



PROSPECTUS

JMMB GROUP LIMITED ADDITIONAL PUBLIC OFFER OF ORDINARY SHARES

Offer Opens in Jamaica: October 22, 2019, 9:00 a.m.

Offer Opens in Trinidad and Tobago:
October 25, 2019, 9:00 a.m.*

Offer Closes: November 7, 2019,
3:00 p.m. (Jamaica) / 4:00 p.m. (Trinidad and Tobago*)

*subject to receipt of all regulatory approvals for the Invitation in Trinidad and Tobago

PROSPECTUS

Dated as of the 15 day of October, 2019

INVITATION TO THE PUBLIC FOR SUBSCRIPTION

of 266,737,797 New Ordinary Shares
(with the ability to upsize to a maximum of 325,000,000 New Ordinary Shares)

(including **230,000,000** Reserved Shares as follows:

Key Investors - **150,000,000** Reserved Shares

Existing Shareholders and Team Members - **80,000,000** Reserved Shares)



in the capital of JMMB GROUP LIMITED

at a subscription price of

EXISTING SHAREHOLDERS AND TEAM MEMBERS		KEY INVESTORS		NON-RESERVED SHARE APPLICANTS	
J\$38.00	T&T\$1.90*	J\$38.00	T&T\$1.90*	J\$38.75	T&T\$1.94*

Payable in full on Application

BROKERS

JMMB SECURITIES LIMITED	JMMB SECURITIES (T&T) LIMITED
 A Member of the Jamaica Stock Exchange	 A MEMBER OF THE TRINIDAD AND TOBAGO STOCK EXCHANGE

SELLING AGENTS

JAMAICA	TRINIDAD AND TOBAGO*
Jamaica Money Market Brokers Limited	West Indies Brokers Limited
Barita Investments Limited	Bourse Brokers Limited
Victoria Mutual Wealth Management Limited	First Citizens Brokerage and Advisory Services Limited
Mayberry Investments Limited	
Proven Wealth Limited	Caribbean Stockbrokers Limited
Scotia Investments Jamaica Limited	

No underwriter has been involved in the distribution, including the preparation of this Prospectus and no underwriter has performed any review of the contents of this Prospectus.

**subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago*

A copy of this Prospectus, together with the documents specified in Section 18 entitled “**Documents Available for Inspection,**” was delivered to the Companies Office of Jamaica pursuant to Section 40(2) of the Companies Act of Jamaica and was registered by the Companies Office of Jamaica on October 15 2019. The Companies Office of Jamaica accepts no responsibility whatsoever for the contents of this Prospectus.

No New Ordinary Shares will be distributed under this Prospectus later than one (1) year and twenty (20) days after the date of issue of the receipt for this Prospectus by the TTSEC.

The Company has been registered with the Financial Services Commission of Jamaica (the “**FSC**”) with respect to the New Ordinary Shares pursuant to Section 26 (1) of the Securities Act of Jamaica, and pursuant to such registration, a copy of this Prospectus was also delivered to the FSC for registration and it was so registered on October 15 2019. The FSC has neither approved the offered New Ordinary Shares nor has the FSC passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

A copy of this Prospectus, together with the documents specified in Section 18 entitled “**Documents Available for Inspection,**” was also filed with the Trinidad and Tobago Securities and Exchange Commission (the “**TTSEC**”) pursuant to section 73 of the Securities Act 2012 of the laws of the Republic of Trinidad and Tobago (the “**Trinidad and Tobago Securities Act**”) and as at the date hereof, such application for registration is pending. The Company will notify potential investors of receipt of the requisite regulatory approvals in Trinidad and Tobago by issuing an addendum to this Prospectus which will be done by posting a notice on the website of the Jamaica Stock Exchange at <https://www.jamstockex.com>, the website of the Trinidad and Tobago Stock Exchange at <https://www.stockex.co.tt> and at the Company’s website at <https://www.jmmb.com> and by publishing a copy of such addendum in two (2) daily newspapers of general circulation in Trinidad and Tobago. The TTSEC has not in any way evaluated the merits of the New Ordinary Shares proposed to be issued and any representation to the contrary is an offence under the laws of Trinidad and Tobago.

In Jamaica, this proposed issue of New Ordinary Shares is being made as an invitation to the public to subscribe for shares in accordance with the Companies Act of Jamaica and the Securities Act of Jamaica. In Trinidad and Tobago, provided all regulatory approvals for the Invitation in Trinidad and Tobago are received, this invitation for subscription will be made to the public in accordance with the Trinidad and Tobago Securities Act. The New Ordinary Shares may be subscribed for by prospective Applicants organized or resident in Jamaica or in Trinidad and Tobago* without restriction.

This Prospectus (herein the “Prospectus”) is intended for use in Jamaica and Trinidad and Tobago* and is not to be construed as an offer of any of the New Ordinary Shares outside of Jamaica and Trinidad and Tobago.

The Directors whose names appear in Section 4 of this Prospectus have seen and approved this Prospectus and accept full responsibility, collectively and individually, for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained in this Prospectus.

**subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago*

PROSPECTUS by JMMB GROUP LIMITED

for

266,737,797 New Ordinary Shares
(with the ability to upsize to a maximum of 325,000,000 New Ordinary Shares)
in the capital of JMMB GROUP LIMITED
at a subscription price of

EXISTING SHAREHOLDERS AND TEAM MEMBERS		KEY INVESTORS		NON-RESERVED SHARE APPLICANTS	
J\$38.00	T&T\$1.90*	J\$38.00	T&T\$1.90*	J\$38.75	T&T\$1.94*
<i>*subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago</i>					

Payable in full on Application

This Prospectus contains important information for prospective investors in the Company. All prospective investors should read this Prospectus carefully in its entirety before submitting an Application.

The application lists, with respect to the New Ordinary Shares, will open at 9:00 a.m. in Jamaica on October 22, 2019 (the “**Opening Date - Jamaica**”) and (subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago) 9:00 a.m. in Trinidad and Tobago on October 25, 2019 (the “**Opening Date - Trinidad and Tobago**”) and will close on November 7, 2019 at 3:00 p.m. in Jamaica and 4:00 p.m. in Trinidad and Tobago (subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago) or such other date as may be fixed by the Board (the “**Closing Date**”).

Applications submitted prior to the Opening Date - **Jamaica (in the case of applications made in Jamaica) or the Opening Date - Trinidad and Tobago (in the case of applications made in Trinidad and Tobago, provided regulatory approvals for the Invitation in Trinidad and Tobago are received)** will be received, but not processed until the Opening Date. The Company reserves the right to: (i) close any application list at any time without prior notice if Applications have been received prior to the Closing Date for the full amount of the respective New Ordinary Shares offered, **provided that any such early closure of the application list in Jamaica shall not occur prior to the end of a period of seven (7) days following the Opening Date - Trinidad and Tobago (subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago);** or (ii) extend such closing beyond the above-mentioned date. In either case, the Company will provide notice as soon as reasonably practicable via a press release in Jamaica and in Trinidad and Tobago and by posting a notice on the website of the Jamaica Stock Exchange at <https://www.jamstockex.com>, the website of the Trinidad and Tobago Stock Exchange at <https://www.stockex.co.tt> and at the Company’s website at <https://www.jmmb.com>. Applications for New Ordinary Shares should be made on the original

Application Forms provided at the end of this Prospectus or on the Application Forms available for download at www.jmmb.com, www.jamstockex.com and www.stockex.co.tt.

Each Application for the New Ordinary Shares must be for multiples of 100 such New Ordinary Shares, subject to a minimum of 300 such New Ordinary Shares.

The procedure for applying for the New Ordinary Shares and the terms and conditions of the Invitation are set out in Section 21 of this Prospectus and on the Application Form.

Completed Application Forms must be received by 3:00 p.m. in Jamaica and 4:00 P.m. in Trinidad and Tobago on the Closing Date. Each Application Form must be accompanied/ supported by payment for the full amount payable on subscription by an Approved Payment Method in the required currency and delivered to any one of the locations listed in Section 3 of this Prospectus entitled “**Professional Advisors To The Invitation and Locations Where Applications May Be Submitted**”, **provided that the locations in Trinidad and Tobago shall be used only if regulatory approvals for the Invitation in Trinidad and Tobago are received.**

Upon the issue of the New Ordinary Shares, they shall be converted to additional ordinary stock units. It is the intention of the Company to have the New Ordinary Shares cross-listed on the Jamaica Stock Exchange (the “**JSE**”) and (subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago) the Trinidad and Tobago Stock Exchange (the “**TTSE**”). To this end, the Company has applied (or intends to so apply promptly after the close of the Invitation, in the case of the JSE) for admission of the New Ordinary Shares to the Main Market of both the JSE and the TTSE. This statement is not to be construed as a guarantee that the New Ordinary Shares will be listed. The making of the application by the Company, and its success, is dependent on the criteria for admission set out in the Trinidad and Tobago Stock Exchange Rules.

TABLE OF CONTENTS

	SECTION	PAGE
	Invitation at a Glance	1
	Chairman's Letter to Prospective Investors	4
1.	Definitions	6
2.	Disclaimer and Note on Forward-Looking Statements	9
3.	Professional Advisors to The Invitation and Locations Where Applications May Be Submitted	13
4.	Board of Directors and Corporate Secretary Profiles	18
5.	Summary of Key Offer Information	25
6.	Reasons for Invitation and Use Of Proceeds	30
7.	Information About the JMMB Group Of Companies	31
8.	Share Capital	35
9.	Licences and Regulatory Framework	38
10.	Management Discussion and Analysis of Financial Condition, Results of Operations and Future Prospects	40
11.	Corporate Governance	61
12.	Dividend Policy	65
13.	Material Contracts	65
14.	Litigation	65
15.	Risk Management	66
16.	Risk Factors	71
17.	Consents	75
18.	Documents Available for Inspection	75
19.	Related Party Transactions	75
20.	Statutory and General Information	75
21.	Application Procedures and Conditions of Invitation	78
22.	Directors' Report	81
23.	Directors' Signatures	81
	Appendix 1 - Rights of Voting and Rights in Respect of Capital and Dividends for All Classes of JMMBGL Shares	82
	Appendix 2 - Auditor's Consent	84
	Appendix 3 - Audited Financial Statements	86 - 205
	Appendix 4 - Unaudited Financial Statements	207
	Appendix 5 - Related Party Transactions and Balances	219
	Appendix 6 - Application Forms	223

INVITATION AT A GLANCE

The following summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Prospectus, including the Appendices.

You are advised to read this entire Prospectus carefully before making an investment decision about the Invitation. Your specific attention is drawn to the Risk Factors in Section 16 of this Prospectus and the Disclaimer and Note on Forward-Looking Statements in Section 2 of this Prospectus.

If you have any questions arising out of this Prospectus or if you require any explanation, you should consult your stockbroker, licensed investment advisor, attorney-at-law, accountant or other professional advisor.

ISSUER:	JMMB Group Limited (the “Company”) 6 Houghton Terrace, Kingston 10, Jamaica W.I. Tel: +1 (876) 998-JMMB (5662) Fax: +1 (876) 960-3381 Email: info@jmmb.com Website: http://www.jmmb.com
ISSUE:	266,737,797 New Ordinary Shares, apportioned between: (a) Key Investors: 150,000,000; (b) Existing Shareholders: 80,000,000; (c) Non-Reserved Share Applicants: 36,737,797 Provided that the number of New Ordinary Shares available in the Invitation may be increased to a maximum of 325,000,000 New Ordinary Shares.
SECURITIES BEING ISSUED:	New ordinary shares of no-par value in the capital of the Company and ranking <i>pari passu</i> with the Existing Ordinary Shares upon issue.
SUBSCRIPTION PRICE:	(a) J\$38.00 per New Ordinary Share for Existing Shareholders and Team Members and Key Investors resident in Jamaica and making Applications in Jamaica and J\$38.75 per New Ordinary Share for Non-reserved Share Applicants for Applicants resident in Jamaica and making Applications in Jamaica; and (b) subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago, TT\$1.90 per New Ordinary Share for Existing Shareholders and Team Members and Key Investors for Applicants resident in Trinidad and Tobago and making Applications in Trinidad and Tobago and TT\$1.94 per New Ordinary Share for Non-Reserved Share Applicants for Applicants resident in Trinidad and Tobago and making Applications in Trinidad and Tobago

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of Prospectus (Jamaica)	October 15, 2019
Publication of Prospectus (Trinidad and Tobago)	October 24, 2019*
Invitation Opens (Jamaica)	October 22, 2019
Invitation Opens (Trinidad and Tobago)	October 25, 2019*
Invitation Closes	November 7, 2019
Announcement of Basis of Allocation	November 11, 2019
Allotment of New Ordinary Shares	November 18, 2019
Refund RTGS Transfers and cheques	November 18, 2019
Listing of Ordinary Shares on the JSE & TTSE (subject to the successful completion of the respective listing applications)	November 25, 2019

** subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago. The Company will notify potential investors of receipt of the requisite regulatory approvals in Trinidad and Tobago by issuing an addendum to this Prospectus which will be done by posting a notice on the website of the Jamaica Stock Exchange at <https://www.jamstockex.com>, the website of the Trinidad and Tobago Stock Exchange at <https://www.stockex.co.tt> and at the Company's website at <https://www.jmmb.com> and by publishing a copy of such addendum in two (2) daily newspapers of general circulation in Trinidad and Tobago.*

The above timetable is indicative and will be implemented on a best efforts' basis, with the Directors however reserving the right (in consultation with the Lead Broker & Listing Agent) to change the dates that the Invitation opens and closes based on market conditions and other relevant factors. Notice of any changes in the above dates for the opening or closing of the invitation will be given as soon as reasonably practicable via a press release in Jamaica and in Trinidad and Tobago and by posting a notice on the website of the Jamaica Stock Exchange at <https://www.jamstockex.com>, the website of the Trinidad and Tobago Stock Exchange at <https://www.stockex.co.tt> and at the Company's website at <https://jm.jmmb.com>.

PRESENTATION OF FINANCIAL INFORMATION

The Company publishes its financial statements in Jamaican dollars ("J\$" or "JMD"). The abbreviation "J\$M" represents millions of Jamaican dollars and the abbreviation "J\$B" represents billions of Jamaican dollars. In addition, where we refer to financial information denominated in United States dollars, the abbreviation "US\$M" represents millions of United States dollars and the abbreviation "US\$B" represents billions of United States dollars.

