

# JMMB GROUP LIMITED

First Quarter Highlights

**Three-month period ended 30 June 2019**

(Expressed in Jamaican dollars unless otherwise indicated)

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## DIRECTORS' STATEMENT

### PERFORMANCE HIGHLIGHTS

Net Operating Revenue	J\$5.84 billion, grew by 25%
Net Interest Income	J\$2.20 billion, up 6%
Net Profit	J\$1.12 billion, up 17%
Earnings per Stock Unit	J\$0.68, up from J\$0.57

The Directors are pleased to announce that the JMMB Group posted net profit of J\$1.12 billion and earnings per share of J\$0.68 for the three months ended 30 June 2019.

### GROUP CEO'S COMMENTARY

The JMMB Group recorded strong growth in profitability for its first quarter ended June 30, 2019. This was attributable to the optimization of our financial partnership strategy as well as further enhancement of our client experience. The Group also implemented initiatives to enhance our sales strategy, thus enabling us to deepen relationships with our existing clients. Additionally, we continued to grow our client base especially in our less mature markets in the Dominican Republic and Trinidad & Tobago.

Over the quarter we continued our efforts to standardize the core operating platforms, systems and processes supporting our core business lines in an effort to yield greater efficiencies and achieve improved client experience over the medium term.

As a pioneering financial institution, we are always seeking opportunities that will add value to our stakeholders. Thus, on May 16, 2019, we announced the acquisition of a minimum 20% equity stake in Sagicor Financial Corporation. This will give the Group a unique opportunity to participate in the future growth of a market leader in the Caribbean insurance and asset management sectors. We are confident that having such a stake in a regional market leader will augur well for the future growth and financial performance of the JMMB Group. This acquisition will be accretive to the Group, resulting in increased net earnings attributable to ordinary shareholders.

We remain committed to executing the Group's strategic initiatives throughout the financial year as we continue to focus on improving operational efficiency and growing core revenues which will ensure that we continue to further maximize shareholders' value.

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Three-month period ended 30 June 2019

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## GROUP FINANCIAL PERFORMANCE

### Net Operating Revenue

The JMMB Group posted net operating revenue of J\$5.84 billion for the three months ended June 30, 2019. This represented a 25% growth or J\$1.18 billion when compared to the comparable period last year, and resulted from increases in net gains on securities trading, FX trading gains, fees and commission income and net interest income.

Net gains on securities trading grew by 35% to J\$2.16 billion as change in the Fed's outlook resulted in a rally in emerging market assets and by extension increased trading activities.

Foreign exchange trading gains increased by 45% or J\$230 million to J\$744.7 million because of increased trading volume and growth in regional markets.

Fees and commission income was 53% higher at J\$736.8 million due to significant growth in managed funds and collective investment schemes across the Group.

Net interest income grew by 6% to J\$2.20 billion as there was strong growth in the loan and investment portfolios.

### Segment Contribution

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

Net Operating Revenue	J\$'000	Contribution (%)
Financial & Related Services	3,968,128	68%
Banking & Related Services	1,823,871	31%
Other	51,650	1%
<b>Total</b>	<b>5,843,648</b>	<b>100%</b>

Financial and Related Services contributed J\$3.97 billion or 68% of net operating revenue. This reflected a 46% growth when compared to the prior period and was on account of improved trading activities. The Banking & Related Services segment contributed J\$1.82 billion compared to J\$1.91 billion in the prior period. Even though, there was strong growth in the loan book which translated into increased net interest income as well as growth in FX trading gains, these were offset by a reduction in securities sold.

### Operating Efficiency

Operating expenses for the reporting period amounted to J\$3.84 billion which was 15% higher than the prior period. This growth was attributed primarily to continued expansion of commercial banking services in Jamaica and JMMB Express in Trinidad and Tobago as well as project related activities centred on process optimization. Nevertheless, the Group's efficiency ratio improved to 66% compared to 72% in the prior period. The Group will continue to focus on extracting operational efficiency from all entities through the launch of its standardization and process improvements project.

