subsidiaries	100		Dominican Republic	Investment holding and
JMMB Puesto de Bolsa,S.A.		80	Dominican Republic	management Securities brokering
JMMB Sociedad Administradora De Fondos De Inversion, S.A.		70	Dominican Republic	Mutual fund administration
Banco Rio De Ahorro Y Credito JMMB Bank S.A		90	Dominican Republic	Savings and loans bank
AFP JMMB BDI S.A.		50	Dominican Republic	Pension funds administration services

# **JMMB GROUP LIMITED**

Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 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 measurement of available-for-sale financial assets and financial assets at fair value through profit or loss, as well as investment properties at fair value.

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

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has adopted the following which are relevant to its operations, none of which resulted in any changes to amounts recognised or disclosed in these financial statements.

Improvements to IFRS, 2010-2012 and 2011-2013 cycles, which contain amendments to certain standards and interpretations and are effective for annual reporting periods beginning on or after July 1, 2014. The main amendments applicable to the Company are as follows:

- themselves.
- without discounting, if the effect of not discounting is immaterial.



• IFRS 3, Business Combinations, has been amended to clarify the classification and measurement of contingent consideration in a business combination. When contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to IAS 32, Financial Instruments: Presentation, rather than to any other IFRSs. Contingent consideration that is classified as an asset or a liability is always subsequently measured at fair value, with changes in fair value recognised in profit or loss. Consequential amendments are also made to IAS 39, Financial Instruments: Recognition and Measurement and IFRS 9, Financial Instruments to prohibit contingent consideration from subsequently being measured at amortised cost. In addition, IAS 37, Provisions, Contingent Liabilities and Contingent Assets, has been amended to exclude provisions related to contingent consideration of an acquirer. IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11, Joint Arrangements - i.e. including joint operations in the financial statements of the joint arrangements

• IFRS 13, Fair Value Measurement, has been amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts



Notes to the Financial Statements

#### 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

- 2. Summary of Significant Accounting Policies (Continued)
  - (a) Basis of preparation (continued)

New, revised and amended standards and interpretations that became effective during the year (continued):

Improvements to IFRS 2010-2012 and 2011-2013 cycles (continued)

- IAS 16. Property, Plant and Equipment, and IAS 38. Intangible Assets, have been amended to clarify that, at the date of revaluation:
  - the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortisation) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or;
  - the accumulated depreciation (amortisation) is eliminated against the gross carrying amount of the asset.
- IAS 24, Related Party Disclosures, has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a management entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.
- IAS 40, Investment Property has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

#### New, revised and amended standards and interpretations not yet effective:

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early adopted. Management considers that the following may be relevant to the Group's operations when they become effective:

(i) IFRS 9, Financial Instruments, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets - amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

# **JMMB GROUP LIMITED**

Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

- 2. Summary of Significant Accounting Policies (Continued)
  - (a) Basis of preparation (continued)

#### New, revised and amended standards and interpretations not yet effective (continued):

(ii) exchange non-monetary assets to facilitate sales to other parties.

The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

- as follows:
  - benefits embodied in the assets.
  - amortisation methods is inappropriate for intangible assets.
- The main amendments applicable to the Group are as follows:
  - involvement'.



IFRS 15, Revenue From Contracts With Customers, effective for annual reporting periods beginning on or after January 1, 2018, replaces IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers, and SIC-31, Revenue – Barter Transactions Involving Advertising Services. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business

IAS 16, Property, Plant and Equipment, and IAS 38, Intangible Assets, have been amended by the issue of "Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation", which are effective for annual reporting periods beginning on or after January 1, 2016,

The amendment to IAS 16 explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic

The amendment to IAS 38 introduces a rebuttable presumption that the use of revenue-based

(iv) Improvements to IFRS, 2012-2014 cycle, contain amendments to certain standards and interpretations and are effective for annual reporting periods beginning on or after January 1, 2016.

> IFRS 7, Financial Instruments: Disclosures, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing



Notes to the Financial Statements

#### 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

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

(a) Basis of preparation (continued)

#### New, revised and amended standards and interpretations not yet effective (continued):

- (v) IAS 1 Presentation of Financial Statements, effective for annual reporting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
  - specific single disclosures that are not material do not have to be presented even if they are • minimum requirements of a standard;
  - the order of notes to the financial statements is not prescribed; .
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
  - . specific criteria are provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and • associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.
- (vi) IAS 27, Separate Financial Statements, has been amended, with the issue of "Equity Method in Separate Financial Statements", effective for annual reporting periods beginning on or after January 1, 2016, to allow the use of the equity method in separate financial statements, and applies to the accounting for subsidiaries, associates, and joint ventures.
- (vii) IFRS 10, Consolidated Financial Statements, and IAS 28, Investments in Associates and Joint Ventures, have been amended, in respect of Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, effective for annual reporting periods beginning on or after January 1, 2016. The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3, Business Combinations.
- (viii) IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between onbalance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, onbalance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The onbalance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to shortterm leases and for low-value items with value of US\$5,000 or less. Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Early adoption is permitted if IFRS 15, Revenue from Contracts with Customers is also adopted.

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

- 2. Summary of Significant Accounting Policies (Continued)
  - (a) Basis of preparation (continued)

#### New, revised and amended standards and interpretations not yet effective (continued):

- cash flows and non-cash flows.
- 1, 2017, clarifies the following:

  - a loss, if certain conditions are met.
  - amount calculated before the effect of reversing temporary differences.
  - sufficient evidence that it is probable that the entity will achieve this.
  - specific type.

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

#### (b) Basis of consolidation

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

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights of an investee, where there is exposure to variability of returns and the company can use its power to influence the returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are no longer consolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of the subsidiaries are consistent with those of the Group. **163** 



(ix) Amendments to IAS 7, Statement of Cash Flows, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from

(x) Amendments to IAS 12, Income Taxes, effective for accounting periods beginning on or after January

 the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

a deferred tax asset can be recognised if the future bottom line of the tax return is expected to be

Future taxable profits used to establish whether a deferred tax can be recognised should be the

An entity can assume that it will recover an asset for more than its carrying amount if there is

 Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a



Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

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

#### (b) Basis of consolidation (continued)

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

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

(i) Non-controlling interests

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

Loss of control (ii)

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

#### **Financial instruments** (C)

#### 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.

Classification of financial instruments (i)

> Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

> Management determines the appropriate classification of investments at the time of purchase, taking account of the purpose for which the investments were purchased. The Group classifies non-derivative financial assets into the following categories:

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

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

- (C) Financial instruments (continued)
  - (i) Classification of financial instruments (continued)

Loans and receivables: This comprises securities acquired, loans granted with fixed or determinable payments and which are not guoted in an active market.

Held-to-maturity: This comprises securities with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity.

Fair value through profit or loss: This comprises securities that the Group acquires for the purpose of selling or repurchasing in the near term, or that it holds as part of a portfolio that is managed together for short-term profit or position taking, or that it designates as such at the time of acquisition.

Available-for-sale: The Group's financial instruments included in this classification are securities with prices quoted in an active market or for which the fair values are otherwise determinable, and which are designated as such upon acquisition or not classified in any of the other categories.

the instrument.

The Group initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers not retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

Measurement and gains and losses - Non-derivative financial assets

Loans and receivables: On initial recognition these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Where securities classified as loans and receivables become quoted in an active market, such securities will not be reclassified as available-for-sale securities. An active market is one where quoted prices are readily and regularly available from an exchange, dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.



Recognition and derecognition - non-derivative financial assets and financial liabilities -

The Group recognises a financial instrument when it becomes a party to the contractual terms of



Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

- 2. Summary of Significant Accounting Policies (Continued)
  - Financial instruments (continued) (C)
    - (iii) Measurement and gains and losses Non-derivative financial assets (continued)

Held-to-maturity: On initial recognition these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Any sale or reclassification of a significant amount of held-to-maturity investments that are not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the financial year in which sale or reclassification occurs and the following two financial years.

Financial assets at fair value through profit or loss: On initial recognition these are measured at fair value, with directly attributable transaction costs recognised in profit or loss as incurred. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein, as well as any interest or dividend income, are recognised in profit or loss.

Available-for-sale: On initial recognition, these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, with unrealised gains and losses arising from changes in fair value treated as follows:

- Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.
- When securities classified as available-for-sale are sold or impaired, and therefore derecognised, the fair value adjustments accumulated in other comprehensive income are reclassified to profit or loss.

#### (i) Cash and cash equivalents

Cash comprises cash in hand, demand and call deposits with banks and very short-term balances with other brokers/dealers. Cash equivalents are highly liquid financial assets that are readily convertible to known amounts of cash (that is, with original maturities of less than three months), which are subject to insignificant risk of changes in value, and are used for the purpose of meeting short-term commitments. Cash and cash equivalents are measured at cost.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016

- 2. Summary of Significant Accounting Policies (Continued)
  - (c) Financial instruments (continued)
    - (ii) Investment securities

Investment securities are classified, recognised/derecognised and measured in the manner set out for financial assets under "General" in this note 2(c) above.

#### (iii) Resale and repurchase agreements

Transactions involving purchases of securities under resale agreements ('resale agreements' or reverse repos') or sales of securities under repurchase agreements ('repurchase agreements' or 'repos) are accounted for as short-term collateralised lending and borrowing, respectively. Accordingly, securities sold under repurchase agreements remain on the statement of financial position and are measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. Securities purchased under resale agreements are reported not as purchases of the securities, but as receivables and are carried in the statement of financial position at amortised cost. It is the policy of the Group to obtain possession of collateral with a market value in excess of the principal amount loaned under resale agreements.

Interest earned on resale agreements and interest incurred on repurchase agreements is recognised as interest income and interest expense, respectively, over the life of each agreement using the effective interest method.

- (iv) Loans and notes receivable and other receivables impairment.
- (v) Account payable

Accounts payable are measured 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, interestbearing borrowings are measured at amortised cost, with any difference between cost and redemption recognised in the profit or loss over the period of the borrowings on an effective yield basis.

#### (vii) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss. Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss. Separated embedded derivatives are presented in the statement of financial position together with the host contract.



#### (expressed in Jamaican dollars unless otherwise indicated)

Loans and notes receivable and other receivables are measured at amortised cost less allowance for



Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

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

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

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

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	21⁄2% - 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. Intangible assets acquired in a business combination are recognised at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs meeting the criteria of IAS 38, are not capitalised and the expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for an intangible asset with a finite useful life is reviewed at a minimum at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss. Intangible assets with infinite useful lives are measured at cost less impairment losses. They are assessed for impairment at least annually.