The financial information presented in a number of tables in this Prospectus has been rounded to the nearest whole number or the nearest decimal place. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

FIVE-YEAR STATISTICAL REVIEW

	YEAR ENDED 31-MAR-19	YEAR ENDED 31-MAR-18	YEAR ENDED 31-MAR-17	YEAR ENDED 31-MAR-16	YEAR ENDED 31-MAR-15
GROUP FINANCIAL DATA	(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)
Total assets	320,036,257	291,715,730	251,556,110	230,607,286	217,715,302
Investment securities	205,972,359	194,905,868	171,571,803	156,976,090	157,226,757
Loans and notes receivables	67,947,268	55,625,743	47,133,134	37,450,257	31,924,543
Other interest earning assets	30,726,396	28,957,274	21,810,160	25,731,228	18,944,984
Repurchase agreements	163,907,891	158,167,289	156,647,595	149,262,369	144,501,658
Customer deposits	63,947,279	52,165,066	49,087,517	41,296,373	38,463,504
Stockholders' equity	31,104,276	29,003,747	26,794,699	22,716,581	21,723,064
Funds under management	338,379,728	312,969,031	281,101,963	250,485,809	238,695,980
PROFITS AND DIVIDENDS	(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)
Operating revenue net of interest expense	18,036,406	15,840,957	14,650,056	11,424,075	10,319,661
Operating expenses	12,989,242	11,240,284	10,446,222	8,781,265	7,787,697
Profit before tax	4,870,549	4,352,989	4,156,046	2,595,557	2,354,039
Net profit	3,868,406	3,604,404	3,350,531	2,299,231	2,047,282
Dividends paid and proposed (in respect of the financial year)	798,971	766,360	733,749	603,304	521,776
Profit retained (in respect of the financial year)	3,069,435	2,838,044	2,616,782	1,695,926	1,525,506
FINANCIAL RATIOS					
Earnings per stock unit (cents)	234	218	203	139	118
Dividends per stock unit (cents)	49	47	45	37	32
Dividend payout ratio	20.65%	21.26%	21.90%	26.24%	25.49%
Price earnings ratio (multiple)	13.67	11.93	8.28	7.21	5.96
Return on average equity	12.87%	12.92%	13.53%	10.35%	10.13%
Return on average assets	1.26%	1.33%	1.39%	1.03%	0.96%
Book value per stock unit (J\$)	18.44	17.12	15.89	13.45	12.86
Net interest margin	3.03%	2.98%	2.94%	2.57%	2.60%
Efficiency ratio (Admin. exp/ Revenue)	71.62%	70.54%	71.09%	76.64%	75.17%
OTHER DATA					
Exchange rate J\$ per US\$1.00	125.02	125.32	128.22	121.70	114.77
Inflation rate (year over year) (%)	3.40%	3.90%	4.14%	2.90%	4.00%
Market Price per share (JSE closing price-J\$)	31.99	26.00	16.81	10.01	7.06
Number of stock units at year end	1,630,552,532	1,630,552,532	1,630,552,532	1,630,552,532	1,630,552,530
Market capitalisation	52,161,375,499	42,394,365,832	27,409,588,063	16,321,830,845	11,511,700,862

CHAIRMAN'S LETTER TO PROSPECTIVE INVESTORS

The Directors of JMMB Group Limited are pleased to extend to you an invitation to subscribe for additional ordinary shares in the Company on the terms and conditions set out in this Prospectus.

In determining the subscription price, the Directors and the Lead Brokers took into account several factors, including:

- The information contained in this Prospectus;
- The current and recent market price of the Company's shares;
- The markets in which the Company and its Subsidiaries operate, including the overall economic prospects in those markets;
- The assessment of the Company's management team;
- The recent market prices of, and demand for, publicly traded shares of comparable companies in both Jamaica and Trinidad and Tobago;
- The existing condition of the securities markets.

The proceeds of this Invitation will allow the JMMB Group to continue to execute its expansion and diversification strategy. In keeping with our business model, significant attention has been placed on acquiring and adding new businesses and new business lines.

By expanding and diversifying our business lines in the Dominican Republic, Jamaica and Trinidad and Tobago, the JMMB Group has evolved over the years into a dynamic regional financial services group of companies equipped to deliver innovative and integrated services, solutions and experiences focused on one overarching objective of helping clients achieve their financial goals.

FUTURE OF THE JMMB GROUP 2020 & BEYOND

On May 16, 2019, the Group announced a subscription for an amount between US\$200 million and US\$250 million in Class B shares at C\$10.00 per share ("Class B Shares") of Alignvest Acquisition II Corporation ("AQY"), a publicly-traded special purpose acquisition corporation listed on the Toronto Stock Exchange for the purposes of completing a qualifying acquisition. The Class B Shares will automatically convert into common shares of AQY on the closing of a previously announced qualifying acquisition involving AQY and Sagicor Financial Corporation ("SFC"), which is intended to close in the fourth quarter of 2019 (the "Transaction"). SFC is a leading financial services provider in the Eastern Caribbean, Trinidad and Tobago, and Jamaica with growing presence as a provider of life insurance products in the United States. Upon

completion of the Transaction, AQY and SFC will be a single resulting entity (“New Sagicor”). The subscription is conditional upon the closing of the Transaction and the approval of the Toronto Stock Exchange. The subscription provides the Group with certain participation rights. This investment is expected to continue to diversify our revenue streams both from a business line and geographic spread perspective and is anticipated to result in a material growth in our profits attributable to ordinary shareholders.

The region has been seeing unprecedented merger and acquisition activity in the financial services sector over the last few years as assets become available for sale with parent companies from developed markets divesting their Latin American and Caribbean holdings. The Group has been constantly reviewing its portfolio of companies with a view to capitalizing on the opportunities presented by this to strengthen business lines, and leveraging strategic alliances to improve operations, product/solution sets and service delivery. The Board continues to investigate these opportunities and has therefore identified the following as strategic priorities:

- Enhancing our positions in the markets in which we currently operate;
- Leveraging and augmenting our capabilities to expand and strengthen our existing business lines and develop new ones;
- Achieving the required scale of growth and returns beyond the geographic limitations of the JMMB Group’s existing operating territories;
- Enhancing our mission and vision of transforming and reimagining the financial industry around the ethos of “**best interest**” and “**financial partnership**”;
- Increasing our Return on Equity.

We are inviting our Key Investors, current shareholders, team members and members of the general public in Jamaica and in Trinidad and Tobago (subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago) to participate in the next phase of our growth. We do so because we expect that investors will benefit from significant value to be created from our strategic initiatives. The JMMB Group will benefit from the increased capital raised by this share issuance to execute those strategic value-creating acquisitions and initiatives.

Yours sincerely,



Archibald Campbell DBA
Chairman
JMMB Group Limited

1. DEFINITIONS

In this Prospectus, the following words and phrases shall, unless the context otherwise requires, be read and construed as having the following meanings ascribed thereto:

“Act”	The Companies Act of Jamaica
“Allotment”	The allocation and issuance of the New Ordinary Shares to successful Applicants
“Applicant” or “Applicants”	The person (whether an individual, company or other legal entity) by whom an Application is made
“Application” or “Applications”	An application to subscribe for New Ordinary Shares in the Invitation made using the Application Form(s) completed by the Applicant(s) and duly delivered to any of the locations listed at Section 3 of this Prospectus together with evidence of payment or payment in full of the Subscription Price for the number of New Ordinary Shares subscribed for in the required currency using an Approved Payment Method and otherwise in compliance with the application procedures set out in Section 21 of this Prospectus
“Application Form”	The prescribed form of Application as set out at Appendix 6 which shall also be available for download at www.jmmb.com , www.jamstockex.com , and www.stockex.co.tt
“Approved Payment Method”	Any of the methods described at paragraph 2 of Section 21 of this Prospectus by which Applicants are required to tender payment of the Subscription Price
“AQY” or “Alignvest”	Alignvest Acquisition II Corporation
“Board”	The Board of Directors of the Company
“BOJ”	The Bank of Jamaica
“BSE”	Barbados Stock Exchange
“Business Day”	Any day which is not a Saturday, a Sunday, a bank holiday or a public holiday in Jamaica or Trinidad and Tobago
“C\$”	The lawful currency of Canada
“Closing Date”	The time of closing of the Invitation, as set forth in Sections 5, 20 and 21 of this document (subject to such early closure or extension as the Directors may determine)
“Company”	JMMB Group Limited
“Director” or “Directors”	The person(s) who is(are) a member(s) of the Board
“Dividend”	The annual dividend of the ordinary stock units of no-par value in the capital of the Company as recommended by the Directors and declared by the Company in a general meeting
“DOP” or “RD\$”	Dominican pesos, being the lawful currency of the Dominican Republic
“Executive Director”	A Director who is a member of the management team of the Company or any of its subsidiaries or affiliates

“Existing Ordinary Shares”	1,630,552,532 ordinary stock units of no-par value in the capital of the Company in issue as at the date of this Prospectus
“Existing Shareholders”	The registered holders of the Existing Ordinary Shares as recorded in the share registry records of the Company as at the date of this Prospectus
“Existing Shareholders and Team Member’s Pool”	80,000,000 New Ordinary Shares reserved for Existing Shareholders and Team Members not already participating as Key Investors
“FSC”	The Financial Services Commission of Jamaica
“GOJ”	The Government of Jamaica
“Invitation”	The invitation for subscription for the New Ordinary Shares contained in this Prospectus
“Invitee”	A person or entity who has properly received this Prospectus for the purpose of evaluating their participation in the Invitation
“Independent Director”	A Director who is not (or has not been, as the case may be): <ul style="list-style-type: none"> • an employee of a company within the Group within the last five years; • a person holding 5% or more of the shares of the Company or a connected person; or • a party to a significant economic or other relationship with the Company within the last five years
“J\$” or “JMD”	The lawful currency of Jamaica
“JMMB”	Jamaica Money Market Brokers Limited, a subsidiary of the Company
“JMMBGL”	JMMB Group Limited
“JMMB Group” or “the Group”	The group of companies comprised of JMMBGL and its subsidiaries and affiliates as shown in section 7 of this Prospectus (Information about the JMMB Group of Companies). A complete list of the companies within the Group as at March 31, 2019 can be found at Note 1 of the Audited Financial Statements
“JSE”	The Jamaica Stock Exchange
“Key Investors”	Investors, being persons subscribing for New Ordinary Shares at the applicable Subscription Price and each paying an aggregate subscription amount of not less than J\$250M/ TT\$12.5M who (a) are institutional investors (including Existing Shareholders) legally capable of participating in the Invitation in Jamaica or Trinidad and Tobago* and (b) as at the Opening Date are considered by the Board as Key Investors. * (subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago)
“Key Investors Pool”	150,000,000 New Ordinary Shares reserved for Key Investors
“Lead Broker & Listing Agent”	JMMB Securities Limited
“New Ordinary Shares”	266,737,797 ordinary shares of no-par value in the capital of the Company available for subscription in the Invitation, which upon issue will be converted into ordinary stock units ranking <i>pari passu</i> in all respects with the Company’s Existing Ordinary Shares

“Non-Reserved Share Applicants”	Applicants who are neither Key Investors, Existing Shareholders nor Team Members
“Non-Reserved Shares”	The total number of New Ordinary Shares available for subscription in the Invitation, less the Reserved Shares
“Opening Date - Jamaica” & “Opening Date – Trinidad and Tobago”	The time of opening of the Invitation in Jamaica and in Trinidad and Tobago respectively, as set forth in Sections 5 and 20 of this Prospectus, (subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago)
“Registrar”	The Registrar whose name is set out in Section 3 of this Prospectus or such other persons as may be appointed by the Company from time to time to provide the services of registrar for the Company in relation to the Invitation
“Reserved Shares”	Up to 230,000,000 New Ordinary Shares in the Invitation which are specifically reserved for Applications from Reserved Share Applicants at the Subscription Prices as follows: (i) the Key Investor Pool - 150,000,000 New Ordinary Shares (ii) the Existing Shareholder & Team Member Pool - 80,000,000 New Ordinary Shares
“Reserved Share Applicants”	Applicants who are Key Investors, Existing Shareholders or Team Members
“Sagikor” or “SFC”	Sagikor Financial Corporation, a company incorporated and existing under the laws of Bermuda
“Subscription Price”	(a) J\$38.00 per New Ordinary Share for Existing Shareholders and Team Members and Key Investors for Applicants resident in Jamaica and making Applications in Jamaica and J\$38.75 per New Ordinary Share for Non-Reserved Share Applicants for Applicants resident in Jamaica and making Applications in Jamaica (b) TT\$1.90 per New Ordinary Share for Existing Shareholders and Team Members and Key Investors for Applicants resident in Trinidad and Tobago and making Applications in Trinidad and Tobago and TT\$1.94 per New Ordinary Share for Non-Reserved Share Applicants for Applicants resident in Trinidad and Tobago and making Applications in Trinidad and Tobago (subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago)
“Subsidiary”	A company or other artificial legal person over which JMMB Group Limited has control
“Team Members”	Permanent employees and directors of member companies of the JMMB Group as at the Record Date.
“Terms of Issue of the New Ordinary Shares”	The terms of the issue of the New Ordinary Shares set out at Appendix 2 to this Prospectus
“TT\$” or “Trinidad and Tobago Dollars”	The lawful currency of the Republic of Trinidad and Tobago
“Trinidad and Tobago Securities Act”	The Securities Act, 2012 (as amended) of the laws of the Republic of Trinidad and Tobago, together with all subsidiary legislation thereto
“TTSE”	The Trinidad and Tobago Stock Exchange
“TTSEC”	The Trinidad and Tobago Securities and Exchange Commission
“US\$” or “USD”	The lawful currency of the United States of America

2. DISCLAIMER & NOTE ON FORWARD-LOOKING STATEMENTS

- 2.1 Neither the JSE, FSC, TTSEC, the TTSE nor any Governmental agency or regulatory authority in Jamaica, Trinidad and Tobago or elsewhere has made any determination on the accuracy or adequacy of this Prospectus.
- 2.2 This Prospectus has been reviewed and approved by all of the members of the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief:
- (a) the information is true and accurate in all material respects and is not misleading in any material respect;
 - (b) any opinions, predictions or intentions expressed herein on the part of JMMBGL are honestly held or made and are not deliberately misleading in any material respect;
 - (c) that insofar as reasonably possible, all proper inquiries have been made to ascertain and to verify the foregoing; and
 - (d) this Prospectus does not contain any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements herein, in light of the circumstances under which they are made, not misleading.
- 2.3 By submitting an Application, each Applicant acknowledges and agrees that
- (a) they have received and have been afforded a meaningful opportunity to review all additional information considered by such Applicant to be necessary to verify the accuracy of the information contained in this Prospectus;
 - (b) they have not relied on JMMBGL nor any persons affiliated with JMMBGL or the legal or other professional advisors to JMMBGL in connection with their investigation of the accuracy of such information or their investment decision; and
 - (c) no person has been authorised to give information or to make any representation concerning JMMBGL or the Invitation comprised in this Prospectus or the New Ordinary Shares as may be issued pursuant to this Prospectus or to provide information or to make any representation whatsoever in connection with this Prospectus (other than as contained in this Prospectus, and information given by duly authorised officers and employees of JMMBGL in connection with the Applicant's verification of the information contained in this Prospectus) and that, if given or made, such other information or representation should not be relied upon as having been authorised by JMMBGL or any affiliate.
- 2.4 Neither the delivery of this Prospectus nor the allotment or issue of any New Ordinary Shares hereunder shall, under any circumstances, imply that there has been no change in the business, results of operations, financial condition or prospects of JMMBGL since the date of this Prospectus.