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### GROUP FINANCIAL POSITION

#### Total Assets

At the end of the reporting period, the JMMB Group's asset base totalled J\$351.39 billion, up J\$31.35 billion or 10% relative to the start of the financial year. This was mainly on account of a larger loan and investment portfolio as well as a higher cash balance. The investment portfolio increased by 7% to J\$220.71 billion, while loans and advances grew by 8% to J\$73.31 billion. The credit quality of the loan portfolio continued to be comparable to international standards.

Growth in the asset base over the three-month period was funded by increases in customer deposits and repos. Customer deposits increased by J\$12.42 billion or 19% to J\$76.36 billion, while repos grew by J\$11.81 billion or 7% to J\$175.71 billion.

#### Capital

Over the three-month period, shareholders' equity increased by 9% to J\$33.99 billion. This was on account of substantial net profit generated over the period as well as a rebound in emerging market bond prices. Thus, the Group continued to be adequately capitalized and all individually regulated companies within the Group continued to exceed their regulatory capital requirements. The performance of the major subsidiaries is shown in the table below.

Company	Regulatory Measure	Minimum Requirement	30-Jun-19
Jamaica Money Market Brokers Limited	Regulatory capital to risk weighted assets ratio	10%	23.76%
JMMB Bank (Ja) Limited	Regulatory capital to risk weighted assets ratio	10%	10.96%
JMMB Bank (T&T) Limited	Regulatory capital to risk weighted assets ratio	10%	15.34%
JMMB Securities Limited	Net free capital	J\$62.2 million	J\$653 million
JMMB Puesto de Bolsa, S.A.	Regulatory capital to risk weighted assets ratio	15.50%	100%

#### Off-Balance Sheet Funds under Management

In alignment with the Group's strategy to provide complete, customized financial solutions for each client, we experienced growth in our off-balance sheet products which include pension funds, unit trusts and money market funds. The total invested in off-balance sheet products as at the end of June 2019 stood at J\$133.51 billion compared to J\$125.33 billion as at end of June 2018.

# JMMB GROUP LIMITED

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### The JMMB Group in the Community

JMMB Group seeks to establish genuine links between the organization and the wider society, in keeping with its commitment to help others to realize their greatness. As such, JMMB Group is committed to being actively supporting entrepreneurial, environmental and educational initiatives, national development and community outreach efforts.

The JMMB Joan Duncan Foundation in **Jamaica**, during the period, focused primarily on sporting development, transformational leadership and environmental sustainability projects. The annual Joan Duncan Memorial Lecture was held under the theme, 'Reducing Corruption and its Impact on Jamaica's Development,' in collaboration with the Joan Duncan School of Entrepreneurship, Ethics & Leadership (JDSEEL) at University of Technology, Jamaica. The lecture, which honours the life and legacy of JMMB co-founder, Joan Duncan, was delivered by Jeanette Calder, civil society advocate and Executive Director of the Jamaica Accountability Meter Portal (JAMP). Additionally, the Foundation remains committed to national development through sports and education, as evidenced by its continued financial support of the Jamaica Football Federation's (JFF) development programmes and the UWI, through an endowment. This endowment provides scholarships for students at the Mona School of Business and Management (MSBM); funding for research undertaken by the school; and for academic development. Furthermore, the Foundation continues to roll out its national project, Conversations for Greatness (CFG), in collaboration with the Ministry of Education; in over 80 schools island-wide, reaching almost 5000 individuals, and other civic society stakeholders. The project has assisted in: the reduction in absenteeism; improved academic performance; greater synergies among the teachers and administrators; and increased parental involvement, at schools in the programme. The JMMB Joan Duncan Foundation also came on board as a sponsor of the 2018/19 LASCO REAP competition - a tree planting and recycling competition in schools.

In the **Dominican Republic**, the team remains committed to partnering with UNPHU Emprende, the Entrepreneur division of the Universidad Nacional Pedro Henríquez Ureña. With this partnership, JMMB provides support and financial advisory services to entrepreneurs, to contribute to their planning and the realization of their dreams and financial goals. As part of its corporate social responsibility programme, JMMB has provided training and financial solutions to the centre's clients. Furthermore, JMMB has a special award in the annual innovation and entrepreneurial competition hosted by UNPHU, where the winner receives financial support and personalized financial advisory support. Additionally, the company has established 1 of 4 national entrepreneurship centres with UNPHU, and will continue this partnership to institute another centre in the near future, as a joint initiative with the government, the education ministry and the private sector. JMMB Puesto de Bolsa continues to provide funding to select children's homes, to support the welfare of orphaned children and other community outreach initiatives.