#### (i) Computer software

Computer software is measured at cost, less accumulated amortisation and impairment losses. Amortisation is charged on the straight-line basis over the useful lives of the assets ranging from 20% to 25% per annum, from the date it is available for use.

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016

#### 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 cost is less than the fair value (negative goodwill), it is recognised immediately in profit or loss. Goodwill is measured at cost less accumulated impairment losses and is assessed for impairment at least annually.

(iii) Customer list

Acquired customer lists are measured initially at historical cost. Customer lists have a finite useful life and are measured at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the expected retention period with the Group, which ranges from 8 to 15 years.

#### (iv) Licences

These assets represents the value of JMMB Securities Limited's seat on the Jamaica Stock Exchange and the banking licence and securities licence acquired for Intercommercial Bank Limited and AIC Securities Limited, which have indefinite useful lives. These assets are tested for impairment annually, and whenever there is an indication that the asset may be impaired, the carrying amount is reduced to the recoverable amount.

#### (v) Other intangibles

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

#### (f) Foreign currency translation

(i) Functional and presentation currency

The consolidated financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency.



#### (expressed in Jamaican dollars unless otherwise indicated)

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').



Notes to the Financial Statements

#### 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

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

#### (f) Foreign currency translation (continued)

#### (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 rates.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in profit or loss (applicable for trading securities), or within other comprehensive income if non-monetary financial assets are classified as available-for-sale. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

#### (iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rates at the date of that statement;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

#### (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 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.

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016

#### (expressed in Jamaican dollars unless otherwise indicated)

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

#### (h) Taxation

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

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

#### (ii) Deferred income tax

Deferred income tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### (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 for any asset, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified to profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

#### (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.





Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 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 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.

#### Revenue recognition (i)

Revenue is income that arises from the ordinary activities of the Group. The principal types of revenue and the manner in which they are recognised are as follows:

#### (i) Interest income

Interest income is recorded on the accrual basis. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-earning instrument and its amount at maturity calculated on the effective interest 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.

(ii) Fees and commissions

Fee and commission income are recognised on the accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a timeapportionate basis. Asset management fees related to investment funds are recognised over the period in which the service is provided. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

#### (iii) Dividends

Dividend income is recognised when the right to receive payment is irrevocably established.

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

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

#### (k) 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 funds which the Group operates to provide retirement pensions for the Group's employees (Note 30). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged off when due.

#### (I) Operating leases

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

#### (m) 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.

#### (n) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability.

#### (o) 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.

#### (p) Investment properties

Investment properties are held for rental yields and fair value gains. Investment properties are treated as a long-term investment and are carried at fair value. Fair value is determined every third year by an independent professional valuer, and in each of the two intervening years by the directors. Changes in fair values are recognised in profit or loss. Rental income from investment properties is recognised in profit or loss on the straight line basis over the tenor of the lease.





Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

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

The preparation of the financial statements in conformity with IFRS requires management to make estimates, based on assumptions and judgements. Management also makes judgements other than those involving estimations, in the process of applying the accounting policies. The estimates and judgements affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

The 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.

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

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

#### Key sources of estimation uncertainty (a)

#### (i) Allowance for losses

In determining amounts recorded for allowance for losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from investments, 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

There are no quoted market prices for a significant portion of the Group's financial assets and liabilities. Accordingly, fair values of several financial assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which uses indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach. The fair values determined in this way are classified as Level 2 fair values. Some other fair values are estimated based on guotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction (see notes 16 and 29).

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

- 3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)
  - (b) Critical accounting judgements in applying the Group's accounting policies different accounting categories in certain circumstances:
    - description of trading assets and liabilities set out in accounting policy 2 (c).

#### 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:

- management and investment advisory services.
- (ii) foreign currency trading.

	The Group Year ended 31 March 2016				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	14,541,815	4,623,257	126,640	-	19,291,712
Inter-segment revenue	469,995	151,762	12,568	( 634,325)	-
Total segment revenue	15,011,810	4,775,019	139,208	( 634,325)	19,291,712
Segment results Impairment loss on intangible asset Impairment loss on financial asset Loss on disposal of property plant and equipment	2,007,149	670,711	( 1,446)	-	2,676,414 ( 13,392) ( 61,810) ( 5,655)
Profit before tax					2,595,557
Income tax expense				_	( 296,326)
Profit for the year				=	2,299,231
Total segment assets	210,023,583	64,113,568	1,115,714	(44,645,579)	230,607,286
Total segment liabilities	187,555,289	54,426,927	1,056,633	(35,148,144)	207,890,705
Interest income	9,801,325	3,532,676	3,435	-	13,337,436
Interest expense	6,483,038	1,350,995	-	-	7,834,033
Operating expenses	5,668,329	2,971,395	141,541	-	8,781,265
Depreciation and amortisation	295,046	172,824	11,281	-	479,151
Capital expenditure	635,249	272,407	159,474	-	1,067,130



The Group's accounting policies provide scope for assets and liabilities to be designated on inception into

• In classifying financial assets or liabilities as "trading", the Group has determined that they meet the

• 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).

(i) Financial and related services which include securities brokering, stock brokering, portfolio planning, funds

Banking and related services which include taking deposits, granting loans and other credit facilities and

(iii) Other represents remittance and related services, insurance brokering, investment and real estate holding.



Notes to the Financial Statements

#### 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 4. Segment Reporting (Continued)

g	The Group				
	Year ended 31 March 2015				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	14,084,351	4,248,340	103,171	-	18,435,862
Inter-segment revenue	616,670	43,188	9,253	( 669,111)	-
Total segment revenue	14,701,021	4,291,528	112,424	( 669,111)	18,435,862
Segment results	2,096,479	469,846	5,695	-	2,572,020
Impairment loss on financial asset					( 259,262)
Gain on disposal of property, plant and					00.040
equipment					22,018
Gain on acquisition of subsidiaries				-	19,263
Profit before tax					2,354,039
Income tax expense				_	( 306,757)
Profit for the year				=	2,047,282
Total segment assets	188,714,368	61,105,189	975,945	(33,080,200)	217,715,302
Total segment liabilities	165,552,460	52,348,316	913,020	(22,821,558)	195,992,238
Interest income	10,039,267	3,297,471	1,078	_	13,337,816
Interest expense	6,758,071	1,318,074	-	-	8,076,145
Operating expenses	5,171,943	2,502,174	113,580	-	7,787,697
Depreciation and amortisation	318,008	118,239	6,089	-	442,336
Capital expenditure	501,338	105,770	25,289	-	632,397

#### 5. Net Interest Income

	The Gro	The Group		ny
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Interest income				
Cash and cash equivalents	34,815	46,162	34	-
Loans and notes receivable	2,925,282	2,510,568	86,943	-
Resale agreements	48,500	812,789	6,479	-
Investment securities	10,328,839	9,968,297	3,329	-
Total interest income	13,337,436	13,337,816	96,785	-
Interest expense				
Repurchase agreements	5,037,753	6,220,013	-	-
Notes payable	1,685,163	806,809	-	-
Customer deposits	795,908	695,893	-	-
Redeemable preference shares	315,209	353,430	96,750	-
Total interest expense	7,834,033	8,076,145	96,750	-
Net interest income	5,503,403	5,261,671	35	-

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 6. Staff Costs

Salaries and benefits, including profit-related pay Statutory payroll contributions Pension costs (Note 30) Training and development Other staff benefits

#### 7. Impairment Loss on Financial Assets

The impairment charge relates to certain of the Group's investments in its equity and corporate bond portfolio.

8. Operating Expenses

Marketing, corporate affairs and donation Bad debts, net of recoveries Depreciation and amortisation Directors' fees Irrecoverable - GCT Insurance Auditors' remuneration Asset tax Information technology Legal and professional fees Repairs and maintenance Travel and entertainment Office rental Loan loss Security Stationery, printing and postage Utilities Bank charges and interest Other



The Group				
2016	2015			
\$'000	\$'000			
3,493,156	3,112,102			
278,496	249,497			
144,145	128,062			
175,423	67,702			
276,587	353,769			
4,367,807	3,911,132			

any	The Comp	oup	The Gro
2015	2016	2015	2016
\$'000	\$'000	\$'000	\$'000
-	-	353,168	424,636
-	-	56,044	-
-	-	442,336	479,151
-	-	107,466	102,473
-	-	179,255	216,872
-	-	124,561	157,900
-	2,500	57,544	78,870
-	-	374,241	393,334
-	-	320,668	407,814
-	14,948	437,208	587,403
-	-	115,607	142,623
-	-	71,115	101,577
-	-	220,925	244,979
-	-	181,151	195,820
-	-	215,623	236,916
-	-	93,797	130,397
-	-	204,681	195,528
-	-	198,841	175,674
-	-	122,334	141,491
-	17,448	3,876,565	4,413,458
	,		



Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 9. Taxation

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

	The G	roup
	2016 \$'000	2015 \$'000
1% tax on assets	405	2,035
Green fund levy	3,438	2,148
Current income tax	203,381	518,600
Prior year overprovision	( 2,830)	
	204,394	522,783
Deferred income tax (Note 21) Origination and reversal of		
temporary differences	( 253,754)	( 481,957)
Tax benefit of losses carried forward	345,686	265,931
	91,932	( 216,026)
	296,326	306,757

The tax on profit differs from the theoretical amount that would arise using the statutory rate of 331/3% as (b) follows:

	The G	roup	The Com	oany
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Profit before taxation	2,595,557	2,354,039	553,280	
Tax calculated at 25% (2015: 33⅓%) Adjusted for the effects of:	648,889	784,680	138,320	-
Income not subject to tax	( 577,233)	( 635,859)	(144,124)	-
Disallowed expenses	194,955	338,854	-	-
Tax losses not recognised Effect of taxation under different tax	35,560	70,461	5,804	-
regime	( 13,766)	( 275,076)	-	-
Green fund levy	3,438	2,077	-	-
Other	7,313	21,620	-	-
Under provision prior year	( 2,830)			-
	296,326	306,757		

# **JMMB GROUP LIMITED**

Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 9. Taxation (Continued)

(C) for the Group and \$17,413,000 (2015: \$Nil) for the company.

#### 10. Earnings per Stock Unit

Earning per stock unit (" EPS") is computed by dividing the profit attributable to stockholders of the parent of \$2,264,589,000 (2015: \$1,931,980,000) by the weighted average number of ordinary stock units in issue during the year, numbering 1,630,552,532 (2015: 1,630,552,530).