- 2.5 This Prospectus is not a recommendation by JMMBGL that prospective Applicants should submit Applications for New Ordinary Shares. In making an investment decision, prospective Applicants are expected to make their own assessment of JMMBGL and the terms of the Invitation herein, including the merits and risks involved.
- 2.6 No representation or warranty, expressed or implied, is made by any affiliate of JMMBGL or by the legal or professional advisors to JMMBGL as to the accuracy or completeness of the information set forth herein including, without limitation, information with respect to JMMBGL, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by such persons, whether as to the past or future.
- 2.7 This Prospectus contains summaries believed by the Directors to be accurate with respect to certain terms of certain documents, but reference should be made to the actual documents (copies of which will be available to prospective Applicants upon request made to JMMBGL) for complete information with respect thereto, and all such summaries are qualified in their entirety by such complete information. Prospective Applicants are not entitled to rely on parts of information contained in this Prospectus to the exclusion of other parts of this Prospectus.
- 2.8 Each prospective Applicant should consult with their own advisors as to the legal, tax, business, financial and related aspects of subscribing for New Ordinary Shares. Neither JMMBGL, nor any of its respective representatives, is making any representation to any Applicant regarding legal, tax, business, financial or related aspects concerning subscription for New Ordinary Shares notwithstanding the inclusion in this Prospectus of such information in respect thereof as the Directors believe to be accurate, and prospective Applicants should not consider this Prospectus as a recommendation by JMMBGL that they should subscribe for or purchase any New Ordinary Shares. Each prospective Applicant must make their own investigation and evaluation of JMMBGL and this Prospectus.
- 2.9 This Prospectus is intended for use in Jamaica and Trinidad and Tobago only (subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago) and is not to be construed as extending an invitation to persons outside of those territories to subscribe for any of the New Ordinary Shares. The distribution or publication of this Prospectus and the invitation for subscription for the New Ordinary Shares outside of Jamaica or Trinidad and Tobago is prohibited by law. JMMBGL requires that anyone who receives this Prospectus shall inform himself/herself about, and observe, such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, any offer to, or solicitation by, anyone in any jurisdiction other than Jamaica and Trinidad and Tobago (subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago).

ADVISORY ON FORWARD-LOOKING STATEMENTS

- 2.10 Except for the historical information concerning JMMBGL contained in this Prospectus, certain matters discussed in this Prospectus, including without limitation, the discussions of future plans and financial projections of JMMBGL or other entities or relationships or intended relationships, financial or otherwise, with such entities, contain forward-looking statements. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made. These statements are made based on assumptions or predictions of the future which may not necessarily come true. Although the Directors believe that in making any such statements, their expectations are based on reasonable assumptions, any such statement may be influenced by factors that could cause

actual outcomes and results to be materially different from those projected. Prospective Applicants are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

- 2.11 Forward-looking statements are typically identified by words such as **“believe”, “expect”, “foresee”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “plan” and “project”** and similar expressions of future or conditional verbs such as **“will”, “may”, “should”, “could” or “would”**. When used in this Prospectus, such words and similar expressions, as they relate to the JMMB Group, its businesses or actual or intended business relationships, are intended to identify those forward-looking statements. By their very nature, forward-looking statements require the maker to make assumptions and are subject to numerous inherent risks and uncertainties which give rise to the possibility that such predictions, forecasts, projections, expectations or conclusions as contained in such statements will not prove to be accurate, that the assumptions relied on may not be correct and that these forward-looking statements will not be achieved.
- 2.12 In this Prospectus, we rely on and refer to information and statistics regarding market data of companies we have or propose to have a business relationship with, including in certain cases through investment in such companies. We have obtained this information and industry data from market research, publicly available information and the referenced companies. Such reports generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed. Although we believe this information is reliable, neither JMMBGL nor any of the Directors have independently verified or can guarantee the accuracy or completeness of that information and prospective Applicants should use appropriate caution in placing reliance on such information. Prospective Applicants are urged to consult with professional advisers, financial, legal or otherwise, to seek advice as to such information and any implications in consideration of their own particular circumstances.
- 2.13 All aspects of the JMMB Group’s businesses are subject to important uncertainties, risks and other influences, some of which are beyond the control of JMMBGL, and which could cause actual results to differ materially from those in forward-looking statements. These factors include, without limitation, the following:
- (a) economic, social and other conditions in Jamaica and any other jurisdiction in which the JMMB Group may operate, including actual rates of growth of such economies, local, regional or global instability, interest rate changes or exchange rate volatility;
 - (b) adverse climatic events and natural disasters;
 - (c) unavailability of regulatory approval to launch new financial products, or unfavourable market receptiveness to new products;
 - (d) changes in regulatory policy adversely affecting the revenues or expenses of JMMBGL or other companies within the JMMB Group;
 - (e) any other factor(s) negatively impacting on the realisation of the assumptions on which JMMBGL’s financial projections are based; and
 - (f) other factors identified in this Prospectus.

- 2.14 Prospective Applicants are cautioned that the foregoing list should not be construed as exhaustive. Prospective Applicants should carefully consider the foregoing factors and other factors set forth in the section titled “RISK FACTORS” before making an investment decision.
- 2.15 For additional details relating to risks associated with Alignvest Acquisition II Corporation/New Sagicor’s business, which upon completion of the Transaction will be an associated company of the Company, prospective Applicants are encouraged to refer to pages 225 – 246 of Alignvest Acquisition II Corporation’s prospectus dated February 7, 2019. The prospectus can be found at the following link <https://www.alignvest.com/app/uploads/2019/02/AQY-Sagicor-Final-Prospectus.pdf>. Information contained in the prospectus for Alignvest Acquisition II Corporation or on the website containing the foregoing link is not part of this Prospectus and is not incorporated by reference herein.
- 2.16 Other factors not set out above could also adversely affect the results of the JMMB Group. When relying on these forward-looking statements to make decisions with respect to JMMBGL and this Invitation, prospective Applicants and others should carefully consider the foregoing factors and other uncertainties and potential events.
- 2.17 Once this Prospectus has been signed by or on behalf of JMMBGL, neither JMMBGL nor the Directors undertake any obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in JMMBGL’s financial or regulatory position, or to reflect the occurrence of unanticipated events.

3. PROFESSIONAL ADVISORS TO THE INVITATION AND LOCATIONS WHERE APPLICATIONS MAY BE SUBMITTED

LEGAL ADVISORS	REGISTRAR
JAMAICA: Hart Muirhead Fatta Attorneys-at-Law 2nd Floor, The Victoria Mutual Building 53 Knutsford Blvd Kingston 5 Jamaica, W.I. Tel: 876 929 9677 Fax: 876 929 5755 Email: info@hmf.com.jm Harrison & Harrison Attorneys-at-Law 16 Hope Road, Suite 1 Kingston 10 Jamaica, W.I. Tel: 876 906 6559 Fax: 876 908 4057 Email: mail@harrisonlawja.com TRINIDAD AND TOBAGO: M. Hamel-Smith & Co. Attorneys-at-Law Eleven Albion Cor. Dere & Albion Streets P.O. Box 219 Port-of-Spain Trinidad and Tobago, W.I. Tel: 868 299 0981 Fax: 868 625 9177 Email: mhs@trinidadlaw.com	KPMG Regulatory & Compliance The Victoria Mutual Building 6 Duke Street Kingston, Jamaica, W.I. Tel: 876 922 6640 Fax: 876 922 7198 Email: firmmail@kpmg.com.jm

BROKERS

JAMAICA:

JMMB Securities Limited

6 Haughton Terrace
Kingston 10
Tel: 876 998 5662
Fax: 876 960 9546
Email: info@jmmb.com

Contact Person:

Karl Townsend
Chief Country Officer,
Group Capital Markets Unit
876 998 JMMB (5662)

TRINIDAD AND TOBAGO*:

JMMB Securities (T&T) Limited

169 Tragarete Road
Port of Spain
Trinidad
Tel: 868 800 5662
Fax: 868 224 5666
Email: infott@jmmb.com

Contact Person:

Roshan Basdeo
Manager,
Brokerage Services, Investment
868 800 5662

SELLING AGENTS - JAMAICA

Jamaica Money Market Brokers Limited

6 Haughton Terrace
Kingston 10
Tel: 876 998 5662
Fax: 876 960 9546
Email: info@jmmb.com

Mayberry Investments Limited

1 ½ Oxford Road
Kingston 5
Tel: 876 929 1908-9
Fax: 876 929 1501
Email: sales@mayberryinv.com
Website: www.mayberryinv.com

Proven Wealth Limited

26 Belmont Road
Kingston 5
Tel: 876 908 3800-1
Fax: 876 754 3802
Email: stocks@provenwealth.com

VM Wealth Management

53 Knutsford Boulevard
Kingston 5
Tel: 876 960 5000-3
Fax: 876 960 4972
Email: info@vmwealth.com

Barita Investments Limited

15 St. Lucia Way
Kingston 5
Tel: 876 926 2681
Fax: 876 929 8432
Email: Makingmoney@barita.com

Scotia Investments Jamaica Limited

7 Holborn Road
Kingston
Tel: 888 472 6842
Fax:
Email: customercare-jam@scotiabank.com

SELLING AGENTS - TRINIDAD AND TOBAGO*

Bourse Brokers Limited

First Floor, 24 Mulchan Seuchan Road,
Chaguanas
Tel: 868 2 BOURSE (226 8773)
Fax: 868 665 5755
Email: info@boursefinancial.com

First Citizens Brokerage and Advisory Services Limited

17 Wainwright Street
St. Clair,
Port of Spain
Tel: 868 622 3247
Fax: 868 623 2167

West Indies Stockbrokers Limited

4th Floor West St. Clair Place
7-9 Clair Avenue, St. Clair
Tel: 868 628 9473
Fax: 868 622 5002
Email: wiseinfo@wisett.com

Caribbean Stockbrokers Limited

29 Chacon Street
Port of Spain
Tel: 868 624 4415, 868 624 8178
Fax 868 625 9258
Email: csbroker@caribstockbrokers.com

STOCK EXCHANGES

Jamaica Stock Exchange

40 Harbour Street
P.O. Box 1084
Kingston
Jamaica.
Phone: 876 967 3271
Fax: 876 924 9090

Trinidad and Tobago Stock Exchange

10th Floor, Nicholas Tower
63-65 Independence Square
Port of Spain
Trinidad and Tobago
Tel: 868 625 5107
Email: ttsec@ttsec.org.tt

**subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago*

LOCATIONS WHERE APPLICATIONS MAY BE SUBMITTED:

JAMAICA:

JAMAICA MONEY MARKET BROKERS LIMITED

HAUGHTON 5 Haughton Avenue Kingston 10 Tel: 876 998 5662 Fax: 876 920 7281/ 876 998 9380	KNUTSFORD BOULEVARD 11 Knutsford Boulevard Kingston 5 Tel: 876 998 5662 Fax: 876 960 3927/876 960 4455
JMMB CORPORATE SOLUTIONS 6-8 Grenada Way Kingston 5 Tel: 876 998 5662 Fax: 876 908 3184	PORTMORE 47- 48 West Trade Way Portmore Town Centre Portmore, St. Catherine Tel: 876 998 5662 Fax: 876 939 3207
MANDEVILLE 23 Ward Avenue Mandeville, Manchester Tel: 876 998 5662 Fax: 876 625 2352	MONTEGO BAY Suite 1, Fairview Office Park Alice Eldemire Drive Montego Bay, St. James Tel: 876 998 5662 Fax 876 979 8985
MAY PEN Shop 28B Bargain Village Plaza 35 Main Street May Pen, Clarendon Tel: 876 998 5662 Fax: 876 786 3660	OCHO RIOS Guardian Life Building 2 Graham Street Ocho Rios, St. Ann Tel: 876 998 5662 Fax: 876 795 3886
SANTA CRUZ Shop #2, Oasis Plaza Coke Drive Santa Cruz, St. Elizabeth Tel: 876 998 5662 Fax: 876 966 9816	JUNCTION AGENCY Shop 2, Roye's Plaza Main Street, Junction St. Elizabeth Tel: 876 998 5662

AND ALL OFFICES OF THE SELLING AGENTS IN JAMAICA

TRINIDAD AND TOBAGO*:

JMMB INVESTMENTS (TRINIDAD AND TOBAGO) LIMITED

PORT OF SPAIN

169 Tragarete Road,
Port of Spain
Trinidad and Tobago
Tel: 868 800 5662
Fax: 868 652 5662

SAN FERNANDO

SouthPark,
Tarouba Link Road
San Fernando
Trinidad and Tobago
Tel: 868 800 5662
Fax: 868 652 5662

CHAGUANAS

DSM Plaza
Old Southern Main Road
Chaguanas
Trinidad and Tobago
Tel: 868 800 5662

AND ALL OFFICES OF THE SELLING AGENTS IN TRINIDAD AND TOBAGO

*subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago

4. BOARD OF DIRECTORS AND CORPORATE SECRETARY

DR. ARCHIBALD CAMPBELL
Chairman,

Independent Director



Archibald is currently a Director at JMMB Bank (Jamaica) Limited & JMMB Bank (T&T) Limited, a reporting issuer in Trinidad and Tobago. He is also Chairman of the Board of Trustees of the JMMB Pension Fund and Trustee at the University of the West Indies Non-FSSU Staff Pension Scheme. Archibald formerly served as a director at the University Hospital of the West Indies, as a member of the Sugar Industry Divestment negotiation team and also as director of several entities that included hotels, property management, banks, tertiary level institutions and a number of non-profit organisations. He was a lecturer at the University of the West Indies (UWI) where he taught Accounting as well as Risk Management in the Banking Degree. He also served as Bursar of the UWI and Chief Financial Officer with responsibility for maintaining relations with the seventeen (17) contributing Caribbean countries with regard to funding. He is a Chartered Accountant and is a Past President of the Institute of Chartered Accountants of Jamaica. He is a published author and speaker in the accounting and finance sectors, the holder of a Doctorate in Business Administration (DBA) and a M.Sc. in Accounting from the University of the West Indies and over 40 years of experience in the financial services industry.