The JMMB Group in **Trinidad & Tobago** supported several initiatives geared towards environmental sustainability and empowerment. The Group provided financial assistance to the Trinidad and Tobago Wild Fowl Trust, whose mandate is to highlight the natural birds that exist in the wildlife sanctuary. Additionally, JMMB Bank partnered with the Carbon Zero Initiative of Trinidad and Tobago (CZITT), in its 1000 Trees Challenge, by distributing and encouraging JMMB team members and clients to plant Moringa trees. CZITT is a non-profit organisation dedicated to ensuring that Trinidad and Tobago, which is among the top 10 producers of greenhouse gases, becomes a carbon neutral country by the year 2050.

# JMMB GROUP LIMITED

First Quarter Highlights

**Three-month period ended 30 June 2019**

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## General

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



**Archibald Campbell**

**Chairman**



**Keith P. Duncan**

**Group Chief Executive Officer**

# JMMB GROUP LIMITED

## Consolidated Profit and Loss Account

Three-month period ended 30 June 2019

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30-Jun-19 \$000	Unaudited Three Months Ended 30-Jun-18 \$000
<b>Net Interest Income and Other Revenue</b>		
Interest income	4,596,164	4,236,751
Interest expense	(2,400,581)	(2,167,005)
<b>Net Interest Income</b>	<b>2,195,583</b>	<b>2,069,746</b>
Fees and commissions income	736,669	481,638
Gain on securities trading, net	2,161,568	1,596,780
Foreign exchange margins from cambio trading	744,672	514,645
Dividends	4,998	4,578
<b>Operating Revenue Net of Interest Expense</b>	<b>5,843,490</b>	<b>4,667,387</b>
Operating expenses	(3,843,984)	(3,344,296)
Impairment loss on financial assets	(153,265)	(112,940)
<b>Operating Profit</b>	<b>1,846,241</b>	<b>1,210,151</b>
Other income	102	5,339
<b>Profit before Taxation</b>	<b>1,846,343</b>	<b>1,215,490</b>
Taxation	(727,783)	(258,880)
<b>Profit for the Period</b>	<b>1,118,560</b>	<b>956,610</b>
<b>Attributable to:</b>		
Equity holders of the parent	1,111,621	935,904
Non-controlling interest	6,939	20,706
	<b>1,118,560</b>	<b>956,610</b>
<b>Earnings per stock unit</b>	<b>\$0.68</b>	<b>\$0.57</b>

# JMMB GROUP LIMITED

## Consolidated Statement of Comprehensive Income

Three-month period ended 30 June 2019

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30-Jun-19 \$000	Unaudited Three Months Ended 30-Jun-18 \$000
<b>Profit for the Period</b>	<b>1,118,560</b>	<b>956,610</b>
<b>Other comprehensive income/ (loss)</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Net gain/loss on investment in debt instruments measured at FVOCI	963,416	(2,042,596)
Foreign exchange translation differences on translation of foreign subsidiaries	321,766	369,323
<i>Items that will not be reclassified to profit or loss:</i>		
Net gain/loss on investment in equity instruments designated at FVOCI	486,642	(4,758)
Total other comprehensive income/(loss), net of tax	1,771,824	(1,678,031)
<b>Total comprehensive income/(loss) for period</b>	<b>2,890,384</b>	<b>(721,421)</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	2,727,444	(694,013)
Non-controlling interest	162,940	(27,408)
	<b>2,890,384</b>	<b>(721,421)</b>