11. Dividends

Final dividend in respect of 2014 @17.0 cer

Interim dividend in respect of 2015 @ 16.0 c

Final dividend in respect of 2015 @ 16.0 ce

Interim dividend in respect of 2016 @ 19.0 c

#### 12. Cash and Cash Equivalents

Cash Cash equivalents

Cash equivalents of the Group include \$814,505,000 (2015: \$543,240,000) held by an investment broker as security for funding provided on certain investment securities which is not available for immediate use. In addition, the Group also has a restricted amount of \$7,744,734 (2015: \$7,685,160) deposited at an interest rate of 2.0% (2015: 2.5%) under an agreement with a building society which co-ordinates and administers a home ownership assistance programme on behalf of the Group's Jamaican employees.



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 \$3,866,484,000 (2015: \$1,177,945,000)

	The Group		
	2016 \$'000	2015 \$'000	
ents per stock unit	-	277,194	
cents per stock unit	-	260,888	
ents per stock unit	260,888	-	
cents per stock unit	309,805	-	
	570,693	538,082	

The (	Group	The Company	
2016	2015	2016	2015
\$'000	\$'000	\$'000	\$'000
17,296,398	7,507,954	-	-
8,213,323	11,164,434	7,623	-
25,509,721	18,672,388	7,623	-



Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 13. Loans and Notes Receivable

The Group		The Com	pany
2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
21,807,112	17,642,910	-	-
368,180	6,344,748	5,680,469	-
16,402,755	8,977,175	-	-
38,578,047	32,964,833	5,680,469	-
( 1,127,790)	( 1,040,290)	-	-
37,450,257	31,924,543	5,680,469	-
	<b>2016</b> <b>\$'000</b> 21,807,112 368,180 16,402,755 38,578,047 ( 1,127,790)	\$'000\$'00021,807,11217,642,910368,1806,344,74816,402,7558,977,17538,578,04732,964,833( 1,127,790)( 1,040,290)	201620152016\$'000\$'000\$'00021,807,11217,642,910-368,1806,344,7485,680,46916,402,7558,977,175-38,578,04732,964,8335,680,469(1,127,790)(1,040,290)-

# **JMMB GROUP LIMITED**

Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 14. Other Receivables

The Con	npany		The G	roup	The Comp	bany
2016	2015		2016	2015	2016	2015
\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
-	_	Other receivables	1,315,152	937,645	9,537	-
E 600 460		Staff loans	476,678	308,905	-	-
5,680,469	-		1,791,830	1,246,550	9,537	-
-	-	Less: allowance for impairment	( 592)	( 1,390)	-	-
5,680,469	-		1,791,238	1,245,160	9,537	-
-	-					
5,680,469	-	Allowance for impairment				
_,,			The G	roup	The Comp	bany
			2016	2015	2016	2015
The G	Froup		\$'000	\$'000	\$'000	\$'000
		Balance at 1 April	1,390	7,552	-	-
2016	2015	Charge for year	125	43	-	-
\$'000	\$'000	Recoveries/write-off	( 923)	(6,205)	-	-
1,040,290	894,459	Balance at 31 March	592	1,390		-

Provision for impairment:

	The	Group
	2016 \$'000	2015 \$'000
Balance at 1 April	1,040,290	894,459
Provision acquired	27,897	3,666
Charge for year	197,906	181,151
Write-offs	( 84,485)	( 46,541)
Translation gains	( 53,818)	7,555
Balance at 31 March	1,127,790	1,040,290

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

Notes receivable include the balance on an interest-free revolving advance of \$324,036,605 (2015: \$324,036,605) 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 stock units held by the ESOP at 31 March 2016 was 152,023,136 (2015: 159,436,875).

Denominated in Jamaica dollars Denominated in United States dollars

Resale agreements include balances with related parties as set out in Note 26. 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 24).

At the reporting date, the fair value of the securities obtained and held under resale agreements was \$231,117,000 (2015: \$294,036,000) and \$513,436,000 (2015: Nil) for the Group and company respectively.



#### 15. Securities Purchased Under Agreements to Resell

The G	The Group		mpany
2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
220,000	72,162	506,956	-
1,506	200,434	-	-
221,506	272,596	506,956	-



Notes to the Financial Statements

#### 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### **16.** Investment Securities (Continued)

Allowance for impairment:

	The Group		The Comp	any		
	2016	2016 \$'000		2015 \$'000	2016 \$'000	2015 \$'000
Balance as 1 April	259,262	\$ 000	\$ 000	\$ 000		
Recoveries	( 36,708)	-	-	-		
Charge for the year	61,810	- 259,262	-	-		
				-		
Balance as 31 March	284,364	259,262		-		

Investments mature, from the reporting date, as follows:

	The G	roup	The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Government of Jamaica securities:				
Within 3 months	70,351	1,465,232	-	
From 3 months to 1 year	-	5,586,835	-	
From 1 year to 5 years	30,903,853	29,487,193	-	
Over 5 years	63,896,268	59,275,488	-	
	94,870,472	95,814,748		
Certificates of deposit:				
Within 3 months	11,028,440	11,571,295	900,648	
From 3 months to 1 year	443,733	124,011	-	
From 1 year to 5 years	278,989	596,804	-	
	11,751,162	12,292,110	900,648	
Sovereign and corporate bonds:				
Within 3 months	246,571	1,550,301	-	
From 3 months to 1 year	11,244,110	5,966,116	-	
From 1 year to 5 years	5,753,603	12,794,383	-	
Over 5 years	31,532,281	27,729,691	-	
	48,776,565	48,040,491	-	
Other [see (c) below]	1,577,891	1,079,408	18,908	
	156,976,090	157,226,757	919,556	

- (a) agreements (Note 24).
- (b) effects at one of the company's bankers.
- (C) fixed maturity dates.

JMMB GROUP LIMITED
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Notes to the Financial Statements

#### 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### **16. Investment Securities**

	The G		The Company		
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	
Loans and receivables:	\$ 000	\$ 000	\$ 000	\$ <b>UUU</b>	
	245 207				
Certificates of deposit	345,297	-	-	-	
Government of Jamaica securities	18,535,833	22,433,743	-	-	
Other sovereign bonds	94,946	213,053	-	-	
Corporate:	2 200 445	6 049 492			
Government of Jamaica guaranteed	3,308,415	6,048,483	-	-	
Other	13,642	133,248		-	
	22,298,133	28,828,527		-	
Available-for-sale securities:					
Government of Jamaica securities	76,086,900	73,345,970	-	-	
Certificates of deposit	11,405,864	12,292,110	900,648	-	
Government of Jamaica Treasury Bills	-	33,421	-	-	
Government of Jamaica guaranteed	5,908,979	4,951,841	-	-	
Corporate bonds	4,444,311	5,134,840	-	-	
Other sovereign bonds	24,046,259	20,943,097	-	-	
Quoted securities	378,383	310,937	-	-	
Units in unit trusts	186,038	75,268	-	-	
Money market funds	584,079	440,819	-	-	
Other	170,765	16,419	18,908	-	
	123,211,578	117,544,722	919,556	-	
Fair value through profit or loss:					
Government of Jamaica securities	-	1,614	-	-	
Credit default swap	150,971	469,145	-	-	
Corporate bonds	1,652,182	144,238	-	-	
Other sovereign bonds	45,672	1,576,640	-	-	
Quoted securities	265,426	50,362	-	-	
Unquoted equities		12,956		-	
	2,114,251	2,254,955		-	
Held-to-maturity:					
Credit linked note	9,538,595	8,803,785	-	-	
Sovereign bonds	97,897	54,030		-	
	9,636,492	8,857,815		_	
	157,260,454	157,486,019	919,556	-	
Less: allowance for impairment losses	( 284,364)	( 259,262)		-	
	156,976,090	157,226,757	919,556	_	



Government of Jamaica securities and certain other bonds are pledged as security for repurchase

Government of Jamaica securities having an aggregate face value of \$196,750,000 (2015: \$165,000,000) have been pledged as collateral against possible overdrafts at the Central Bank and against uncleared

Other includes quoted equities, unit trusts and interest in pooled money market fund for which there are no



Notes to the Financial Statements

#### 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 17. Interest in Subsidiaries

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

#### **18. Investment Properties**

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

Investment properties generated revenue of \$1,928,000 (2015: \$1,938,590) and incurred expenses of \$9,466,000 (2015: \$6,663,000) for the year.

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

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

Valuation technique	on technique Significant unobservable inputs		
<ul> <li>Market approach. This model takes into account:</li> <li>The fact that the intention is to dispose of the property in an open market transaction</li> <li>The expected sale would take place on the basis of a willing seller and willing buyer;</li> <li>A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market;</li> <li>Values are expected to remain stable throughout the period of market exposure and disposal by of sale (hypothetical);</li> <li>The property will be freely exposed to the market; and</li> <li>The potential rental value of the property in the current investment climate.</li> </ul>	<ul> <li>Judgements about whether the property can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its use class.</li> <li>The strength of demand for the property, given its condition, location and range of potential uses.</li> <li>The potential rental value of the property in the current investment climate.</li> </ul>	<ul> <li>The estimated fair value would increase/(decrease) if:</li> <li>The strength of the demand is greater less than judged.</li> <li>The potential rental income from the property is greater/ (less) than judged.</li> </ul>	

# **JMMB GROUP LIMITED**

Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 19. Intangible Assets

	The Group					
	License \$'000	Other \$'000	Customer List \$'000	Computer Software \$'000	Goodwill \$'000	Total \$'000
Cost						
31 March 2014	205,602	308,142	534,498	554,101	17,363	1,619,706
Acquired in business combination (Note 27)	10,707	208	8,348	-	-	19,263
Additions	-	-	10,710	156,670	-	167,380
Exchange adjustment	11,686	8,146	13,638	( 4,573)	-	28,897
31 March 2015	227,995	316,496	567,194	706,198	17,363	1,835,246
Acquired in business combination (Note 27)	51,216	35,112	-	-	10,615	96,943
Additions	-	-	-	355,600	-	355,600
Exchange rate adjustment	3,381	4,837	5,620	2,835	-	16,673
31 March 2016	282,592	356,445	572,814	1,064,633	27,978	2,304,462
Accumulated Amortisation						
31 March 2014	-	140,536	69,976	403,880	-	614,392
Charge for the year	-	70,308	54,303	32,089	-	156,700
Exchange adjustment	-	3,064	813	-	-	3,877
31 March 2015	-	213,908	125,092	435,969	-	774,969
Charge for the year	-	39,009	55,162	68,702	-	162,873
Impairment	-	13,392	-	-	-	13,392
Exchange rate adjustment	-	2,260	820	990	-	4,070
31 March 2016	-	268,569	181,074	505,661	-	955,304
Net Book Value						
31 March 2016	282,592	87,876	391,740	558,972	27,978	1,349,158
31 March 2015	227,995	102,588	442,102	270,229	17,363	1,060,277
31 March 2014	205,602	167,606	464,522	150,221	17,363	1,005,314





Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 20. Property, Plant and Equipment

	The Group					
	Freehold Land and Buildings	Leasehold Improvement	Motor Vehicles	Computer Equipment	Equipment, Furniture and Fittings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
31 March 2014	1,070,013	525,252	58,189	558,736	1,324,941	3,537,131
Acquisition of subsidiaries (Note 27)	-	_	_	10,776	11,675	22,451
Additions	181,300	53,764	8,732	111,735	109,486	465,017
Transfer	( 32,724)	-		-	32,724	-
Disposals	( 6,775)	(17,283)	( 8,688)	( 8,897)	( 11,220)	( 52,863)
Exchange adjustment	1,286	14,182	( 616)	( 8,913)	49,188	55,127
31 March 2015	1,213,100	575,915	57,617	663,437	1,516,794	4,026,863
Acquisition of subsidiaries (Note 27)	-	-	-	4,079	1,343	5,422
Additions	315,969	166,009	1,659	76,845	151,048	711,530
Disposals	-	(17,125)	-	-	( 5,967)	( 23,092)
Exchange adjustment	690	12,017	141	( 570)	21,556	33,834
31 March 2016	1,529,759	736,816	59,417	743,791	1,684,774	4,754,557
Accumulated Depreciation						
31 March 2014	103,398	323,045	19,665	407,419	842,107	1,695,634
Acquisition of subsidiaries (Note 27)	-	-	-	8,600	6,062	14,662
Charge for the year	18,504	47,583	11,912	76,073	131,564	285,636
Disposals	-	(17,283)	( 4,146)	( 9,149)	( 5,061)	( 35,639)
Exchange adjustment	-	13,408	( 283)	( 11,951)	31,708	32,882
31 March 2015	121,902	366,753	27,148	470,992	1,006,380	1,993,175
Acquisition of subsidiaries (Note 27)	-	-	-	1,548	1,197	2,745
Charge for the year	23,634	51,625	10,377	96,909	133,733	316,278
Disposals	-	( 11,353)	-	-	( 4,942)	( 16,295)
Exchange adjustment	-	5,502	-	( 965)	16,021	20,558
31 March 2016	145,536	412,527	37,525	568,484	1,152,389	2,316,461
let Book Value						
31 March 2016	1,384,223	324,289	21,892	175,307	532,385	2,438,096
31 March 2015	1,091,198	209,162	30,469	192,445	510,414	2,033,688
31 March 2014	966,615	202,207	38,524	151,317	482,834	1,841,497

# **JMMB GROUP LIMITED**

Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 20. Property, Plant and Equipment (Continued)

#### Cost

Acquired on group reorganisation and balance at 31 March 2016

#### Depreciation

Acquired on group reorganisation and balance at 31 March 2016

Net Book Value

31 March 2016

#### 21. 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 331/3% 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:

#### Deferred income tax assets Deferred income tax liabilities Net deferred income tax liabilities



_	The Company	/	
Leasehold Improvements	Furniture, Fixtures and Equipment	Motor Vehicles	Total
\$'000	\$'000	\$'000	\$'000
10,271	3,493	45	13,809
9,958	3,493	45	13,496
313	-	-	313

The Group				
2016	2015			
\$'000	\$'000			
165,892	38,933			
(677,531)	(682,307)			
(511,639)	(643,374)			



Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 21. Deferred Income Taxes (Continued)

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

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deferred income tax assets -				
Investments	884,841	680,406	-	-
Other payables	24,535	9,893	-	-
Property, plant and equipment	4,501	102	-	-
Interest payable	342,828	372,369	-	-
Tax losses carried forward	472,203	125,517	-	-
	1,728,908	1,188,287	-	-
Deferred income tax liabilities -				
Investments	135,914	121,852	-	-
Unrealised foreign exchange gains	1,606,552	1,151,681	-	-
Property, plant and equipment	5,723	14,332	-	-
Accounts receivable	1,846	-	-	-
Interest receivable	490,512	543,796		-
	2,240,547	1,831,661		-
Net deferred income tax liabilities	( 511,639)	( 643,374)	-	-

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

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

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 21. Deferred Income Taxes (Continued)

		2015					
	Balance at Beginning of Recognised Year in Income		Recognised in Other Comprehensive Income	Balance at End of Year			
	\$'000	\$'000	\$'000	\$'000			
Tax losses carried forward	391,448	(265,931)	-	125,517			
Investments	781,377	159,601	(382,424)	558,554			
Accounts payable	12,894	( 3,001)	-	9,893			
Property plant and equipment	( 14,945)	715	-	( 14,230)			
Interest payable	348,436	23,933	-	372,369			
Unrealised gains	(1,412,989)	261,308	-	(1,151,681)			
Interest receivable	( 583,197)	39,401	-	( 543,796)			
	( 476,976)	216,026	(382,424)	( 643,374)			

#### 22. Share Capital

#### Authorised:

Ordinary stock units of no par value Fixed rate cumulative redeemable preference shares of no par

#### Issued ordinary share capital: Ordinary stock units in issue



2016 Number of Shares

1,816,400
6,000,000
7,816,400

2016 Number of Shares

#### 1,630,552



Notes to the Financial Statements

#### 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 22. Share Capital (Continued)

	The Group		The Company	
	2016	2015	2016	
	\$'000	\$'000	\$'000	
Stated capital:				
1,630,552,532 (2015: 1,630,552,530) ordinary stock units 889,073,000 8.75% cumulative	1,864,554	1,864,054	1,864,054	
redeemable preference stock units	-	2,667,219	-	
26,322,000 8.5% cumulative redeemable preference stock units	-	92,127	-	
715,482,000 7.50% cumulative redeemable preference stock units	1,430,964	1,430,964	-	
15,358,000 7.25% cumulative redeemable preference stock units	38,395	38,395	-	
14,151,000 7.25% cumulative redeemable preference stock units	14,151	-		
1,827,548,000 7.50% cumulative redeemable preference stock units	1,827,548	-	1,841,699	
320,250 5.75% cumulative redeemable preference stock units	38,974			
42,783,500,000 US\$ 6.00% cumulative redeemable preference stock units	5,206,752	-	5,245,726	
	10,421,338	6,092,759	8,951,479	
Less: redeemable preference stock units	-, ,	,,	-,,	
classified as liability	( 8,556,784)	(4,228,705)	(7,087,425)	
	1,864,554	1,864,054	1,864,054	

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.

As part of the Group's reorganisation, two (2) ordinary shares at \$250,000 each were issued in establishing the Company.

On 7 January 2016, the 8.75% and 8.5% cumulative redeemable preference stock units matured and were fully repaid.

On 14 January 2016, the company issued, 14,151,000 and 1,841,699,000 7.25% and 7.50% fixed rate cumulative redeemable preference shares and 320,250 and 42,783,500 5.75% and 6.00% fixed rate cumulative redeemable preference shares at a price of J\$1.00 and US\$1.00 per share, respectively, by public offering.

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

- (i) The right to a cumulative preferential dividend payable monthly at the rate agreed for each class;
- (ii) The right, on winding up, to receive all arrears of dividend and repayment of the capital in priority to the ordinary shareholders;
- (iii) No right to vote, except where dividends are not paid for twelve months or on winding up of the Company. 190

# **JMMB GROUP LIMITED**

Notes to the Financial Statements

#### 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 22. Share Capital (continued)

The rights attaching to the ordinary shares include the following:

- Entitlement of dividends as declared from time to time (Note 11). (i)
- Entitlement to one vote per share at meetings of the Company. (ii)

#### Reserves 23.

#### Retained Earnings Reserve (a)

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

- Investment Revaluation Reserve (b)
- (c) Cumulative Translation Reserve

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

#### 24. Securities Sold Under Agreements to Repurchase

Denominated in Jamaica dollars	2
Denominated in United States dollars	8
Denominated in Pound Sterling	
Denominated in Euro	
Denominated in Dominican Republic Peso	1
Denominated in Canadian dollars	
Denominated in Trinidad and Tobago dollars	
	14

Repurchase agreements are collateralised by certain securities and other instruments held by the Group with a carrying value of \$160,067,969,000 (2015: \$153,455,379,000) (Notes 12, 15 and 16).

#### 25. Notes Payable

- Senior Unsecured US\$ Fixed Note (i)
- (ii) Subordinated debt
- (iii) Subordinated debt



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

#### The Group The Company 2016 2015 2016 2015 \$'000 \$'000 \$'000 \$'000 48,162,021 44,034,480 84,101,086 89,252,857 3,412,372 3,094,179 118,740 129,492 12.985.415 7,032,692 482,735 579,226 378,732 49,262,369 144,501,658

The G	roup	
2016	2015	-
\$'000	\$'000	
2,434,000	2,295,400	
1,474,400	1,348,984	
505,955	-	
4,414,355	3,644,384	191



Notes to the Financial Statements

#### 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 25. Notes Payable (continued)

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

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

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

	The Gr	The Group		pany
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Directors-				
Notes receivable	539,163	109,277	-	-
Interest payable	( 155)	(439)	-	-
Customer deposits	(100,981)	(126,159)	-	-
Repurchase agreements	(79,927)	(105,422)	-	-
Major shareholders -				-
Notes receivable	324,037	324,037	-	-
Interest payable	-	( 190)	-	-
Repurchase agreements	-	( 33,612)	-	-
Subsidiaries -				
Resale agreements	-	-	506,956	-
Notes receivable	-	-	5,680,469	-
Interest receivable	-	-	23,906	-
Payables	-	-	(4,709,588)	-

# **JMMB GROUP LIMITED**

Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 26. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Directors:				
Interest income	12,004	9,761	-	-
Interest expense	( 3,051)	( 7,862)		
Major Shareholders:				
Interest income	46,828	1,829	-	-
Interest expense	( 5,045)	( 15,197)		
Subsidiaries:				
Interest income			96,785	_
Managed funds:				
Gain on sale of securities	1,122,590	451,400	-	-
Interest expense	( 62,489)	(299,048)	-	-

- services is as shown below:
  - Directors emoluments:
  - Fees (note 8)
  - Management remuneration
  - Other key management compensation:
  - Short-term employee benefits
  - Post-employment benefits



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

The Group			
2016	2015		
\$'000	\$'000		
102,473	107,466		
53,842	52,216		
303,051	250,657		
13,645	12,051		
473,011	422,390		



Notes to the Financial Statements

#### 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 27. Business Combinations

#### (a) Acquisition of Banco Rio De Ahorro Y Credito

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

Valuations of acquired tangible and intangible assets are not finalised. Management has utilised provisions under IFRS 3 which allows the acquirer reasonable time to obtain information necessary to identify and measure identifiable assets acquired and liabilities assumed. Management expects that this assessment will be concluded by the next financial year end. Details of the provisional purchase price allocation among net assets acquired and goodwill are as follows:

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

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

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

# JMMB GROUP LIMITED

Notes to the Financial Statements

#### 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 27. Business Combinations (Continued)

#### (a) Acquisition of Banco Rio De Ahorro Y Credito (continued)

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

#### (b) Acquisition of JMMB Securities (Trinidad and Tobago) Limited (formerly, AIC Securities Limited (AIC))

On 30 April 2014, JMMB Investments (Trinidad and Tobago) Limited, a 100% owned subsidiary, acquired 100% equity of JMMB Securities (Trinidad and Tobago) Limited for TT\$5.21 million (J\$89.97 million).