Areas of expertise:

• Academia • Accounting • Administration • Business Ethics • Business Operations • Finance • Arbitration

KEITH DUNCAN
Executive Director and
Group Chief Executive
Officer

Non-Independent Director



Keith is currently the CEO of the JMMB Group, a position which he has held since 2012. His success as CEO and Deputy Managing Director of JMMB made him the best candidate to take the group of companies into previously unchartered territories which led it to new levels of success. He is also a director of JMMB Bank (T&T) Limited, a reporting issuer in Trinidad and Tobago. Keith currently serves as Vice President of the Private Sector Association of Jamaica and is a former President of the Jamaica Securities Dealers Association. Keith is also the Co-Chair of the Economic Programme Oversight Committee established by the GOJ to monitor the fiscal, monetary and financial sector indicators under the Precautionary Standby Arrangement entered into by the GOJ and the International Monetary Fund. He holds the Chartered Financial Analyst designation, as well as, a B.A. (Economics) from the University of Western Ontario in Canada.

Areas of expertise:

• Administration • Business Ethics • Business Operations • Corporate Governance • Finance • Investment Management • Strategic Planning

PATRIA-KAYE AARONS
Independent Director



Patria-Kaye is a well-known and widely respected member of the media fraternity and an entrepreneur. As CEO of Jamaica's only commercial confectionary company (Sweetie Confectionery) she brings a unique and invaluable combination of expertise and experience. As the 2017 recipient of the Entrepreneur of the Year Award from the Jamaica Chamber of Commerce and is a Fellow of President Obama's Young Leaders of the Americas, Patria-Kaye has impacted the business landscape not only in Jamaica but also Fortune 500 Companies namely Western Union and Sharp Corporation. She holds a Master's degree in Management with a minor in Marketing from the University of Edinburgh.

Areas of expertise:

• Academia • Administration • Business Ethics • Business Operation • Crisis Management • Marketing • Public & Media Relations

DR. ANNE CRICK
Independent Director



Anne, who holds a Master's degree and a PhD in Organizational Management, is a Senior Lecturer and former Associate Dean and Department Head at the University of the West Indies in the Faculty of Social Sciences. She has served on several boards in Jamaica, including HEART Trust NTA, UCJ Hospitality and Tourism Advisory Board, the Jamaica Customer Service Association and the Jamaica Association for Training and Development. In addition to being an extensively published author, she brings a wealth of knowledge and experience in managing large teams and developing senior leaders in private sector organizations.

Areas of expertise:

• Academia • Administration • Business Ethics • Corporate Governance • Human Resource Management • Organizational Management

ANDREW COCKING
Independent Director



Andrew brings to the Group over 30 years of experience in banking with over 20 years at the senior management level. A skilled negotiator and merger specialist, Andrew has had first-hand experience with international mergers involving combined assets of over US\$1.7B. Andrew served as Deputy Group President of Capital and Credit Financial Group as well as an independent consultant. Prior to assuming this position, he served as President and CEO of Capital and Credit Merchant Bank for 11 years.

Areas of expertise:

• Administration • Banking • Business Ethics • Finance • Mergers

PATRICIA DAILEY-SMITH
Independent Director



Patricia retired from the position of Audit Partner at KPMG having served the firm both locally at varying senior management levels and as Senior Audit Manager in Ohio in the United States. While at KPMG, Patricia managed large portfolios covering a wide cross-section of industries, including financial services, telecommunications, hospitality and tourism, manufacturing and healthcare. She brings to JMMB Group over 25 years of experience and is an inexhaustible reservoir of knowledge in the areas of accounting, audit and finance. Patricia is also a member of the Company's audit committee.

Areas of expertise:

• Accounting • Audit • Business Ethics • Business Operations • Finance

AUDREY DEER-WILLIAMS
Independent Director



Audrey is the Chief Technical Director assigned to the Social Security Division of the Ministry of Labour and Social Security. She worked in various capacities in the United States in the financial services sector prior to her service in the public sector in Jamaica. Audrey is a distinguished public servant whose extensive training and expertise in a multiplicity of areas has made her an invaluable resource. She holds an undergraduate degree in Economics and Accounting and a Master's degree in Business Administration.

Areas of expertise:

• Administration • Business Ethics • Treasury Operations • Investment Management • Process Improvement • Strategic Planning

DONNA DUNCAN-SCOTT
Executive Director and
Human Development
Officer

Non-Independent Director



Donna has had extensive experience in the financial services sector and, as the current Group Chief Culture & Human Development Officer, has chosen to shift her focus from overall executive leadership to culture and human development. Her team is responsible for creating and implementing the people-operating frameworks, people policies, processes and practices that support team members to realize the greatness within, to the benefit of themselves, our clients, the organisation and the society (Our Vision of Love). She holds a Bachelor's degree in Industrial Engineering, as well as a Masters in Business Administration from the Richard Ivey School of Business at the University of Western Ontario in Canada. She also holds the Chartered Financial Analyst designation.

Areas of expertise:

• Business Ethics • Business Operations • Corporate Governance
• People and Leadership Development • Organizational Culture Development
• Transformational Methodologies • Marketing • Finance

HUGH DUNCAN
Executive Director

Non-Independent Director



Hugh's experience and expertise span a variety of critical disciplines in the banking and finance industry. Hugh previously served as the Head of Group Capital Markets at JMMB for several years and now acts as an advisor to JMMB Group. Hugh operated at the CEO, Director and Vice President levels in Asia and some Caribbean territories. With over 20 years of international banking, trade and investment experience in senior positions, Hugh brings an uncommon and invaluable interplay of skills to his position. He has served and continues to serve on a variety of boards not only in Jamaica but also in other Caribbean territories including JMMB Bank (T&T) Limited, a reporting issuer in Trinidad and Tobago. Hugh received his tertiary level education in Canada and holds a Bachelor's degree in Finance and Management and a Master's degree in Business Administration with a focus on Finance and Marketing.

Areas of expertise:

• Administration • Asset based Finance. • Business Ethics • Corporate Banking
• Corporate Governance • Global Relationship Banking • Investment Banking
• Structured Trade Finance

DENNIS HARRIS
Independent Director



Dennis is the Managing Director of Unicomer (Jamaica) Limited, which trades as “Courts” in Jamaica. He is also the Executive Leader of the Unicomer Caribbean IT operations and the head of the USA “Courts” stores in New York. Prior to his appointment as Managing Director in 2011, he served as Regional Finance Director of Courts Caribbean, and prior to relocating to Jamaica worked as Finance Director in the United Kingdom. As a certified accountant with over 40 years of experience both locally and internationally, Dennis brings an unparalleled wealth of experience and knowledge in the area of finance.

Areas of expertise:

- Strategy • Leadership • Finance and Accounting • Business Ethics
- Business Operations • Corporate Governance

REECE KONG
Independent Director



With over two decades of experience as an information technology professional, Reece is the Managing Director and founder of RMP & Associates Limited, a Jamaican information technology company that provides technological expertise to various government agencies, financial institutions and other corporate entities. Reece has held several senior positions at Advanced Integrated Systems, a leading Jamaican information technology company, and was also a part of the technical team at Kingston Terminal Operators Limited.

Areas of expertise:

- Information Technology • Administration • Business Ethics

**H. WAYNE POWELL,
O.D., J.P.**
Independent Director



H. Wayne is currently a Business, Financial and Leadership Consultant who has previously served as Vice-President at Scotiabank International and Executive Vice-President at Scotiabank Jamaica. He has been recognized at the national level for his extraordinary contribution to the banking sector in Jamaica. As a finance, banking and leadership consultant, he brings to JMMB Group over 45 years of knowledge and experience in the financial sector, both locally and internationally. H. Wayne is also known for his contribution to nation building as a Justice of the Peace, as well as, through his affiliation with the Rotary Club and other charitable organizations. Wayne currently serves as a member of the Company’s audit committee.

Areas of expertise:

- Administration • Banking • Business Ethics • Business Operations
- Finance • Human Resource Management • Leadership Consultation

WAYNE SUTHERLAND
Independent Director



Wayne is the former Managing Director of Butterkist Limited, Senior Director of Air Jamaica Limited and a Commissioner of the Jamaican Securities Commission, the predecessor entity to the FSC. He is currently involved in venture capital, having been a member of the First Angels Investor group based in Jamaica, and has personally invested in a number of companies over the past 12 years. Wayne currently serves the JMMB Group in many areas, including as a Director of JMMB Bank (T&T) Limited, a reporting issuer, JMMB Investments (Trinidad and Tobago) Limited, JMMB Securities (T&T) Limited and JMMB Express Finance Limited (T&T). He also serves as a member of the Company's Audit Committee. Wayne holds a Bachelor of Science degree from University of the West Indies and an MBA from the Columbia University Graduate School of Business.

Areas of expertise:

- General Management • Finance • Marketing • Corporate Governance
- Business Ethics • Business Operations

AUDREY WELDS
Independent Director



Audrey has distinguished herself as an outstanding attorney at law in both the private and public sectors with a career spanning over 35 years. She has been a Course Director at the Norman Manley Law School for over 10 years. Audrey is also an active member of the legal fraternity who has served on several sub-committees of the Jamaican Bar Association and currently serves on the Accounting Reports Committee and the Proceeds of Crime Act Committee of the General Legal Council.

Areas of expertise:

- Academia • Administration • Business Ethics • Business Operations
- Corporate Governance • Legal/Regulatory

V. ANDREW WHYTE
Independent Director



Andrew is the Group Treasurer at Jamaica Producers Group, a multi-national company with operations in Jamaica, The Netherlands, United Kingdom, the Dominican Republic and the USA. He previously worked in the financial industry for just under 10 years. In addition to his training and experience, Andrew utilizes his Christian principles to guide his contribution. He has a Bachelor's degree in Chemical Engineering and a Master's degree in Business Administration. Andrew currently serves as chairman of the Company's audit committee.

Areas of expertise:

- Accounting / Finance • Banking • Risk Management • Corporate Governance
- Internal Audit

CORPORATE SECRETARY

CAROLYN DaCOSTA, J.P.



Carolyn has served as Corporate Secretary for JMMB since May 16, 2012 and for JMMB Group Limited since its incorporation. She is also the Group Compliance Manager. She holds certification in Corporate Governance from Harvard Business School, an MBA in Finance as well as a Diploma in International Compliance from the Manchester Business School in the UK, a Bachelor of Laws degree from the University of London and a Bachelor of Arts degree from the University of the West Indies. She brings an unparalleled combination of technical skills and experience to this critical role. In keeping with the Group's commitment to effective corporate governance, she ensures compliance with all relevant statutory and regulatory requirements, monitors changes in relevant legislation and ensures the taking of appropriate action, as required. Additionally, Carolyn is a Fellow of the International Compliance Association and a Justice of the Peace for the parish of St. Catherine.

Areas of expertise:

- Corporate Governance • Financial Operations • Law
- Regulatory and International Compliance

GROUP EXECUTIVES

KEITH DUNCAN	Group Chief Executive Officer
PETA GAYE BARTLEY	Group Chief Internal Auditor
DAMION BROWN	Group Chief Investment Officer
CAROLYN DaCOSTA	Group Chief Compliance Officer & Corporate Secretary
DONNA DUNCAN-SCOTT	Group Chief Culture & Human Development Officer
PATRICK ELLIS	Group Chief Financial Officer
PAUL GRAY	Group Chief Business Development Officer
GREGORY HINES	Group Chief Business Support Officer
JULIAN MAIR	Group Chief Investment Strategist
JANET PATRICK	Group Financial Planning & Budgeting Officer
DERECK RAJACK	Group Chief Risk Officer
KERRY-ANN STIMPSON	Group Chief Marketing Officer
CLAUDINE TRACEY	Group Chief Strategy Officer

SHARES HELD BY DIRECTORS IN THE COMPANY AND THEIR CONNECTED PARTIES AS AT SEPTEMBER 30, 2019

SHAREHOLDERS	SHAREHOLDING (ORDINARY SHARES)	CONNECTED PARTIES
Donna Duncan-Scott	7,678,110 36,776,951 37,530,103	ESOP JVF O.N. LTD CONCISE O.N. LTD
Archibald Campbell	18,400 344,827	ODETTE CAMPBELL
Keith P. Duncan	20,591 48,438,366 40,311,674 846,745	CONCISE E.I. LTD JVF E.I. LTD 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 Dailey Smith	NIL	-
Patria-Kaye Aarons	NIL	-
TOTAL DIRECTORS	210,982,944	

JMMB GROUP EXECUTIVES	SHAREHOLDING (ORDINARY SHARES)	CONNECTED PARTIES
Donna Duncan-Scott	7,678,110 36,776,951 37,530,103	ESOP JVF O.N. LTD CONCISE O.N. LTD
Keith P. Duncan	20,591 846,745 48,438,366 40,311,674	ESOP CONCISE E.I. LTD JVF E.I. LTD
Carolyn DaCosta	135,944 74,640 3,357 127,169 4,795 5,237	ESOP CRAIG DACOSTA DERMOTT DACOSTA MERLINE DACOSTA AMANDA DACOSTA
Paul Gray	80 763,731	ESOP
Julian Mair	239,711	ESOP
Patrick Ellis	239,872	ESOP
Janet Patrick	854,461 18,432	ESOP
Hugh Duncan	4,828	
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	ESOP

5. SUMMARY OF KEY INFORMATION

The following summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Prospectus, including the Appendices.