# JMMB GROUP LIMITED

## Consolidated Statement of Financial Position

### Three-month period ended 30 June 2019

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 30-Jun-19 \$'000	Unaudited as at 30-Jun-18 \$'000	Audited as at 31-Mar-19 \$'000
<b>ASSETS</b>			
Cash and cash equivalents	44,771,593	33,729,475	30,726,396
Interest receivable	4,121,776	3,790,626	3,733,190
Income tax recoverable	290,860	940,943	238,441
Loans and notes receivable	73,513,279	59,932,199	67,947,268
Other receivables	1,711,089	3,796,428	5,314,152
Investments and resale agreements	220,705,501	206,586,128	205,972,359
Investment properties	496,512	463,109	489,616
Property, plant and equipment and intangible assets	5,140,897	4,865,139	5,040,900
Deferred income tax asset	343,199	304,041	360,893
Customers' liability under acceptances, guarantees and letters of credit as per contra	293,504	284,737	213,042
	<b>351,388,210</b>	<b>314,692,825</b>	<b>320,036,257</b>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	1,864,554	1,864,554	1,864,554
Retained earnings reserve	9,605,055	9,605,055	9,605,055
Investment revaluation reserve	3,452,980	(1,180,071)	2,114,147
Cumulative translation reserve	(222,024)	255,562	(499,014)
Retained earnings	18,092,823	14,701,817	16,981,202
	<b>32,793,388</b>	<b>25,246,917</b>	<b>30,065,944</b>
Non-controlling interest	1,201,272	1,050,977	1,038,332
Total equity	<b>33,994,660</b>	<b>26,297,894</b>	<b>31,104,276</b>
<b>Liabilities</b>			
Customer deposits	76,364,380	57,085,469	63,947,279
Due to other financial institutions	172,891	307,245	190,888
Securities sold under agreements to repurchase	175,714,638	177,770,396	163,907,891
Notes payable	37,995,990	27,406,937	37,036,156
Redeemable preference shares	16,822,264	18,190,970	16,348,615
Interest payable	2,194,104	1,724,550	1,602,491
Income tax payable	1,902,175	1,318,488	1,464,064
Other payables	5,749,245	4,169,225	4,046,375
Deferred income tax liabilities	184,359	136,914	175,180
Liability under acceptances, guarantees and letters of credit as per contra	293,504	284,737	213,042
	<b>317,393,550</b>	<b>288,394,931</b>	<b>288,931,981</b>
	<b>351,388,210</b>	<b>314,692,825</b>	<b>320,036,257</b>

Archibald Campbell  
Chairman

Keith P. Duncan  
Group Chief Executive Officer



# JMMB GROUP LIMITED

## Consolidated Statement of Changes in Stockholders' Equity

Three-month period ended 30 June 2019

(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Retained Earnings Reserve	Investment Revaluation Reserve	Cumulative Translation Reserve	Retained Earnings	Attributable to holders of the Parent	Non-Controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balances at March 31, 2018 (Audited)</b>	1,864,554	9,605,055	1,752,810	(87,147)	14,776,222	27,911,494	1,092,253	29,003,747
Changes on initial application of IFRS 9	-	-	(960,255)	-	(570,060)	(1,530,315)	(13,868)	(1,544,183)
<b>Balances at April 1, 2018 (unaudited)</b>	1,864,554	9,605,055	792,555	(87,147)	14,206,162	26,381,179	1,078,385	27,459,564
Profit for the period	-	-	-	-	935,904	935,904	20,706	956,610
Other comprehensive income/(loss) for period	-	-	(1,972,626)	342,709	-	(1,629,917)	(48,114)	(1,678,031)
<b>Total comprehensive income for period</b>	-	-	(1,972,626)	342,709	935,904	(694,013)	(27,408)	(721,421)
Dividends paid	-	-	-	-	(440,249)	(440,249)	-	(440,249)
<b>Balances at 30 June 2018 (unaudited)</b>	1,864,554	9,605,055	(1,180,071)	255,562	14,701,817	25,246,917	1,050,977	26,297,894
<b>Balances at March 31, 2019 (Audited)</b>	1,864,554	9,605,055	2,114,147	(499,014)	16,981,202	30,065,944	1,038,332	31,104,276
Profit for the period	-	-	-	-	1,111,621	1,111,621	6,939	1,118,560
Other comprehensive income for period	-	-	1,338,833	276,990	-	1,615,823	156,001	1,771,824
<b>Total comprehensive income for period</b>	-	-	1,338,833	276,990	1,111,621	2,727,444	162,940	2,890,384
<b>Balances at 30 June 2019 (unaudited)</b>	1,864,554	9,605,055	3,452,980	(222,024)	18,092,823	32,793,388	1,201,272	33,994,660