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

Purchase consideration	
Fair value of net assets acquired	
Negative goodwill	

The assets and liabilities arising from the ac

Cash and cash equivalents
eden and eden equivalence
Investment and resale agreements
Intangible assets
Property, plant and equipment and intangible
Income tax recoverable
Accounts receivable
Taxation payable
Accounts payable
Net assets

Cash and cash equivalents acquired Net cash outflow on acquisition



	2015
	\$'000
	89,977
	(109,240)
	( 19,263)
equisition are as follows:	
	Fair Value
	\$'000
	77,786
	97,399
	19,263
e assets	7,790
	23
	33,785
	( 17)
	(126,789)
	109,240
	( 89,977)

77,786 (12,191)

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Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 27. Business Combinations (Continued)

#### (b) Acquisition of JMMB Securities (Trinidad and Tobago) Limited (formerly, AIC Securities Limited (AIC)) (continued)

In the eleven months ended 31 March 2015, JMMB Securities (Trinidad and Tobago) Limited contributed revenue of J\$37,999,000 and net profit of J\$4,206,000 to the Group's results. If the acquisition had occurred on the 1 April 2014, management estimates that revenue would have been J\$40,520,000, and net profit for the year would have been J\$1,681,000. In determining these amounts management has assumed that the fair value adjustments, determined previously, that arose on the acquisition date would have been the same if the acquisition had occurred on the 1 April 2014.

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

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

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

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

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management

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

#### (a) Introduction and overview

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

- Credit risk
- Liquidity risk ٠
- 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:

#### **Risk Management Committee** (i)

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





Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

**Risk management framework (continued)** 

#### (ii) **Board Credit Committee**

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

#### Audit Committees (iii)

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

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

#### Investment Committees (iv)

The Investment Committees are 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.

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Credit review process (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.

Rating grades	Description
1	Excellent
2	Good credit
3	Average cred
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 guality 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.

the Group's rating grades.

#### (ii) Investments and resale agreements

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

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

#### (iii) Cash and cash equivalents

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



#### of the grade

dit

Loan and notes receivable that are cash secured are not included in a credit classification, based on



Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 28. 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:

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

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

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

#### Exposure to credit risk

#### Impairment

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

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

Individually assessed allowances are provided for financial assets based on a review conducted at least guarterly, 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 caseby-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 •

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Exposure to credit risk (continued)

Credit quality

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

Neither past due nor impaired - standard
Past due but not impaired
Past due and impaired
Gross
Less: allowance for impairment
Net

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

Past due 1 – 30 days Past due 31 - 60 days Past due 61 – 90 days More than 90 days

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



The Group		The Company	
2016	2015	2016	2015
\$'000	\$'000	\$'000	\$'000
30,016,608	27,567,242	5,680,469	-
5,258,333	1,923,582	-	-
3,303,106	3,474,009		-
38,578,047	32,964,833	5,680,469	-
( 1,127,790)	( 1,040,290)		
37,450,257	31,924,543	5,680,469	-

The Group		
2016	2015	
\$'000	\$'000	
3,481,705	1,111,640	
1,112,281	418,028	
652,148	379,649	
3,315,305	3,488,274	
8,561,439	5,397,591	



Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 28. 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 as shown on the statement of financial position.

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

	The Group	
	2016 2	
	\$'000	\$'000
Loan commitments	2,072,600	2,267,955
Guarantees and letters of credit	44,948	77,274
	2,117,548	2,345,229

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

The carrying value of the loans on which the collateral was repossessed during the year was \$35,710,000 (2015: \$10,380,000).

(ii) Renegotiated loans and leases

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

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

# **JMMB GROUP LIMITED**

Notes to the Financial Statements 31 March 2016

#### 28. Financial Risk Management (Continued)

(b) Credit risk (continued)

#### Exposure to credit risk (continued)

of concentrations of credit risk at the reporting date is shown below:

	The Group					
			2016			
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Concentration by sector						
Government of Jamaica	-	-	-	103,840,128	103,840,128	
Other sovereign bonds	-	-	-	24,072,687	24,072,687	
Bank of Jamaica	3,340,700	-	-	11,194,795	14,535,495	
Corporate	-	21,182,300	-	16,541,998	37,724,298	
Financial institutions	22,169,021	276,514	221,506	1,326,482	23,993,523	
Retail	-	15,991,443	-	-	15,991,443	
	25,509,721	37,450,257	221,506	156,976,090	220,157,574	
Concentration by location						
Jamaica	14,371,143	17,600,050	221,506	117,013,023	149,205,722	
North America	2,837,233	121,283	-	19,773	2,978,289	
Trinidad and Tobago	7,891,049	18,651,925	-	9,075,666	35,618,638	
Dominican Republic	99,184	1,064,756	-	20,268,376	21,432,316	
Other	311,112	12,243	-	10,599,252	10,922,609	
	25,509,721	37,450,257	221,506	156,976,090	220,157,574	



#### (expressed in Jamaican dollars unless otherwise indicated)

(iii) The Group monitors concentrations of credit risk by sector and by geographic location. An analysis



Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

#### (b) Credit risk (continued)

Exposure to credit risk (continued)

	The Group					
			2015			
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Concentration by sector						
Government of Jamaica	-	-	-	107,022,013	107,022,013	
Other sovereign bonds	-	-	-	4,821,519	4,821,519	
Bank of Jamaica	2,384,354	-	-	11,627,701	14,012,055	
Corporate	-	10,356,563	-	14,494,644	24,851,207	
Financial institutions	16,288,034	9,067,248	272,596	19,260,880	44,888,758	
Retail	-	12,500,732	-	-	12,500,732	
	18,672,388	31,924,543	272,596	157,226,757	208,096,284	
Concentration by location						
Jamaica	6,114,941	15,040,060	272,596	129,339,138	150,766,735	
North America	2,593,080	-	-	943	2,594,023	
Trinidad and Tobago	9,964,367	16,884,483	-	6,758,438	33,607,288	
Other	-	-	-	21,128,238	21,128,238	
	18,672,388	31,924,543	272,596	157,226,757	208,096,284	

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

# JMMB GROUP LIMITED

#### Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

(b) Credit risk (continued)

#### Collateral and other credit enhancements held against financial assets

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 (2015: no collateral held).



# Notes to the Financial Statements 31 March 2016

dollars unless otherwise indicated) (expressed in Jamaican

# Fin: (b) 28.

assets (continued) held against financial

and borrowers þ against loans held of collateral and other security enhancements fair value of the Financial Risk Management (Continued)
b) Credit risk (continued)
Collateral and other credit enhancements he An estimate, made at the time of borrowing, of others is shown below:

		The Group	iroup			The Company	any	
	Loans and notes	nd notes			Loans and notes	otes		
	Vianal		resale agreements	elliellis	receivable		Resale agreements	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$,000	\$'000	\$'000
Against neither past due nor impaired financial assets:								
Cash secured	3,397,258	3,577,518			5,680,469	I	513,436	'
Property	19,788,212	19,300,979				ı	ı	'
Debt securities	3,935,588	2,614,018	231,117	294,036	ı	ı	ı	ı
Liens on motor vehicles	3,120,319	2,206,460			ı	ı		
Equities	203,025	188,889			,	ı	·	
Other	6,944,074	8,051,983	I	I	I	I	I	I
Subtotal	37,388,476	35,939,847	231,117	294,036	5,680,469		513,436	•
Against past due but not impaired financial assets:								
Cash secured	239,768	32,703	ı	ı		ı	ı	'
Property	4,432,887	1,931,468	ı	ı	ı	ı	ı	
Liens on motor vehicles	706,229	373,040	'	'	ı	ı	ı	'
Debt securities	633,636	ı	ı	ı	ı	ı	ı	
Other	1,321,726	305,504	I	ı	ı	I	I	'
Subtotal	7,334,246	2,642,715						
Against past due and impaired financial assets:								
Property	1,119,103	784,312	ı	ı	ı	I	I	
Liens on motor vehicles	201,382	40,754	I	ı	I	I	I	ı
Other	ı	342,118	I	ı	ı	I	I	I
Subtotal	1,320,485	1,167,184						
Total	46,043,207	39,749,746	231,117	294,036	5,680,469		513,436	•

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet 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 has 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 includes:

- funding if required;
- 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.





(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

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as



Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

#### Liquidity risk (continued) (C)

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.

			2016		
			The Group		
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Customer deposits	24,915,138	4,679,161	12,218,962	41,813,260	41,296,373
Due to other banks	-	-	652,622	652,622	499,166
Securities sold under agreements to repurchase	106,023,154	28,329,639	17,525,010	151,877,803	149,262,369
Notes payable	2,388,652	91,907	2,004,976	4,485,535	4,414,355
Redeemable preference shares	-	-	8,676,645	8,676,645	8,556,784
Payables	1,772,308	-	-	1,772,308	1,772,308
	135,099,252	33,100,707	41,078,215	209,278,174	205,801,355

			2015		
			The Group		
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Customer deposits	10,845,973	15,115,275	14,682,905	40,644,153	38,463,504
Due to other banks	82,569	-	477,195	559,764	435,032
Securities sold under agreements to repurchase	114,051,059	27,427,167	5,309,502	146,787,728	144,501,658
Notes payable	145,312	421,705	3,117,170	3,684,187	3,644,384
Redeemable preference shares	-	-	4,256,259	4,256,259	4,228,705
Payables	2,362,486	-	-	2,362,486	2,362,486
	127,487,399	42,964,147	27,843,031	198,294,577	193,635,769

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

#### **Financial Liabilities**

Redeemable preference shares	
Due to subsidiary	
Payables	

#### (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 fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return on risk.