You are advised to read this entire Prospectus carefully before making an investment decision about the Invitation. Your specific attention is drawn to the Risk Factors in Section 16 of this Prospectus and the Disclaimer and Note on Forward-Looking Statements in Section 2 of this Prospectus.

If you have any questions arising out of this document or if you require any explanation, you should consult your stockbroker, licensed investment advisor, attorney-at-law, accountant or other professional advisor.

ISSUER:	JMMB Group Limited (the “ Company ” or “ JMMBGL ”)
ISSUE:	266,737,797 New Ordinary Shares, apportioned between: (a) Key Investors: 150,000,000; (b) Existing Shareholders: 80,000,000; (c) Non-Reserved Share Applicants: 36,737,797 provided that the number of New Ordinary Shares available in the Invitation may be increased to a maximum of 325,000,000 New Ordinary Shares.
SECURITIES TO BE ISSUED:	New Ordinary Shares of no-par value in the capital of the Company and ranking <i>pari passu</i> with the Existing Ordinary Shares upon issue.
SUBSCRIPTION PRICE:	(a) J\$38.00 per New Ordinary Share for Existing Shareholders and Team Members and Key Investors for Applicants resident in Jamaica and making Applications in Jamaica and J\$38.75 per New Ordinary Share for Non-Reserved Share Applicants for Applicants resident in Jamaica and making Applications in Jamaica (b) TT\$1.90 per New Ordinary Share for Existing Shareholders and Team Members and Key Investors for Applicants resident in Trinidad and Tobago and making Applications in Trinidad and Tobago and TT\$1.94 per New Ordinary Share for Non-Reserved Share Applicants for Applicants resident in Trinidad and Tobago and making Applications in Trinidad and Tobago* <i>*subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago</i>
METHOD OF PAYMENT:	In full on Application by an Approved Payment Method
ISSUE CAPITALIZATION:	J\$10,163,589,634
ESTIMATED NET PROCEEDS TO BE RECEIVED BY THE COMPANY	J\$10,062,500,000

ESTIMATED EXPENSES OF THE INVITATION	J\$101,000,000
ARRANGER:	JMMB Securities Limited
LEAD BROKER & LISTING AGENT:	JMMB Securities Limited and JMMB Securities (T&T) Limited* <i>*subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago</i>
USE OF PROCEEDS:	To support the growth of the existing businesses of the Group and allow the Company to pursue strategic investment opportunities.
INTENTION TO LIST ON JSE & TTSE	<p>The Company intends to seek to have the New Ordinary Shares issued as a result of this Invitation listed on both the JSE and the TTSE, and has so applied to the TTSE in accordance with the Rules of the TTSE and intends to make such application to the JSE in accordance with the Rules of the JSE as soon as conveniently possible following the Closing Date and the allocation of New Ordinary Shares.</p> <p>This statement is not to be construed as a guarantee that the New Ordinary Shares will be listed. The making of the application by the Company, and its success, is dependent on the criteria for admission set out in the Trinidad and Tobago Stock Exchange Rules.</p>
BASIS OF ALLOTMENT	<p>New Ordinary Shares will be allocated after close of the application list when all the valid Applications are received. The application list will close on November 7, 2019 at 3:00 p.m. Jamaica time (i.e., 4:00 p.m. in Trinidad and Tobago*), unless the Company elects to close the application list prior to the Closing Date as stated herein.</p> <p>New Ordinary Shares will be allocated in two stages:</p> <ul style="list-style-type: none"> (a) Key Investors will be allocated from the Key Investors Pool such amount of New Ordinary Shares as they had previously committed to subscribe for; (b) Applicants who are (i) Existing Shareholders not already participating as Key Investors or (ii) Team Members will be allocated New Ordinary Shares from the Existing Shareholder & Team Member Pool on a “bottom-up” basis in tranches of 3,000 New Ordinary Shares and increments of 1,000 New Ordinary Shares until such Pool is fully allocated and/or all Applications by Reserved Share Applicants are met in full; (c) Applications by Non-Reserved Share Applicants will then be allocated New Ordinary Shares from the Non-Reserved Shares on a similar “bottom-up” basis in tranches of 3,000 New Ordinary Shares and increments of 1,000 New Ordinary Shares

BASIS OF ALLOTMENT Continued	<p>“bottom-up” basis means that all Applications (large or small) up to the first 3,000 New Ordinary Shares will be met. Applications for in excess of 3,000 New Ordinary Shares will then be met in similar fashion in increments of 1,000 New Ordinary Shares until all Applications are met or all the New Ordinary Shares are allocated.</p> <p>In the event that any one category (i.e., whether Key Investor, Existing Shareholders & Team Member and Non-Reserved Applicants) is undersubscribed:</p> <ul style="list-style-type: none"> • all Applicants in such category will be allocated 100% of the New Ordinary Shares for which such Applicant applied. Unallocated New Ordinary Shares in such category will be allocated to Non- Reserved Shareholders. <p>Multiple Applications by the same Applicant shall be treated as a single Application for the purpose of Allocation/Allotment. For this purpose, Applicants will be regarded as being the same where it is either the same individual or corporate Applicant or, in the case of joint Applicants, the joint holders identified are the same.</p> <p>Notwithstanding the above the Directors reserve the right to make adjustments to the basis of allocation to ensure fair and equitable allocation. Applications shall not receive any preference for purposes of allocation solely on the basis of the time at which they are submitted, provided they are received prior to the Closing Date.</p> <p><i>(*subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago)</i></p>
NOTIFICATION OF ALLOTMENT	<p>Successful Applicants will be notified by way of letters of allotment mailed by the Lead Broker & Listing Agent on behalf of the Company through the post to the address of the Applicant (or of the first-named joint Applicant) as stated in the Application Form, and sent at the risk of the Applicant. The New Ordinary Shares will be issued in electronic form unless otherwise instructed; Applicants who wish to receive share certificates must make a specific request to the Registrar through their broker.</p>

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of Prospectus (Jamaica)	October 15, 2019
Publication of Prospectus (Trinidad and Tobago)	October 24, 2019*
Invitation Opens (Jamaica)	October 22, 2019
Invitation Opens (Trinidad and Tobago)	October 25, 2019*
Invitation Closes	November 7, 2019
Announcement of Basis of Allocation	November 11, 2019
Allotment of New Ordinary Shares	November 18, 2019
Refund RTGS Transfers and cheques	November 18, 2019
Listing of Ordinary Shares on the JSE & TTSE subject to the applications for listing being accepted by each of the JSE and TTSE.	November 25, 2019

**subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago. The Company will notify potential investors of receipt of the requisite regulatory approvals in Trinidad and Tobago by issuing an addendum to this Prospectus which will be done by posting a notice on the website of the Jamaica Stock Exchange at <https://www.jamstockex.com>, the website of the Trinidad and Tobago Stock Exchange at <https://www.stockex.co.tt> and at the Company's website at <https://www.jmmb.com> and by publishing a copy of such addendum in two (2) daily newspapers of general circulation in Trinidad and Tobago.*

The above timetable is indicative and will be implemented on a best efforts' basis, with the Directors however reserving the right (in consultation with the Lead Broker & Listing Agent) to change the dates that the Invitation opens and closes based on market conditions and other relevant factors. Notice of any changes in the above dates for the opening or closing of the invitation will be given as soon as reasonably practicable via a press release in Jamaica and in Trinidad and Tobago and/or by posting a notice on the website of the Jamaica Stock Exchange at <https://www.jamstockex.com>, the website of the Trinidad and Tobago Stock Exchange at <https://www.stockex.co.tt> or at the Company's website at <https://www.jmmb.com>.

ADDITIONAL PUBLIC INVITATION STATISTICS

Subscription Price per New Ordinary Share: <ul style="list-style-type: none"> Reserved Share Applicants Non-Reserved Share Applicants 	J\$38.00 & TT\$1.90* J\$38.75 & TT\$1.94* <i>*subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago</i>
Number of Existing Ordinary Shares in issue at the date of this Prospectus	1,630,552,532
Number of Reserved Shares available: Key Investors - 150,000,000 New Ordinary Shares Existing Shareholders and Team Members - 80,000,000 New Ordinary Shares	230,000,000
Number of Non-Reserved Shares available	36,737,797
Total number of New Ordinary Shares to be issued by the Company pursuant to the Invitation	266,737,797
Number of ordinary stock units anticipated to be in issue immediately following completion of the Invitation (assuming all New Ordinary Shares subscribed for and issued)	1,897,290,329
New Ordinary Shares as a percentage of the Existing Ordinary Shares in issue as at the date of this prospectus	16.36%
New Ordinary Shares as a percentage of the enlarged issued ordinary stock units of the Company immediately following completion of the Invitation (assuming all New Ordinary Shares are subscribed for and issued)	14.06%

6. REASONS FOR INVITATION AND USE OF PROCEEDS

The Company estimates that the net proceeds of the Invitation will be approximately J\$10,162,500,000.00, after deducting the following expenses incurred in connection with the Invitation in the aggregate sum of approximately J\$101,000,000.00:

- Fees payable to professional advisers;
- Brokerage fees;
- Registration and filing fees in Jamaica and Trinidad and Tobago;
- Fees payable to the JSE, the TTSE, the JCSD and the TTCD;
- Selling Agent Fees; and
- Marketing Expenses

The use of such net proceeds will be consistent with our growth strategy, which includes organic expansion and diversification through investment in other entities, whether by acquisitions or strategic investments. We are confident in our ability to deploy the proceeds of this Invitation into areas that have a strong potential to grow profit materially. This potential for material growth in profits will be realized through execution of strategic opportunities to rapidly increase our scale of operations and improve our risk profile through greater diversification across geographic regions and business lines.

The net proceeds of this Invitation will provide the Company and the JMMB Group with greater financial flexibility to quickly take advantage of changing economic, regulatory and market conditions. The success of our expansion strategy to date can be clearly evidenced by the deployment of various business lines, growth in our business activities and earnings generation over the last few years. Additionally, we have enhanced shareholder value in other ways by adjusting our risk profile through diversification across both business lines and geographies, together with increasing our customer base and creating strategic opportunities to generate sustainable future growth.

Our strategic activities in recent years have reflected the expansion of business lines within the Dominican Republic, acquisition of the Capital and Credit Financial Group in Jamaica which facilitated our eventual provision of commercial banking services in JMMB Bank (Jamaica) Limited, and our acquiring full control of JMMB Bank (T&T) Limited and the launch of JMMB Investments (Trinidad and Tobago) Limited. These initiatives have been instrumental in generating the performance achieved and providing a solid platform for further growth. Proceeds from this Invitation will support execution of current and future strategic initiatives and drive greater value creation for our shareholders.

As we continue to successfully execute our growth strategy, we are inviting members of our existing JMMBGL ordinary shareholder family, certain targeted strategic investors and the general public to participate in the JMMB Group's growth strategy and to benefit from our clear value-creating opportunities by participating in this offer of additional shares. We provide this opportunity in the context of our consistent "win, win" approach, where our shareholders will benefit from significant value creation and the JMMB Group will benefit from increased capital to pursue further growth.

7. INFORMATION ABOUT THE JMMB GROUP OF COMPANIES

27 YEARS BUILDING A VISION OF LOVE

Jamaica Money Market Brokers Limited, our original operating entity, opened its doors in November 1992 as the first money market broker in Jamaica. This was to be the beginning of a legacy built on core values of integrity, care, honesty and openness underpinned by our 'Vision of Love'. Twenty-seven years later, the vision that led to the launch of Jamaica Money Market Brokers Limited, has driven the evolution from a single operating entity to the JMMB Group, a financial services group of companies serving over 316,000 clients and their families in Jamaica, Trinidad and Tobago and the Dominican Republic.

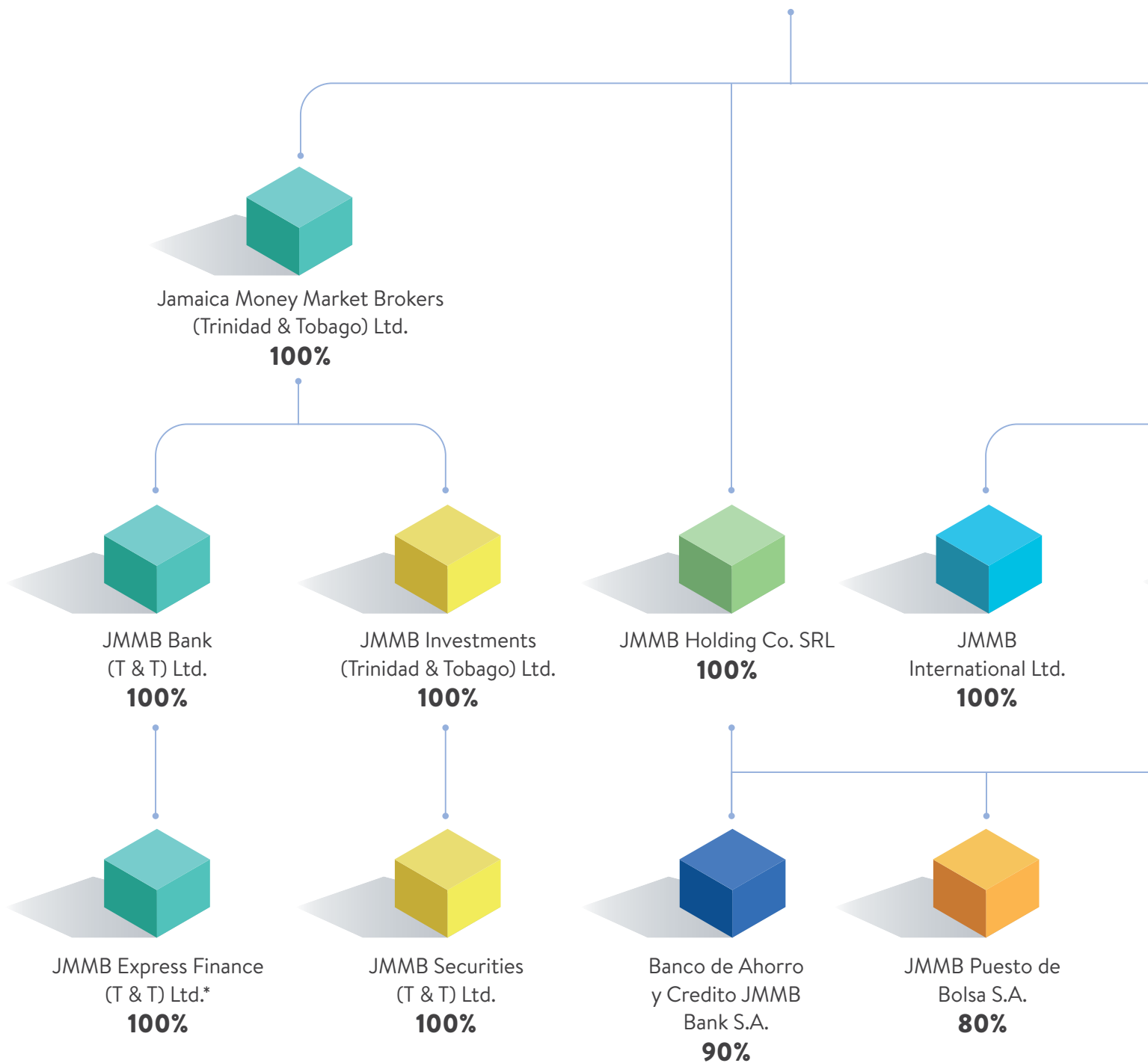
Genuine care for clients, credibility, talent and expertise have catapulted the JMMB Group to become a successful, dynamic, international, multi-faceted financial services group that is valued for its commitment to heart-to-heart connections and providing genuine, caring relationships, while proactively delivering personalised financial solutions across banking, investment and insurance brokerage services.