# JMMB GROUP LIMITED

## Consolidated Statement of Cash Flows

Three-month period ended 30 June 2019

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30-Jun-19 \$'000	Unaudited Three Months Ended 30-Jun-18 \$'000
<b>Cash Flows from Operating Activities</b>		
Profit for the period	1,118,560	956,610
Adjustments for:		
Unrealised gains on trading securities	(190,391)	(10,281)
Depreciation and amortisation	171,020	162,199
	1,099,189	1,108,528
Changes in operating assets and liabilities	25,381,405	18,739,610
<b>Net cash provided by operating activities</b>	<b>26,480,594</b>	<b>19,848,138</b>
<b>Cash Flows from Investing Activities</b>		
Investment securities, net	(13,117,318)	(13,180,477)
Purchase of property, plant and equipment and computer software	(277,913)	(180,442)
<b>Net cash used in investing activities</b>	<b>(13,395,231)</b>	<b>(13,360,919)</b>
<b>Cash Flows from Financing Activities</b>		
Notes payable	959,834	(154,768)
Dividends paid	-	(440,249)
<b>Net cash provided by/(used in) financing activities</b>	<b>959,834</b>	<b>(595,017)</b>
<b>Net increase in cash and cash equivalents</b>	<b>14,045,197</b>	<b>5,892,202</b>
Cash and cash equivalents at beginning of year	30,726,396	27,837,273
<b>Cash and cash equivalents at end of period</b>	<b>44,771,593</b>	<b>33,729,475</b>

# JMMB GROUP LIMITED

Notes to the Financial Statements

Three-month period ended 30 June 2019

(Expressed in Jamaican dollars unless otherwise indicated)

## Segment Reporting

	Three-month period ended 30 June 2019				
	Financial & Related Services	Banking & Related Services	Others	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	5,842,499	2,349,194	52,480	-	8,244,173
Intersegment revenue	1,841,563	64,163	-	(1,905,726)	-
Total segment revenue	7,684,062	2,413,357	52,480	(1,905,726)	8,244,173
Profit before tax	1,574,350	260,068	11,925	-	1,846,343
Taxation					(727,783)
Profit for the period					1,118,560
Total segment assets	310,182,906	121,588,930	1,677,950	(82,061,577)	351,388,209
Total segment liabilities	277,931,081	107,802,028	1,609,323	(69,948,882)	317,393,550
Interest Income	2,946,247	1,648,015	1,902	-	4,596,164
Operating expenses	2,302,456	1,501,285	40,243	-	3,843,984
Depreciation & amortisation	106,315	62,087	2,618	-	171,020
Capital expenditure	205,700	60,008	12,205	-	277,913

# JMMB GROUP LIMITED

Notes to the Financial Statements

Three-month period ended 30 June 2019

(Expressed in Jamaican dollars unless otherwise indicated)

## Segment Reporting

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

# JMMB GROUP LIMITED

## Notes to the Financial Statements

### Three-month period ended 30 June 2019

(Expressed in Jamaican dollars unless otherwise indicated)

#### 1. Identification

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

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

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

# JMMB GROUP LIMITED

## Notes to the Financial Statements

### Three-month period ended 30 June 2019

(Expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies

### (a) Basis of preparation

The Group's condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The condensed consolidated financial statements should be read in conjunction with the accounting policies as set out in Note 2 and 34 of the audited financial statements for the year ended 31 March 2019.

All amounts are stated in Jamaican dollars unless otherwise indicated.

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

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

#### (i) Classification and measurement

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

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

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

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

# JMMB GROUP LIMITED

Notes to the Financial Statements

Three-month period ended 30 June 2019

(Expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (continued)

### (a) Basis of preparation (continued)

#### (ii) Impairment of financial assets

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

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

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

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

### (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.

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 recognised directly in the consolidated profit and loss account.