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

- which there is severe market illiquidity for a prolonged period;
- positions during the trading day;

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.



2016					
	TI	he Company			
Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount	
\$'000	\$'000	\$'000	\$'000	\$'000	
-	-	7,177,600	7,177,600	7,087,425	
4,709,588	-	-	4,709,588	4,709,588	
3,154	-	-	3,154	3,154	
4,712,742	-	7,177,600	11,890,342	11,800,167	

 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

• 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

 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.



Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

#### Market risk (continued) (d)

A summary of the VaR position of the Group's overall portfolio as at 31 March 2016 and during the year then ended is as follows:

	31 March	Average for Year	Maximum during Year	Minimum during Year
	\$'000	\$'000	\$'000	\$'000
2016 Overall VaR	1,636,510	2,194,863	4,688,218	739,638
2015 Overall VaR	2,125,891	3,137,163	8,839,834	1,259,592

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

#### (i) Currency risk

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

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

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

	The G	roup
	2016	2015
	\$'000	\$'000
United States dollars	10,870,326	(3,088,699)
Great Britain pounds	( 38,827)	202,528
Euros	64,676	64,781
Trinidad and Tobago dollars	425,560	281,300
Canadian dollars	46,390	( 89,161)

# **JMMB GROUP LIMITED**

Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 28. 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 the estimated effect of changes in rates on profit for the year. The change in currency rates below represents management's assessment of a reasonably possible change in foreign exchange rates at the reporting date:

Currency:
USD
GBP
EUR
CAD
TT\$

#### (ii) Interest rate risk

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

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

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



	The Group					
Change in Currency Rate 2016	Effect on Profit 2016	Change in Currency Rate 2015	Effect on Profit 2015			
%	\$'000	%	\$'000			
6	646,820	5	(154,435)			
6	( 2,330)	5	10,126			
6	3,881	5	3,239			
6	25,534	5	( 4,458)			
6	2,783	5	14,065			
	676,688		(131,463)			



Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

#### (d) Market risk (continued)

#### (ii) Interest rate risk (continued)

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

## JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

#### (d) Market risk (continued)

#### (ii) Interest rate risk (continued)

			2015			
			The Grou	qu		
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Non Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash and cash equivalents	18,672,388	-	-	-	-	18,672,388
Loans and notes receivable	3,904,342	17,291,371	1,557,683	7,080,862	2,090,285	31,924,543
Securities purchased under agreements to resell	272,596	-	-	-	-	272,596
Investment securities	23,427,116	7,891,509	9,463,489	115,804,256	640,387	157,226,757
Total financial assets	46,276,442	25,182,880	11,021,172	122,885,118	2,730,672	208,096,284
Financial Liabilities						
Deposits	30,617,388	2,411,024	871,810	211,021	4,352,261	38,463,504
Due to other financial institutions	-	-	80,511	354,521	-	435,032
Securities sold under agreements to repurchase	108,181,890	16,393,302	15,228,360	4,698,106	-	144,501,658
Notes payable	-	-	-	3,644,384	-	3,644,384
Redeemable preference shares	4,228,705	-	-	-	-	4,228,705
Other payables	-	-	-	-	2,362,486	2,362,486
Total financial liabilities	143,027,983	18,804,326	16,180,681	8,908,032	6,714,747	193,635,769
Total interest sensitivity gap	( 96,751,541)	6,378,554	( 5,159,509)	113,977,086	( 3,984,075)	14,460,515
Cumulative interest sensitivity gap	( 96,751,541)	(90,372,987)	(95,532,496)	18,444,590	14,460,515	





Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

#### (d) Market risk (continued)

#### (ii) Interest rate risk (continued)

			2016			
			The Comp	bany		
	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 2015:						
Financial Assets						
Cash and cash equivalents	7,623	-	-	-	-	7,623
Loans and notes receivable	-	5,680,469	-	-	-	5,680,469
Securities purchased under agreements to resell	506,956	-	-	-	-	506,956
Investment securities	-	900,648	-	-	18,908	919,556
Total financial assets	514,579	6,581,117	-	-	18,908	7,114,604
Financial Liabilities						
Redeemable preference shares	-	-	-	7,087,425	-	7,087,425
Other payables	-	-	-	-	3,154	3,154
Due to subsidiary	-	-	-	-	4,709,588	4,709,588
Total financial liabilities	-	-	-	7,087,425	4,712,742	11,800,167
Total interest sensitivity gap	514,579	6,581,117	-	(7,087,425)	(4,693,834)	( 4,685,563)
Cumulative interest sensitivity gap	514,579	7,095,696	7,095,696	8,271	(4,685,563)	

### **JMMB GROUP LIMITED**

## Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

- (d) Market risk (continued)
  - (ii) Interest rate risk (continued)

#### Interest rate sensitivity

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

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

Change in basis points
JMD/USD
-100/-50
+ 250/+200

#### 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 \$52,979,541 (2015: \$15,565,736) for the Group.



		The Group	
2016	6	201	5
Effect on Profit 2016 \$'000	Effect on Equity 2016 \$'000	Effect on Profit 2015 \$'000	Effect on Equity 2015 \$'000
(313,393)	4,128,923	(245,879)	3,669,976
362,669	(5,972,124)	613,751	(10,386,868)



Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

#### (e) Operational risk

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

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

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

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

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

# JMMB GROUP LIMITED

Notes to the Financial Statements

#### 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

#### (f) Capital management

requirements for various entities.

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.

Regulatory Authorities at stipulated intervals.

The regulated authorities requires each regulated entity to:

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

Certain subsidiaries regulatory capital is divided into two tiers:

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

varying levels of risk attached to assets and off-balance sheet exposures.

(JMMBITT).

companies within the Group for the years ended 31 March 2016 and 31 March 2015.



- The Company and its subsidiaries have regulatory oversight from several regulators that imposes capital
- The objectives when managing capital, which is a broader concept than the 'equity' on the face of the

- Capital adequacy and the use of regulatory capital are monitored monthly by the Group's management based on the guidelines developed by the Financial Services Commission (FSC), Jamaica Stock Exchange (JSE) and the Risk Management Unit. The required information is filed with the respective
- The risk-weighted assets are determined according to specified requirements that seek to reflect the
- The regulated companies within the Group with prescribed capital requirements are Jamaica Money Market Brokers Limited (JMMB), JMMB Securities Limited (JMMBSL), JMMB Fund Managers (JMMBFM), JMMB Insurance Brokers Limited (JMMBIB), JMMB Money Transfer Limited (JMMBMT), JMMB Puesto de Bolsa, Banco Rio De Ahorro Y Credito JMMB Bank S.A (JMMBBR), JMMB Sociedad Administradora De Fondos De Inversion, S.A. (SAFI), JMMB Merchant Bank Limited (JMMBMB), Intercommercial Bank Limited (IBL), Intercommercial Trust and Merchant Bank Limited (ITMBL), JMMB Investment (Trinidad and Tobago) Limited (JMMBTT) and JMMB Securities (Trinidad and Tobago)
- The table below summarises the composition of regulatory capital and the ratios of the regulated
- There have been no material changes in the Group's management of capital during the period.



Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

#### (f) Capital management (continued)

	JMMI	В	JMMB	SL	JMM	IBIB
-	2016 J\$'000	2015 J\$'000	2016 J\$'000	2015 J\$'000	2016 J\$'000	2015 J\$'000
Tier 1 capital	14,764,928	14,604,539	595,088	281,230	89,716	85,672
Tier 2 capital	5,659,712	1,175,487	-	-	-	-
Total regulatory capital	20,424,640	15,780,026	595,088	281,230	89,716	85,672
Risk-weighted assets:						
On-balance sheet	112,754,966	107,386,100	563,165	281,954	-	-
Foreign exchange exposure	8,893,446	4,427,356	144,084	151,304	-	-
Total risk-weighted assets	121,648,412	111,813,456	707,249	433,258	-	-
Actual regulatory capital to risk weighted assets	17%	14%	84%	65%	-	-
= Required regulatory capital to risk weighted assets =	10%	10%	10%	10%		-
	ІТМВІ	L	IBL		JMM	BMB
-	2016	2015	2016	2015	2016	201
	TT\$'000	TT\$'000	TT\$'000	TT\$'000	J\$'000	J\$'00(
Regulatory capital –						
Tier 1 capital	23,474	23,036	119,706	109,125	5,042,706	4,581,86
Tier 2 capital	130	304	73,401	72,358	116,256	81,25
Total regulatory capital	23,604	23,340	193,107	181,483	5,158,962	4,663,12
Total required capital	-	-	-	-	2,727,020	2,687,18
= Risk-weighted assets –						
On balance sheet	26,142	39,698	1,036,792	915,240	24,542,968	24,629,073
Off balance sheet	-	-	-	-	2,163,428	1,403,27
Foreign exchange exposure	-	-	-	-	563,802	839,48
-	26,142	39,698	1,036,792	915,240	27,270,198	26,871,84
=						
= Actual regulatory capital to risk weighted assets	90%	59%	19%	20%	19%	17%

# **JMMB GROUP LIMITED**

Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 28. Financial Risk Management (Continued)

(f) Capital management (continued)

Tier 1 capital
Tier 2 capital
Actual regulatory capital

Required level of regulatory capital

Total risk-weighted assets

Tier one capital ratio to risk-weighted assets

The increase of the regulatory capital in 2016 for JMMBFM is mainly due to the contribution of the current period profit.

- liquid profits.
- respectively.
- equivalent in Jamaican dollars in addition to satisfying certain liquidity ratios.
- management (AUM/Capital).
- million.

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



JN	IMBFM
2016	2015
\$'000	\$'000
320,357	241,378
-	-
320,357	241,378
39,512	23,392
282,225	167,085
114%	145%

(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

(iii) The capital requirement of JMMB Investments (Trinidad and Tobago) Limited and JMMB Securities (Trinidad and Tobago) Limited is to maintain a minimum capital base of TT\$15 million and TT\$5 million

(iv) JMMB Money Transfer Limited is required to maintain a minimum net worth of US\$10,000 or its

(v) The capital requirement for JMMB Sociedad Administradora De Fondos De Inversion, S.A. (SAFI) is to maintain a minimum capital base of RD\$15 million or at least 1% ratio of total asset to funds under

(vi) The capital requirement for AFP JMMB BDI S.A.is to maintain a minimum capital base of RD\$10

(vii) The capital requirement for Banco Rio De Ahorro Y Credito JMMB Bank S.A is to maintain a minimum capital to risk weighted asset (CAR) in excess of 10%. The company's CAR at 31 March was 13.3%.



Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 29. Financial Instruments – Fair Value

Definition and measurement of fair values (a)

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

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

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

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

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

There were no transfers between levels during the year.

# JMMB GROUP LIMITED

Notes to the Financial Statements 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

#### 29. Financial Instruments - Fair Value (Continued)

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

#### Type of Financial Instrument

Cash and cash equivalents, other receiva resale agreements, accounts payable, repurchase agreements, Bank of Jamaic certificates of deposit

Units in unit trusts

Non-Jamaican sovereign bonds and corp bonds

Government of Jamaica securities

Traded overseas

Other

Interest in money market fund

Loans and notes receivable

Notes payable

(c) Accounting classifications and fair values

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

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



	Method of estimating fair value
ables, ca	Considered to approximate their carrying values, due to their short-term nature
oorate	Prices quoted by unit trust managers Estimated using bid-prices published by major overseas brokers.
	Estimated using bid-prices published by major overseas brokers.
	Estimated using mid-market prices using JSDA yield curve.
	Considered to be the carrying value because of the short-term nature and variable interest rate.
	Considered to be carrying value as the coupon rates approximates the market rate.
	Considered to be carrying value as the coupon rate approximates the market rate.

(expressed in Jamaican dollars unless otherwise indicated)

# 29. Financial Instruments - Fair Value (Continued)

Antibule formation         Carrying mount         2016         Fair value           Carrying mount         Carrying mount         Carrying mount         Carrying mount         Fair value           Fair value         Carrying mount         Carrying mount         Carrying mount         Fair value         Fair value           Fair value         Carrying mount         Formation         Carrying mount         Carrying mount         Fair value           Fair value         Carrying mount         Formation         Carrying mount         Carrying mount         Fair value           Fair value         Formation         Carrying mount         Carrying mount         Carrying mount         Formation         Formation           Construction         Formation         Formation         Formation         Formation         Formation         Formation           Construction         Formation         For						Th	The Group			
Carrying arrouth At lative \$000         Carrying arrouth friewoils         Fair value from \$000         Contrough from \$000         Lowel 1         Fair value from \$000           -							2016			
Artiativation (constants)         Ar				Carryin	g amount				Fair value	
-     376,363     265,426     -     643,809     643,809       -     76,066,904     150,971     -     76,237,871     -       -     76,066,904     150,971     -     76,237,871     -     76,237,871       -     -     5,908,979     5,508,979     5,508,979     5,508,979     5,508,979     5,508,979       -     -     -     -     -     -     -     1405,864     -     76,237,871       -     -     -     -     -     -     -     -     -     76,237,871     76,       -     -     -     -     -     -     -     -     -     -     76,237,871     76,       -     -     -     -     -     -     -     -     -     76,373,77     23,327       -     -     -     -     -     -     -     -     1662,182     -     170,765       -     -     -     -     -     -     -     -     -     166,237       -     -     -     -     -     -     -     -     165,2182     -     170,765       -     -     -     -     -     -     -     16		Loan and receivables \$'000	Available- for-sale \$'000	At fair value through profit & loss account \$'000	Held to maturity \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
-       378.383       265.426       -       -       643.809       643.809       -       76.305.871       76.305.841       -       76.305.841       -       76.305.841       -       76.305.841       -       76.305.841       -       76.305.841       -       76.305.871       26.306.721<	Financial assets measured as fair									
-       11405 884       -       11405 884       -       11405 884       -       11405 884       -       11405 884       11         -       5 908,970       150,371       -       76,237,871       -       76,237,871       76,         -       5 908,970       1,652,182       -       -       1,652,182       -       1,652,182       -       1,652,182       -       1,652,182       -       1,652,182       -       1,652,182       -       1,652,182       -       1,652,182       -       1,652,182       -       1,652,182       -       1,652,182       -       1,652,182       -       -       428,173       -       -       4428,173       -       -       4428,173       -       -       -       4428,173       -       -       -       428,179       53,83706       -       -       428,179       53,83706       -       -       428,179       -       <	value Ordinary shares quoted		378,383	265,426			643,809	643,809	'	643,809
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	Certificates of Deposit	I	11,405,864		I		11,405,864	1	11,405,864	11,405,864
-       5,908,979       5,       5,908,979       5,         -       -       4,382,173       -       1,652,182       -       4,428,173       -       4,428,173       -       4,428,173       -       4,428,173       -       4,428,173       -       4,438,173       -       4,438,173       -       4,438,173       -       -       4,438,173       -       -       4,438,173       -       -       4,438,173       -       -       4,438,173       -       -       4,438,173       -       -       4,438,173       -       -       4,438,173       -       -       4,438,173       -       -       4,438,173       -       -       4,438,173       -       -       4,438,173       -       -       4,438,173       -       -       4,438,173       -       -       4,438,173       -       -       4,438,173       -       -       -       4,438,173       -       -       -       166,182       -	Government of Jamaica Securities Government of Jamaica		76,086,900	150,971	ı	I	76,237,871	ı	76,237,871	76,237,871
1.652.182       1.717.162       2.84.079       2.84.099       1.24.397.666       1.24.397.666       1.24.307.666       1.24.307.656       1.24.307.656       1.24.307.656       1.24.307.656	auaranteed	1	5.908.979	I	ı	ı	5.908.979	'	5.908.979	5.908.979
-       4,382,501       45,672       -       -       4,28,173       -       4,428,173       -       4,428,173       -       4,428,173       -       4,428,173       -       -       4,428,173       -       -       4,428,173       -       -       4,428,173       -       -       -       -       584,079       -       -       584,079       -       -       584,079       -       -       584,079       -       -       584,079       -       -       584,079       -       -       584,079       -       -       166,038       -       -       170,765       -       170,765       -       170,765       -       170,765       -       170,765       -       170,765       -       170,765       -       170,765       125,509,721       -       245,509,721       -       25,509,721       -       245,509,721       -       170,765       125,506       345,206       -       126,506       345,206       -       126,506       345,206       -       126,506       345,206       -       126,506       345,206       -       126,506       345,206       -       126,506       345,206       -       345,206       345,206       -       345,206	Credit default swap	ı		1,652,182		'	1,652,182	'	1,652,182	1,652,182
-         23823,705         -         23823,705         -         23823,705         23           -         166,079         -         564,079         -         564,079         -         23823,705         23           -         170,765         -         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         166,039         -         170,765         -         170,765         -         170,765         -         170,765         -         170,765         -         136,23         -         136,23         -         136,42         -         136,42         -         136,42         -         136,42         -         136,42         -         136,42         -         136,42         -         136,42         -         136,42         -         136,42	Corporate bonds	I	4,382,501	45,672	I	I	4,428,173	I	4,428,173	4,428,173
584,079         584,079 <t< td=""><td>Foreign Government Securities</td><td>'</td><td>23,823,705</td><td></td><td>·</td><td></td><td>23,823,705</td><td>·</td><td>23,823,705</td><td>23,823,705</td></t<>	Foreign Government Securities	'	23,823,705		·		23,823,705	·	23,823,705	23,823,705
100,008         100,008         100,005 <t< td=""><td>Money market funds</td><td>ı</td><td>584,079</td><td>I</td><td>I</td><td>I</td><td>584,079</td><td>I</td><td>584,079</td><td>584,079</td></t<>	Money market funds	ı	584,079	I	I	I	584,079	I	584,079	584,079
-         170,100         -         -         170,100         -         - <td>Units in Unit Trust</td> <td>I</td> <td>186,038</td> <td>I</td> <td>I</td> <td>ı</td> <td>186,038</td> <td>ı</td> <td>186,038</td> <td>186,038</td>	Units in Unit Trust	I	186,038	I	I	ı	186,038	ı	186,038	186,038
25,509,721         -         123,509,721         -         25,509,721         -         25,509,721           25,509,721         -         -         221,506         -         221,506         -         -         245,297           25,509,721         -         -         9,538,595         -         221,506         -         -         245,297           345,297         -         -         9,538,595         -         -         345,297         -         -         345,297           18,555,833         -         -         9,538,595         -         -         18,538,395         -         -         16,928,333         -         -         16,928,333         -         -         16,928,333         -         -         16,928,333         -         -         16,928,333         -         -         16,928,333         -         -         -         16,928,333         -         -         -         -         -         -         16,928,333         -	Other	'	C0/'0/I	- 444 064			1/0/102	- 000 613	C0/'0/L	C0//0/L
25,509,721 - 25,5 221,506 - 9,538,595 - 25,5 345,297 - 9,538,595 - 18,5 345,297 - 9,538,595 - 18,5 18,535,833 - 9,538,595 - 3,3 18,535,833 - 9,538,595 - 3,3 3,308,415 - 9,7,897 - 3,3 3,308,415 - 3,308,415 - 3,3 3,308,415 - 9,538,595 - 3,3 3,308,415 - 1,7 3,308,415 - 9,538,595 - 3,3 3,308,415 - 9,538,595 - 3,3 3,308,415 - 1,7 3,308,415 - 1,7 4,12,01,238 - 1,7 1,772,308 1,17 1,772,308 1,17 1,772,700 2,71,31 1,772,700 2,71,31 1,772,700 2,71,31 1,772,700 2,71,31 1,772,700 2,71,31 1,772,700 2,713 1,772,700 2,713		•	122,921,214	2,114,251	•		125,041,465	643,809	124,397,656	125,041,465
25,509,721       -       -       -       25,5         345,297       -       -       -       25,5         345,297       -       -       -       25,5         345,297       -       -       -       26,5         345,297       -       -       -       26,9         345,297       -       -       9,538,595       -       9,9         18,535,833       -       -       97,897       -       -       3,3         3,308,415       -       -       97,897       -       -       3,3         3,308,415       -       -       97,897       -       -       3,3         3,308,415       -       -       -       -       3,3       -       -       3,3         13,642       -       -       -       -       -       3,3       -       -       3,3         1,790,257       -       -       -       -       -       -       -       -       1,1       -       -       1,1       -       -       1,1       -       -       1,1       -       -       -       1,1       -       -       -       1,1	Financial assets not measured at fair value									
221,506	Cash and cash equivalents	25,509,721	ı	ı	ı	'	25,509,721			
221,506       - </td <td>Security purchased under</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Security purchased under									
343,537       9,538,595       9,538,595       9,5,8,595       9,5,8,595       9,5,8,595       9,5,8,595       9,5,8,595       9,5,8,595       9,5,8,595       9,5,8,595       9,5,8,595       9,5,8,595       9,5,8,595       9,3,30       1,3,42       1,3,42       1,3,42       3,3,08,415       1,3,42       3,3,308,415       1,3,42       3,3,308,415       1,3,42       1,3,42       1,3,42       3,3,415       1,3,42       3,3,415       1,3,42       3,3,415       1,3,42       3,3,415       1,3,42       3,3,415       1,3,42       3,3,415       1,3,42       3,3,415       1,1,7       3,3,415       1,1,7       1,7,7       3,41,21       4,44       4,45       4,45       4,55       4,45       4,45       4,45       4,55       4,45       4,55       4,45       4,45 <td>agreement to resell</td> <td>221,506</td> <td>I</td> <td>I</td> <td>·</td> <td>ı</td> <td>221,506</td> <td></td> <td></td> <td></td>	agreement to resell	221,506	I	I	·	ı	221,506			
18,535,833       -       -       -       18,5         94,946       -       -       97,897       -       18,5         3,308,415       -       -       97,897       -       3,3         13,642       -       -       97,897       -       3,3         13,642       -       -       -       3,7         17,791,238       -       -       -       -       1,7         87,270,855       -       -       9,636,492       -       -       1,7         -       -       -       -       -       -       -       1,7         -       -       -       -       -       -       -       -       1,7         -       -       -       -       -       -       -       -       1,7         -       -       -       -       -       -       -       -       1,7         -       -       -       -       -       -       -       -       -       -       1,7         -       -       -       -       -       -       -       -       -       -       -       -       - <td>Certificates of Deposit Credit link note</td> <td>040,297</td> <td></td> <td>I</td> <td>0 538 505</td> <td></td> <td>0538595</td> <td></td> <td></td> <td></td>	Certificates of Deposit Credit link note	040,297		I	0 538 505		0538595			
94,946 - 97,897 - 3,3 3,308,415 - 97,897 - 3,3 13,642 - 37,4 37,450,257 - 9,636,492 - 37,4 1,791,238 - 9,636,492 - 96,5 87,270,855 - 9,636,492 - 9,636,492 - 1,7 - 1,772,308 1,7 1,772,308 1,7 201,387,000 201,3	Government of Jamaica Securities	18,535,833	ı	ı	-	ı	18,535,833			
a 3,308,415 - 3,3 13,642 - 37,4 37,450,257 7,17 1,791,238 - 9,636,492 - 9,637,4 87,270,855 - 9,636,492 - 9,63,492 - 1,7 at measured - 4,4 at measured - 4,4	Sovereign bonds	94,946	ı	'	97,897	'	192,843			
3,308,415 3,3 13,642 3,7 13,642 3,7 1,791,238	Government of Jamaica									
37,450,257       -       -       -       37,450,257         1,791,238       - <t< td=""><td>guaranteed</td><td>3,308,415</td><td>ı</td><td>'</td><td></td><td>·</td><td>3,308,415</td><td></td><td></td><td></td></t<>	guaranteed	3,308,415	ı	'		·	3,308,415			
37,450,257       -	Other corporate bonds	13,642					13,642			
s not measured 87,270,855 - 9,636,492 - 9,636,492 - 9,636,492 - 9,636,492 - 9,636,492 - 9,00,000 - 0,0	Cuther receivable	1 701,230	I	I	I	I	37,450,257 1 701 238			
s not measured =		87 270 855			9 636 492		96 907 347			
ence shares	Financial liabilities not measured				() ()					
ence shares	at fair value									
ence shares - 499,166 ence shares - 499,166 - 8,556,784 - 1,772,308 - 149,262,369 - 201,387,000 20	Customer deposits		I	ı	ı	41,296,373	41,296,373			
reference shares - 8,556,784 - 1,772,308 under agreements to - 149,262,369 14 201,387,000 20	Due to other banks		I	'		499,166	499,166			
under agreements to 1,772,308 149,262,369 14 201,387,000 20	Redeemable preference shares		ı	ı	ı	8,556,784	8,556,784			
149,262,369 201,387,000	Other liabilities		1	'		1,772,308	1,772,308			
- 149,002,309 201,387,000	Securities sold under agreements to									
- 201,387,000	repurcnase		I			149,262,369	149,262,369			
				•		201,387,000	201,387,000			

# JMMB GROUP LIMITED

Notes to the Financial Statements **31 March 2016** (expressed in Jamaican dollars unless otherwise indicated)

29. Financial Instruments - Fair Value (Continued)

						2			
1					2015				
1			Carrying amount	ount				Fair value	0
	Loan and receivables &^000	Available-   for-sale	At fair value through profit & loss account \$^000	Held-to- maturity \$1000	Other financial liabilities	Total ¢≀nnn	Level 1 \$1000	Level 2 \$1000	Total \$2000
Financial assets measured as fair		>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>	<b>→</b>	>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>	>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>	>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>	<b>→</b>	• •	→ →
value									
Ordinary shares quoted	•	310,937	50,362 40.056	1		361,299	361,299		361,299
Ordinary snare unquoted	•		12,900	1	I	12,900	I	12,930	12,930
Certificate of Deposit	•	72 270 201		•		72 204 005		72 201 005	72 204 005
Government of Jamaica Government of Jamaica	ı	10,019,091	-, -	I	I	coo,1 oc.c /			coo,100,07
guaranteed	,	4.951.841	I	'	I	4.951.841	I	4.951.841	4.951.841
Credit default swan	ı		469 145	,	I	469 145	ı	469 145	469 145
Corporate Bonds		8.504.821	144.238	'	,	8.649.059	'	8.649.059	8.649.059
Foreign Government Securities	1	16,750,687	1 576 640	'	,	18,327,327	'	18,327,327	18.327.327
Money Market Funds		440,819		'	,	440,819	'	440,819	440,819
Units in Unit Trust	'	75,268	ı	'	ı	75,268	ı	75,268	75,268
Other		579,586	I	ı	I	579,586	I	579,586	579,586
	•	117,285,460	2,254,955	•	•	119,540,415	361,299	119,179,116	119,540,415
Financial assets not measured									
at fair value									
Cash and cash equivalent	18,672,388		ı	'	ı	18,672,388			
Security purchased under									
agreement to resell	272,596	I	I	ı	I	272,596		272,596	
Government of Jamaica Securities	22,433,743	I	I	1	I	22,433,743		24,357,087	
Credit link note		'	ı	8,803,785		8,803,785			
Other sovereign bonds	213,053	'		54,030	'	267,083		83,357	
Corporate bonds	6,181,731			'	1	6,181,731		6,272,813	
Loans receivable	31,924,543	'	ı	'	1	31,924,543			
Other receivable	1,245,160	1	I	I	I	1,245,160			
	80,943,214			8,857,815		89,801,029			
Financial liabilities not measured									
at fair value									
Customer deposits	'	I	ı	'	38,463,504	38,463,504			
Due to other banks		'	'	'	435,032	435,032			
Redeemable preference shares	'	1	ı	'	4,228,705	4,228,705			
Other liabilities	'	1	ı	'	2,362,486	2,362,486			
Securities sold under agreements to					144 501 658	144 501 658			
		'		'	100,001,000	100,100,100			
	•	•		•	102, 72, 200	100, 100, 200			







Notes to the Financial Statements

31 March 2016

otherwise indicated) (expressed in Jamaican dollars unless

# Value (Continued) Fair Financial Instruments

29.

			The	The Company		
				2016		
		Carrying amount	mount		Fair	Fair value
	Loan and receivables	Available- for-sale \$*000	Other financial sonno	Total \$'000	Level 2 \$*000	Total \$*000
Financial assets measured as fair						
value Certificates of deposit Ordinary share unquoted		900,648 18,908		900,648 18,908	900,648 18,908	900,648 18,908
		919,556		919,556	919,556	919,556
Financial assets not measured at fair value						
Cash and equivalents	7,623	ı	I	7,623		
Security purchased under agreement to resell	506,956	,	I	506,956		
Loans receivable	5,680,469	'	ı	5,680,469		
Other receivable	9,537			9,537		
	6,204,585	ı	ı	6,204,585		
Financial liabilities not measured at fair value						
Redeemable preference shares			7,087,425	7,087,425		
Other liabilities		ı	3,154	3,154		
Due to fellow subsidiaries	I	I	4,709,588	4,709,588		

11,800,167

11,800,167

# **JMMB GROUP LIMITED**

Notes to the Financial Statements 31 March 2016 (expressed in Jamaican dollars unless otherwise indicated)

#### 30. Post-employment Benefits

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

The fund is administered by trustees and the assets are held separately from those of the Group. Under the rules of the Fund, an actuarial valuation should be carried out by the appointed actuaries every three years. An actuarial valuation of the fund was done as at 31 December 2014 by ACTMAN International Limited, independent actuaries. The valuation report revealed a funding surplus.

The pension benefit is the annuity that can be purchased by the amount standing to the credit of the member's account at the date of retirement.

The Trinidadian subsidiaries operates a two tiered defined contribution plan which is in compliance with the provisions of the Income Tax Act of Trinidad & Tobago section 134(6). Under the terms of employment, the entities are obligated to contribute on behalf of all eligible employees an amount of 10% of the employees' pensionable salary directly to the plan. In addition, all eligible employees contribute an amount of 5% of their pensionable salary to individual annuities.

The contributions for the year amounted to \$144,145,000 (2015: \$128,062,000) for the Group.

#### 31. Managed Funds

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

At 31 March 2016, funds managed in this way by the Group amounted to \$85,577,544,000 (2015:\$58,664,469,000) which includes assets of the Group's pension fund (Note 30), amounting to \$1,907,779,000 (2015: \$1,540,631,000) for the Group. The financial statements included the following assets held in (liabilities payable to) the managed funds:

Investments Interest payable Securities sold under agreements to repurchase Customer deposits





The Group				
	2016		2015	
	\$'000		\$'000	
	584,079		440,819	
(	2,963)	(	57,018)	
(36	(36,458,195)		,578,798)	
(2	,163,420)	(1	,597,611)	



Notes to the Financial Statements **31 March 2016** (expressed in Jamaican dollars unless otherwise indicated)

#### 32. Contingencies and Commitments

#### **Operating leases**

The Group has entered into several lease agreements for rental of offices. The amount charged to profit or loss during the year is \$244,979,000 (2015: \$220,925,000).

The total annual commitment to be paid is as follows:

	The C	The Group	
	2016 \$'000	2015 \$'000	
2015	180,529	253,345	
2016	164,087	158,542	
2017	151,154	150,932	
2018	150,083	117,339	
2019	132,179	117,077	
Over 5 years	492,649	634,997	





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