The Group uses predecessor value (book value) method of accounting for business combinations with entities under common control. Any differences between the consideration paid and the net assets of the acquired entity is recognised in equity.

# JMMB GROUP LIMITED

Notes to the Financial Statements

Three-month period ended 30 June 2019

(Expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (continued)

### (b) Basis of consolidation (continued)

#### (i) Non-controlling interests

Non-controlling interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### (ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value.

### (c) Earnings per stock unit

Earnings per stock unit ("EPS") is computed by dividing profit attributable to the equity holders of the parent of J\$1,111,621,386 (2018 – J\$935,904,499) by the number of stock units in issue during the period, numbering 1,630,552,532 (2018 – 1,630,552,532).

### (d) Managed funds

The Group acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. At 30 June 2019, funds managed in this way amounted to J\$133,509,413,359 (2018 – J\$125,325,110,430).

### (e) Comparative Information

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



# JMMB GROUP LIMITED

Share Ownership of the Directors and Executive Team Leaders  
Period ended 30 June 2019

Directors	Ordinary Shareholding	Connected Parties
Donna Duncan-Scott	7,678,110	ESOP
	36,776,951	JVF O.N. LTD
	37,530,103	CONCISE O.N. LTD
Archibald Campbell	18,400	
	344,827	ODETTE CAMPBELL
Keith P. Duncan	20,591	
	48,438,366	CONCISE E.I. LTD
	40,311,674	JVF E.I. LTD
	846,745	ESOP
V. Andrew Whyte	Nil	
Wayne Sutherland	Nil	
	28,540,838	CONCISE R.I. LTD
Dennis Harris	366,277	
Dr. Anne Crick	5,234	
Hugh Duncan	4,828	
Reece Kong	Nil	
Audrey Welds	100,000	
Audrey Deer Williams	Nil	
Andrew Cocking	10,000,000	
H. Wayne Powell	57,800	
Patricia Daley Smith	Nil	
Patria-Kaye Aarons	Nil	
Executive Team Leaders	Ordinary Shareholding	Connected Parties
Donna Duncan-Scott	7,678,110	ESOP
	36,776,951	JVF O.N. LTD
	37,530,103	CONCISE O.N. LTD
Keith Duncan	20,591	
	48,438,366	ESOP
	40,311,674	CONCISE E.I. LTD
	846,745	JVF E.I. LTD
Carolyn DaCosta	135,944	
	74,640	ESOP
	3,357	CRAIG DACOSTA
	127,169	DERMOTT DACOSTA
	4,795	MERLINE DACOSTA
	5,237	AMANDA DACOSTA
Paul Gray	80	
	763,731	ESOP
Julian Mair	239,711	ESOP
Patrick Ellis	239,872	ESOP
Janet Patrick	18,432	
	854,461	ESOP
Damion Brown	210,677	ESOP
Kerry Ann Stimpson	780,032	ESOP
Claudine Tracey	908,000	ESOP
Peta-Gaye Bartley	847,260	ESOP
Gregory Hines	Nil	

# JMMB GROUP LIMITED

Top 10 Largest Shareholders of the JMMB Group  
Period ended 30 June 2019

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Name of Shareholder	Number of Shares	Percentage Ownership
PROVEN INVESTMENTS	326,277,325	20.01%
TRUSTEES JMMB ESOP	159,076,085	9.76%
COLONIAL LIFE INSURANCE CO (TRINIDAD) LTD	103,453,776	6.34%
PANJAM INVESTMENTS LIMITED	80,571,220	4.94%
NATIONAL INSURANCE FUND	79,672,997	4.89%
SJIML A/C 3119	56,372,550	3.46%
CONCISE E.I. LTD	48,438,366	2.97%
JVF O.E. LTD	44,400,000	2.72%
JVF E.I. LTD	40,311,674	2.47%
CONCISE O.N. LTD	37,530,103	2.30%
<b>Total</b>	<b>976,104,096</b>	<b>59.86%</b>