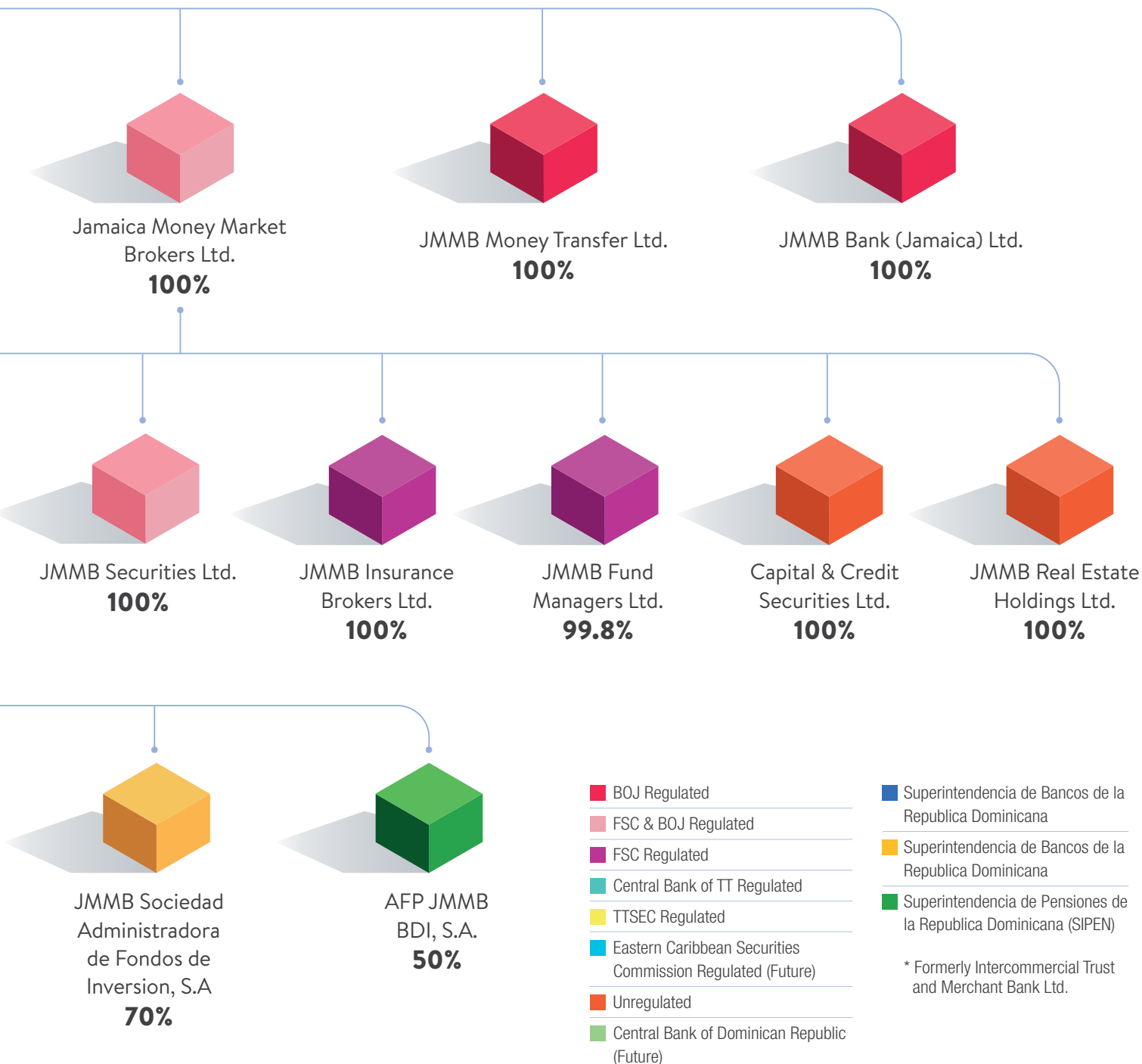
CORPORATE STRUCTURE

In 2015, Jamaica Money Market Brokers Limited was replaced as the parent company of the JMMB Group by JMMB Group Limited, a newly formed company incorporated in Jamaica under the Companies Act. This was achieved by a court-sanctioned and shareholder-approved Scheme of Arrangement among the two companies and their shareholders. On implementation of the Scheme of Arrangement, JMMBGL became the holding company of the JMMB Group of companies, which includes the companies listed in the chart set out below. As part of the reorganization, Jamaica Money Market Brokers Limited's ordinary shares were delisted from the JSE, the BSE and the TTSE, and JMMBGL's ordinary shares were listed instead.

As a subsequent event, the Board took the decision to apply to delist JMMBGL's Existing Ordinary Shares from the BSE, due to consistent generally low trading volumes on the BSE, as well as the costs of maintaining the listing on the BSE. All regulatory processes were complied with. The Company has received a letter dated July 30, 2019 from the Barbados Stock Exchange confirming that our application for the delisting of the Company's ordinary shares from the Barbados Stock Exchange has been approved.

JMMB GROUP LIMITED CORPORATE STRUCTURE SEPTEMBER 30, 2019





This portfolio of companies has positioned the Group to become a financial force to be reckoned with, not only regionally but in the wider international marketplace, and has significantly strengthened its ability to truly deliver partnerships with clients in achieving their life goals. The Company has no employees while the JMMB Group employs approximately 1,279 persons in the various regions in which its subsidiaries carry on business.

MILESTONES

The Group is committed to maximizing client satisfaction through exceptional client care, world class financial advice and expertise, solid ethical business practices and its Vision of Love. Since the birth of Jamaica Money Market Brokers Limited in November 1992, the group of companies that evolved from those humble beginnings has continued to grow and thrive in an ever evolving and increasingly globally competitive financial industry and has achieved several key milestones to date, namely:

- In 2004, a 50% acquisition of shareholdings in Intercommercial Bank Limited (“IBL”) and in 2013 full ownership of the IBL Group. This was the Group’s initial step in offering and building out banking services and offering clients an enhanced value proposition across the region;
- The opening of JMMB Puesto de Bolsa in October 2007 in the Dominican Republic was part of a strategic decision to develop the money market in one of the largest Spanish-speaking Caribbean countries and enable the sale of investment products to the wider market. Since then, the Group has added other business lines in the Dominican Republic including banking through Banco de Ahorro y Crédito JMMB Bank, S.A. in 2015 as well as pension administration services through AFP JMMB BDI, S.A. (AFP) and mutual funds through JMMB Sociedad Administradora De Fondos De Inversion (SAFI) both of which came into being in 2016;

- In late 2012, the Group opened JMMB Investments (Trinidad and Tobago) Limited, adding investment services to the portfolio of companies in Trinidad and Tobago and rebranded IBL Bank to JMMB Bank (T&T) Limited in 2016;
- In 2018, JMMB Bank (T&T) Limited under its merchant banking licence, launched a fully unsecured consumer-lending entity under the brand JMMB Express Finance (T&T) Limited;
- Merchant banking, remittances and unit trust solutions were added to the existing services of investments, pension management and insurance brokering, with the acquisition of the Capital & Credit Financial Group in Jamaica in 2012;
- Following this acquisition, and ending in April 2015, the overall structure of the Group was reconfigured to create a new holding company, JMMB Group Limited, to replace Jamaica Money Market Brokers Limited. Jamaica Money Market Brokers Limited’s ordinary shares were delisted from the JSE, BSE and the TTSE, and JMMB Group Limited’s ordinary shares were simultaneously listed on these exchanges;
- In August 2017, the Group launched its commercial banking services in Jamaica when JMMB Merchant Bank Limited transitioned to JMMB Bank (Jamaica) Limited.

STANDING FOR THE GREATNESS OF ALL

The Group’s commitment to corporate social responsibility is actualized through the JMMB Joan Duncan Foundation (the “**Foundation**”). The Foundation seeks to positively impact individuals, communities and the nation through transformational projects whose primary objective is to unearth individual greatness resulting in a paradigm shift in attitudes and behaviours. This effort is carried out primarily through nation-building projects, educational and transformational training as well as entrepreneurial transformation and hands-on community involvement.

8. SHARE CAPITAL

Shares in the Company have no par value.

SHARE CAPITAL

	2019 Number of Shares (‘000)	2018 Number of Shares (‘000)
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Authorised ordinary stock units at no par value: unlimited

Fixed rate cumulative redeemable preference shares of no par value	6,000,000	6,000,000
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	2019 Number of Shares (‘000)	2018 Number of Shares (‘000)
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Issued ordinary share capital:

Ordinary stock units in issue at no par value	1,630,552	1,630,552
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	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Stated capital:				
1,630,552,532 (2018: 1,630,552,532) ordinary stock units	1,864,554	1,864,554	1,864,554	1,864,554
715,482,000 7.50% cumulative redeemable preference stock units	-	1,430,964	-	-
15,358,000 7.25% cumulative redeemable preference stock units	-	38,395	-	-
9,434,000 7.25% cumulative redeemable preference stock units	14,151	14,151	14,151	14,151
1,827,548,000 7.50% cumulative redeemable preference stock units	1,827,548	1,827,548	1,827,548	1,827,548
213,500 5.75% cumulative redeemable preference stock units	40,038	40,134	40,038	40,134
42,783,500 US\$ 6.00% cumulative redeemable preference stock units	5,348,793	5,361,628	5,348,793	5,361,628
32,177,000 7.00% cumulative redeemable preference stock units	64,354	64,354	64,354	64,354
1,848,937,000 7.25% cumulative redeemable preference stock units	3,697,874	3,697,874	3,697,874	3,697,874
155,000 US\$ 5.50% cumulative redeemable preference stock units	38,756	38,849	38,756	38,849
21,265,000 US\$ 5.75% cumulative redeemable preference stock units	5,317,101	5,329,860	5,317,101	5,329,860
	18,213,169	19,708,311	18,213,169	18,238,952
Less: redeemable preference stock units classified as liability	(16,348,615)	(17,843,757)	(16,348,615)	(16,374,398)
	1,864,554	1,864,554	1,864,554	1,864,554

JMMB Group Limited, “the Company” has interest in several subsidiaries (please see Note 1(b) of our 2019 Audited Financial Statements included herein, for list of subsidiaries). The Company and its subsidiaries are collectively referred to as “the Group”

TOP 10 SHAREHOLDERS

As at September 30, 2019, (being the latest practicable date prior to publication of this Prospectus), the following persons or entities constitute the top 10 shareholders of the Company. None of the shareholders referred to above has different voting rights from any other holder of the Existing Ordinary Shares in respect of any Existing Ordinary Shares held by them.

SHAREHOLDERS	SHAREHOLDINGS	%
PROVEN INVESTMENTS LIMITED	326,277,325	20.010
TRUSTEES JMMB ESOP	159,076,085	9.756
COLONIAL LIFE INSURANCE CO (TRINIDAD) LTD	103,453,776	6.345
PANJAM INVESTMENTS LIMITED	80,571,220	4.941
NATIONAL INSURANCE FUND	79,672,997	4.886
SJIML A/C 3119	55,872,550	3.427
CONCISE E.I. LTD	48,438,366	2.971
JVF O.E. LTD	44,300,000	2.717
JVF E.I. LTD	40,311,674	2.472
SAGICOR POOLED EQUITY FUND	37,864,378	2.322
	975,838,371	59.847
TOTAL ORDINARY SHARES	1,630,838,371	100.000

JMMB GROUP LIMITED - SHARE PRICE STATISTICS

	YEAR ENDED 31-MAR-19	YEAR ENDED 31-MAR-18	YEAR ENDED 31-MAR-17	YEAR ENDED 31-MAR-16	YEAR ENDED 31-MAR-15
GROUP FINANCIAL DATA	(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)
Earnings per stock unit (cents)	234	218	203	139	118
Dividends per stock unit (cents)	49	47	45	37	32
Dividends paid and proposed (in respect of the financial year)	798,971	766,360	733,749	603,304	521,776
Dividend payout ratio	20.65%	21.26%	21.90%	26.24%	25.49%
Price earnings multiple	13.67	11.93	8.28	7.21	5.96
Return on average equity	12.87%	12.92%	13.53%	10.35%	10.13%
Book value per stock unit (J\$)	18.44	17.12	15.89	13.45	12.86
Number of stock units at year end	1,630,552,532	1,630,552,532	1,630,552,532	1,630,552,532	1,630,552,530
Market Price per share (JSE closing price-J\$)	31.99	26.00	16.81	10.01	7.06
OTHER DATA					
Exchange rate J\$ per US\$1.00	125.02	127.21	128.67	121.70	114.77
Inflation rate (year over year) (%)	3.40%	3.90%	4.14%	2.90%	4.00%
Market capitalisation	52,161,375,499	42,394,365,832	27,409,588,063	16,321,830,845	11,511,700,862

9. LICENCES & REGULATORY FRAMEWORK

Information in respect of JMMBGL and its subsidiaries is as follows:

NAME OF ENTITY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	REGULATORS
JMMB Group Limited	Jamaica	Holding company	Jamaica Bank of Jamaica, Financial Services Commission, Jamaica Stock Exchange Limited Trinidad and Tobago Trinidad and Tobago Securities and Exchange Commission, Trinidad and Tobago Stock Exchange Limited, Central Bank of Trinidad and Tobago
JMMB Bank (Jamaica) Limited	Jamaica	Commercial banking	Bank of Jamaica
JMMB Money Transfer Limited	Jamaica	Remittance	Bank of Jamaica
Jamaica Money Market Brokers Limited	Jamaica	Securities dealing and Primary dealer	Financial Services Commission, Jamaica Stock Exchange Limited, Bank of Jamaica
JMMB Insurance Brokers Limited	Jamaica	Insurance brokering	Financial Services Commission
JMMB Fund Managers Limited	Jamaica	Fund management	Financial Services Commission
Capital & Credit Securities Limited	Jamaica	Investment Holding	Unregulated
JMMB Real Estate Holdings Limited	Jamaica	Real estate Holding	Unregulated
JMMB International Limited	St. Lucia	Investment Holding and management	Unregulated
JMMB Securities Limited	Jamaica	Stock brokering and cambio Services	Financial Services Commission, Jamaica Stock Exchange Limited, Bank of Jamaica
Jamaica Money Market Brokers (Trinidad and Tobago) Limited	Trinidad and Tobago	Financial Holding Company	Central Bank of Trinidad and Tobago

NAME OF ENTITY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	REGULATORS
JMMB Investments (Trinidad and Tobago) Limited	Trinidad and Tobago	Broker-dealer	Trinidad and Tobago Securities and Exchange Commission
JMMB Securities (T&T) Limited	Trinidad and Tobago	Broker-dealer	Trinidad and Tobago Securities and Exchange Commission, Trinidad and Tobago Stock Exchange Limited
JMMB Bank (T&T) Limited	Trinidad and Tobago	Deposit taking financial institution and reporting issuer	Central Bank of Trinidad and Tobago, Trinidad and Tobago Securities and Exchange Commission, Trinidad and Tobago Stock Exchange Limited
JMMB Express Finance (T&T) Limited (formerly Intercommercial Trust and Merchant Bank Limited)	Trinidad and Tobago	Consumer Finance	Central Bank of Trinidad and Tobago
JMMB Holding Company SRL	Dominican Republic	Investment holding company	Unregulated (awaiting DR regulation to be enacted)
Banco de Ahorro y Credito JMMB Bank, SA	Dominican Republic	Savings and loans bank	Superintendencia de Bancos de la Republica Dominicana
JMMB Sociedad Administradora De Fondos De Inversion, SA	Dominican Republic	Mutual fund administration	Superintendencia de Valores de la Republica Dominicana
JMMB Puesto de Bolsa, SA	Dominican Republic	Securities Brokering	Superintendencia de Valores de la Republica Dominicana
AFP JMMB BDI, S.A.	Dominican Republic	Pension Fund Administration	Superintendencia de Pensiones de la Republica Dominicana

10. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS & FUTURE PROSPECTS



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Chartered Accountants
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firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL INFORMATION

To the Board of Directors
JMMB GROUP LIMITED

Opinion

The summary financial information set out on pages 42 to 45, which comprise the summary consolidated statements of financial position as at March 31, 2015 through March 31, 2019 and the summary consolidated income statements for each of the five years then ended, are derived from the audited consolidated financial statements of Jamaica Money Market Brokers Limited as at and for the year ended March 31, 2015 and JMMB Group Limited as at and for the years ended March 31, 2016 through March 31, 2019.

In our opinion, the summary financial information is consistent, in all material respects, with the audited financial statements.

Summary Financial Information

The summary financial information does not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited financial statements of Jamaica Money Market Brokers Limited and JMMB Group Limited. Reading the summary financial information and our reports thereon, therefore, is not a substitute for reading the audited financial statements and our reports thereon. The summary financial information and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our reports on the audited financial statements.

The Audited Financial Statements and Our Reports Thereon

We expressed unmodified audit opinions on the audited financial statements in our reports dated May 29, 2015, May 30, 2016, May 30, 2017, May 30, 2018 and June 5, 2019.



Page 2

**INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL
INFORMATION (CONTINUED)**

To the Board of Directors
JMMB GROUP LIMITED

Management's Responsibility for the Summary Financial Information

Management is responsible for the preparation of the summary financial information.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial information is consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "*Engagements to Report on Summary Financial Statements*".

A handwritten signature in blue ink that reads 'KPMG' in a stylized, cursive font.

Chartered Accountants
Kingston, Jamaica

October 11, 2019

A. PRESENTATION OF HISTORICAL FINANCIAL DATA

The following is a summary of the key financial data extracted from the audited financial statements of (i) JMMBGL for the periods 31 March 2016 to 31 March 2019 and (ii) Jamaica Money Market Brokers Limited for the period ended 31 March 2015. Up to 31 March 2015, Jamaica Money Market Brokers Limited prepared consolidated financial statements to reflect the Group. On April 10, 2015, Jamaica Money Market Brokers Limited became a subsidiary of JMMBGL, whose ordinary shares were listed on the main stock exchanges of Jamaica, Trinidad and Tobago and Barbados on April 13, 2015. It is important to note that had JMMBGL been in operation for the period prior to April 10, 2015 the Group's financial results would have been exactly the same as those published by Jamaica Money Market Brokers Limited.

A complete set of audited financial statements for JMMBGL for the financial year ended March 31, 2019 can be found on the website of the Jamaica Stock Exchange at <https://www.jamstockex.com> and at our website at <https://jm.jmmb.com/financial-statements>.

JMMB Group Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year ended 31, March 2015-2019
(expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
Net Interest Income and other Revenue					
Interest income from securities, calculated using the effective interest rate method	17,583,697	15,879,081	14,712,377	13,337,436	13,337,816
Interest expense	(8,745,236)	(8,138,561)	(7,944,690)	(7,834,033)	(8,076,145)
Net Interest Income	8,838,461	7,740,520	6,767,687	5,503,403	5,261,671
Fee and commission income	1,424,885	1,185,993	918,301	749,135	546,233
Gains on securities trading, net	4,097,335	4,816,692	5,376,536	4,018,454	3,420,817
Net income from financial assets at fair value through profit and loss (FVTPL)	130,179	56,690	-	-	-
Fees earned from managing funds on behalf of clients	1,143,140	690,421	369,014	218,254	154,806
Foreign exchange margins from cambio trading	2,402,406	1,350,641	1,218,518	934,829	936,134
Operating revenue net of interest expense	18,036,406	15,840,957	14,650,056	11,424,075	10,319,661
Other income					
Dividends	54,851	23,677	31,258	24,023	14,255
Other	44,939	70,598	12,167	9,581	25,801
	18,136,196	15,935,232	14,693,481	11,457,679	10,359,717
Operating expenses					
Staff costs	(7,126,972)	(6,021,797)	(5,390,462)	(4,367,807)	(3,911,132)
Other expenses	(5,862,270)	(5,218,487)	(5,055,760)	(4,413,458)	(3,876,565)
	(12,989,242)	(11,240,284)	(10,446,222)	(8,781,265)	(7,787,697)
	5,146,954	4,694,948	4,247,259	2,676,414	2,572,020
(Loss)/gain on acquisition of subsidiaries	-	-	(87,646)	-	19,263
Impairment loss on intangible assets	-	-	-	(13,392)	-
Impairment loss on financial assets	(278,615)	(342,645)	(8,745)	(61,810)	(259,262)
Gain/(loss) on disposal of property, plant and equipment	2,210	686	5,178	(5,655)	22,018
Profit before taxation	4,870,549	4,352,989	4,156,046	2,595,557	2,354,039
Taxation	(1,002,143)	(748,585)	(805,515)	(296,326)	(306,757)
Profit for the year	3,868,406	3,604,404	3,350,531	2,299,231	2,047,282
Attributable to:					
Equity holders for the parent	3,820,119	3,555,260	3,312,838	2,264,589	1,931,980
Non-controlling/minority interest	48,287	49,144	37,693	34,642	115,302
	3,868,406	3,604,404	3,350,531	2,299,231	2,047,282
Earnings per stock unit	\$2.34	\$2.18	\$2.03	\$1.39	\$1.18

	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
Profit for the year	3,868,406	3,604,404	3,350,531	2,299,231	2,047,282
Other Comprehensive Income					
Item that may not be reclassified to profit or loss:					
Unrealized gains on equity securities at fair value through other comprehensive income (FVOCI)	505,276	-	1,333,917	(1,126,650)	2,002,155
Items that may be reclassified to profit or loss:					
Unrealized losses on debt securities at FVOCI	(617,447)	(242,119)	-	-	-
Related tax	(49,968)	4,487	(257,695)	223,667	(382,424)
Foreign exchange differences on translation of foreign subsidiaries	(390,836)	(456,586)	303,586	167,462	(94,847)
Total other comprehensive loss, net of tax	(552,975)	(694,218)	1,379,808	(735,521)	1,524,884
Total comprehensive income for the year	3,315,431	2,910,186	4,730,339	1,563,710	3,572,166
Total comprehensive income attributable to:					
Equity holders of the parent	3,377,770	2,706,562	4,633,975	1,529,795	3,167,368
Non-controlling interest	(62,339)	203,624	96,364	33,915	404,798
	3,315,431	2,910,186	4,730,339	1,563,710	3,572,166

JMMB Group Limited
Consolidated Statement of Financial Position
Year ended 31, March 2015-2019
(expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
Assets					
Cash and cash equivalents	30,726,396	27,837,273	20,895,153	25,509,721	18,672,388
Interest receivable	3,733,190	3,429,115	2,941,556	2,677,626	2,561,634
Income tax recoverable	238,441	999,611	1,252,062	1,446,489	2,130,926
Loans and notes receivable	67,947,268	55,625,743	47,133,134	37,450,257	31,924,543
Other receivables	5,314,152	2,055,252	1,545,162	1,791,238	1,245,160
Securities purchased under agreements to resell	-	1,120,001	915,006	221,506	272,596
Investment securities	205,972,359	194,905,868	171,571,803	156,976,090	157,226,757
Investment properties	489,616	489,616	473,132	457,591	457,591
Intangible assets	1,757,568	1,602,513	1,516,500	1,349,158	1,060,277
Property, plant and equipment	3,283,332	3,217,877	3,070,590	2,438,096	2,033,688
Deferred income tax assets	360,893	115,130	43,902	165,892	38,933
Customers' liability under acceptances, guarantees and letters of credit as per contra	213,042	317,731	198,110	123,622	90,809
	320,036,257	291,715,730	251,556,110	230,607,286	217,715,302
Stockholders' equity					
Share capital	1,864,554	1,864,554	1,864,554	1,864,554	1,850,279
Share premium	-	-	-	-	13,775
Retained earnings reserve	9,605,055	9,605,055	9,605,055	9,605,055	9,605,055
Investment revaluation reserve	2,114,147	1,752,810	2,202,115	1,152,069	2,037,032
Cumulative translation reserve	(499,014)	(87,147)	312,246	41,155	(109,014)
Retained earnings	16,981,202	14,776,222	11,922,100	9,261,483	7,567,587
	30,065,944	27,911,494	25,906,070	21,924,316	20,964,714
Non-controlling interest	1,038,332	1,092,253	888,629	792,265	758,350
	31,104,276	29,003,747	26,794,699	22,716,581	21,723,064
Liabilities					
Customer deposits	63,947,279	52,165,066	49,087,517	41,296,373	38,463,504
Due to other financial institutions	190,888	347,948	418,313	499,166	435,032
Securities sold under agreements to repurchase	163,907,891	158,167,289	156,647,595	149,262,369	144,501,658
Notes payable	37,036,156	27,561,706	4,525,306	4,414,355	3,644,384
Redeemable preference shares	16,348,615	17,843,757	8,837,821	8,556,784	4,228,705
Deferred income tax liabilities	175,180	451,084	1,232,702	677,531	682,307
Interest payable	1,602,491	1,385,823	1,158,780	1,170,402	1,185,595
Income tax payable	1,464,064	1,292,843	208,477	117,795	397,758
Other payables	4,046,375	3,178,736	2,446,790	1,772,308	2,362,486
Liabilities under acceptances, guarantees and letters of credit as per contra	213,042	317,731	198,110	123,622	90,809
	288,931,981	262,711,983	224,761,411	207,890,705	195,992,238
	320,036,257	291,715,730	251,556,110	230,607,286	217,715,302

JMMB Group Limited
Consolidated Statement of Cash Flows
Year ended 31, March 2015-2019

(expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
Cash Flows from Operating Activities					
Profit for the year	3,868,406	3,604,404	3,350,531	2,299,231	2,047,282
Adjustments for:					
Interest Income	(17,583,697)	(15,879,081)	(14,712,377)	(13,337,436)	(13,337,816)
Interest Expense	8,745,236	8,138,561	7,944,690	7,834,033	8,076,145
Income tax charge	1,002,143	748,585	805,515	296,326	306,757
Loss/(gain) on acquisition of net assets of overseas company	-	-	87,646	-	(19,263)
Impairment loss on intangible assets	-	-	-	13,392	-
Impairment loss on loans and notes receivable	-	-	271,977	-	-
Impairment loss on financial assets	278,615	342,645	8,745	61,810	259,262
Amortisation of intangible assets	242,857	193,038	195,015	162,873	156,700
Depreciation of property, plant and equipment	417,195	393,675	349,001	316,278	285,636
Gain on sale of property, plant and equipment	(2,210)	(686)	(5,178)	5,655	(22,018)
Dividend Income	(54,851)	(23,677)	(31,258)	(24,023)	(14,255)
Unrealized gains on trading securities	(130,179)	(56,690)	(147,543)	(191,375)	56,057
Foreign currency translation (gain)/loss	(104,661)	109,246	104,915	(164,539)	(273,162)
	(3,321,146)	(2,429,980)	(1,778,321)	(2,727,775)	(2,478,675)
Changes in operating assets and liabilities:					
Income tax recoverable, net	761,170	252,451	194,427	684,437	(87,306)
Loans and notes receivable	(12,914,319)	(8,691,273)	(9,619,190)	(4,768,066)	(5,373,368)
Other receivables	(3,263,781)	(510,090)	256,667	(508,152)	715,831
Securities purchased under agreements to resell	1,120,001	(204,995)	(693,500)	51,090	477,789
Customer deposits	11,782,213	3,077,549	6,762,421	1,798,837	2,575,754
Due to other financial institutions	(157,060)	(70,365)	(80,853)	63,353	151,646
Other payables	867,639	731,946	656,791	612,163	167,053
Securities sold under agreement to repurchase	5,740,602	1,519,694	7,385,226	4,760,711	1,199,233
	615,319	(6,325,063)	3,083,668	(33,402)	(2,652,043)
Interest received	17,279,622	15,391,522	14,448,447	13,221,444	13,396,178
Interest paid	(8,528,568)	(7,911,518)	(7,956,312)	(7,849,226)	(8,073,524)
Taxation paid	(1,402,557)	(512,578)	(295,367)	(484,357)	(208,696)
Net cash provided by operating activities	7,348,497	6,967,426	9,280,436	4,854,459	2,461,915
Cash Flow from Operating Activities	7,348,497	6,967,426	9,280,436	4,854,459	2,461,915
Cash Flows from Investing Activities					
Investment securities, net	(11,192,454)	(24,087,626)	(12,000,038)	(727,088)	(9,727,379)
Dividend received	54,851	23,677	31,258	24,023	14,255
Investment properties, net	-	(16,484)	(15,541)	-	-
Purchase of intangible assets	(395,905)	(305,909)	(304,276)	(355,600)	(167,380)
Purchase of property, plant and equipment	(483,363)	(583,446)	(986,987)	(711,530)	(465,017)
Proceeds from disposal of property, plant and equipment	2,210	4,788	14,650	1,142	39,242
Net cash used in investing activities	(12,014,661)	(24,965,000)	(13,260,934)	(1,769,053)	(10,306,279)
Cash Flows from Financing Activities					
(Redemption)/issue of redeemable preference shares, net	(1,495,142)	9,209,334	-	7,087,425	-
Repayment of redeemable preference shares	-	-	-	(2,759,346)	-
Issue of ordinary shares	-	-	-	500	-
Notes payable	9,474,450	23,036,400	-	769,971	3,644,384
Dividends paid to ordinary stock holders	(782,665)	(701,138)	(652,221)	(570,693)	538,082
Net cash provided by financing activities	7,196,643	31,544,596	(652,221)	4,527,857	4,182,466
Effect of exchange rate changes on cash and cash equivalents	(256,675)	(279,839)	18,151	309,402	96,218
Net increase/(decrease) in cash and cash equivalents	2,889,123	6,942,120	(4,614,568)	6,837,333	(4,654,032)
Cash and cash equivalents at beginning of year	27,837,273	20,895,153	25,509,721	18,672,388	23,326,420
CASH AND CASH EQUIVALENTS AT END OF YEAR	30,726,396	27,837,273	20,895,153	25,509,721	18,672,388

MANAGEMENT DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS

The Management of JMMBGL is responsible for the integrity and objectivity of the information contained in the Management Discussion and Analysis and Results of Operations (“**MD&A**”).

The MD&A is prepared to enable prospective Applicants to assess the operations and financial performance of JMMBGL for the financial year ended 31 March 2019 compared with prior years. It should be read in conjunction with JMMBGL’s financial statements. The information presented herein is an abridged version of the MD&A contained in JMMBGL’s 2019 Annual Report released on July 24, 2019, which can be referred to for further details on the operational results of JMMBGL and its subsidiaries.

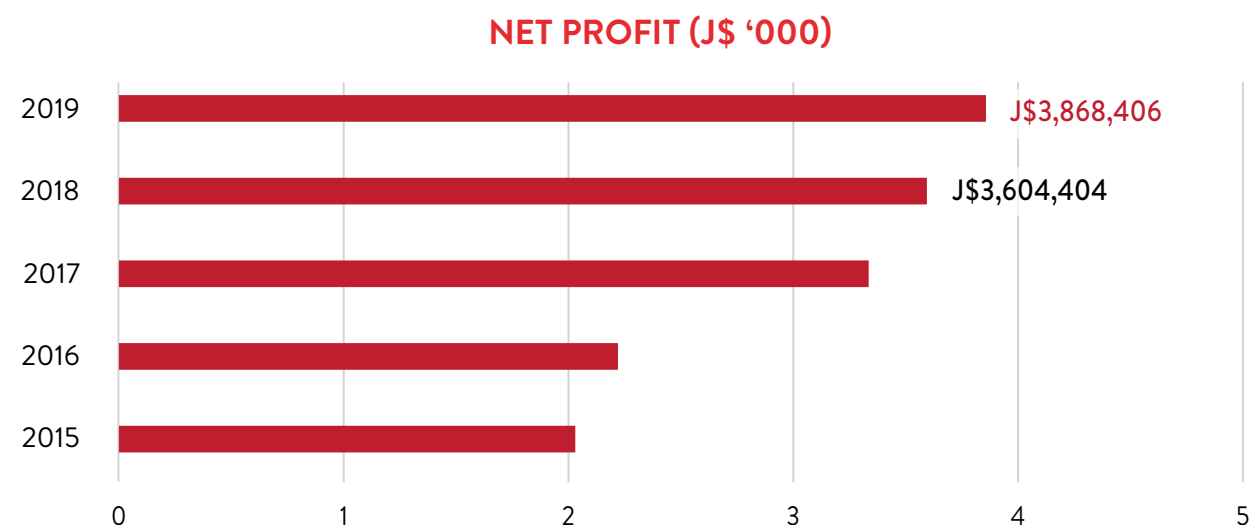
The financial information disclosed in this MD&A is consistent with JMMBGL’s audited consolidated financial statements and related notes for the financial year ended 31 March 2019. Unless otherwise indicated, all amounts expressed are in Jamaican dollars and have been primarily derived from JMMBGL’s financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS).

This MD&A may contain forward-looking statements, and prospective Applicants should therefore refer to the Disclaimer & Note On Forward-Looking Statements in Section 2 of this Prospectus when interpreting the information contained in this MD&A.

SUMMARY OF RESULTS AND ACHIEVEMENTS

SOLID GROWTH AND PERFORMANCE

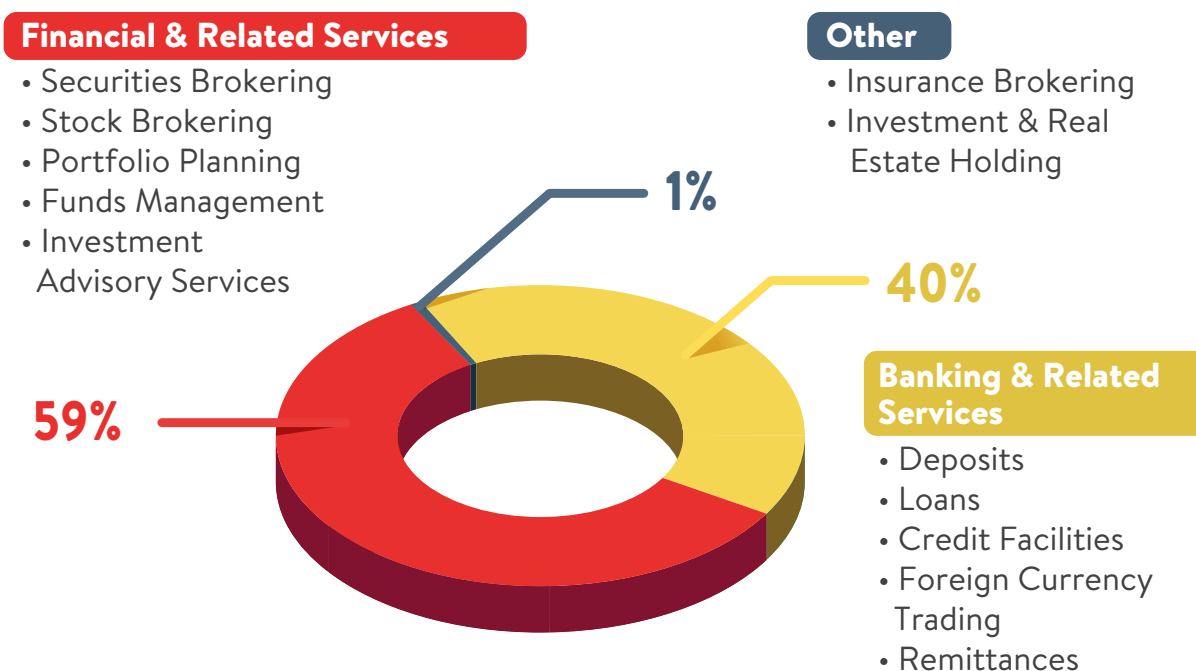
The Group continued to post positive results and solid growth in key performance areas during the year under review. Net profit grew by 7% moving the total for the year to J\$3.87B. Operating revenue, net of interest expense, grew by 14% and ended the year at J\$18.04B and net interest income, which also grew by 14%, ended the year at J\$8.84B.



REGIONAL AND BUSINESS LINE DIVERSIFICATION AT WORK

The Group's strategy to improve stakeholder value via the build out of a regional integrated financial services business model continues in full swing and initiatives to diversify risk, expand operations and drive revenues from newer business lines and markets continue to show positive results.

BUSINESS LINE CONTRIBUTION TO PROFIT BEFORE TAX



BANKING AND RELATED SERVICES

The build out of the Group's banking business line continues to tangibly impact the Group's bottom line as its contribution to profit before tax has moved to 40% up from a 23% contribution in the previous financial year.

Financial year 2018/19 was also the first full financial year of operations for the newest commercial banking entity in the Group, JMMB Bank (Jamaica) Limited, having received regulatory approval to transition from merchant banking to commercial banking in August 2017. The year of operations saw net operating revenue increase by 47% ending at J\$3.96B. The bank's deposit base saw an increase of 26% over the prior period ending the year at J\$38.71B and its loan portfolio showed growth of 26% totaling J\$6.94B at year end. This loan portfolio and deposit base growth continued to outpace the overall growth of the Jamaican market.

The Group's Dominican Republic-based savings and loans bank, Banco de Ahorro y Crédito JMMB Bank, SA, achieved operating profit of J\$14.5M for the year. This is a significant improvement over the previous financial year and is an important milestone as the Bank posted its first profitable year after having operated at a loss since the Group took over the entity in financial year 2015/16.

The Group's Trinidad and Tobago operations launched a new business line, JMMB Express Finance (T&T)

Limited (“JEF”), under its merchant banking business licence. This new business line, birthed out of the Group’s financial inclusion strategy, offers unsecured consumer loans up to TT\$40,000 (or approximately J\$765,200). After only 6 ½ months of operations, JEF has amassed a client base over 2,000 strong and has booked just under TT\$30 million in loans.

FINANCIAL AND RELATED SERVICES

The entities comprising the Group’s investment business line in the Dominican Republic saw growth of 25% of total Funds under Management (“FUM”) for the financial year while total FUM in Jamaica and Trinidad and Tobago grew by 2% and 15% respectively.

Our teams in Trinidad and Tobago continued to deepen brand awareness. To this end, JMMB Securities (T&T) Limited was the broker that processed the second largest number of applications in the largest public offering of securities in the country’s history, National Investment Fund, with subscriptions totalling TT\$1.3 billion.

The Group’s pension fund management business in the Dominican Republic, JMMB Administradora de Fondos de Pensiones, which was birthed in late 2017, achieved a significant milestone in surpassing the RD\$ 1 billion mark for managed funds.

In Jamaica, collective investment schemes (“CIS”) managed by JMMB Fund Managers Limited represented 12.4% of the total market in Jamaica compared to 11% at the start of the financial year, and when further ranked by unit trust FUM, these CIS ranked the fourth largest in Jamaica.

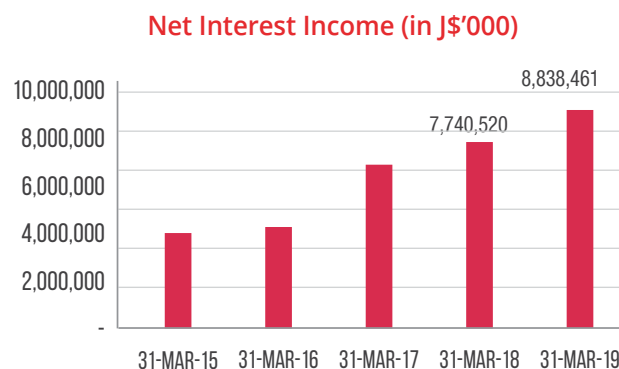
Rounding out highlights of the Group’s performance is the capital markets business line which achieved significant growth year over year with transaction volumes growing by 120% to J\$44B, compared to J\$20B in the prior year.

Financial year 2018/19 saw a refined focus aimed at intensifying the consolidation and growth arms of our strategy. A central focus of the execution of

these arms is maintaining emphasis on maximizing strategic synergies and extracting operational efficiency from the entire portfolio of companies across the Group while driving the growth of key business lines in all three territories.

2018/2019 GROUP FINANCIAL PERFORMANCE

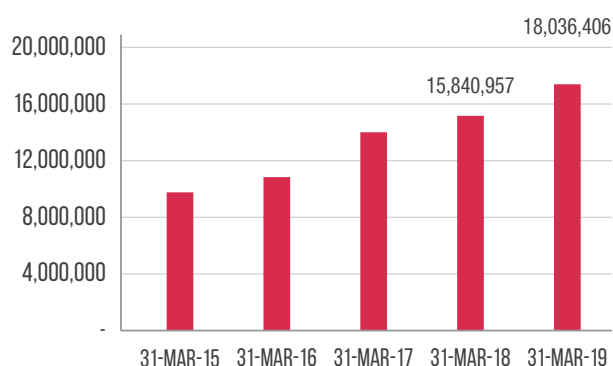
Net Interest Income (“NII”) grew by 14% or J\$1.10B to J\$8.84B and reflected growth in the investment and loan portfolios coupled with effective spread management. Income from Foreign Exchange (FX) Trading increased by 78%, or J\$1.05B, to J\$2.40B, reflecting increased activities in the banking segment. Fees earned from managed funds totalled J\$1.14B, up from J\$690M in the prior period. This was on account of organic growth as managed funds and collective investment schemes across the Group experienced significant growth. Other fees and commission also grew by J\$238.9M or 20% to J\$1.42B primarily as a result of increased capital markets transactions as well as other value-added services to clients. The Group’s securities trading activities delivered creditable results of J\$4.23B compared to J\$4.87B in the prior period against the backdrop of less favourable market conditions in the current financial year.



OPERATING REVENUE

Net operating revenue amounted to J\$18.04B, reflecting growth of 14% or J\$2.20B. All revenue lines recorded growth, with the exception of gains on securities trading.

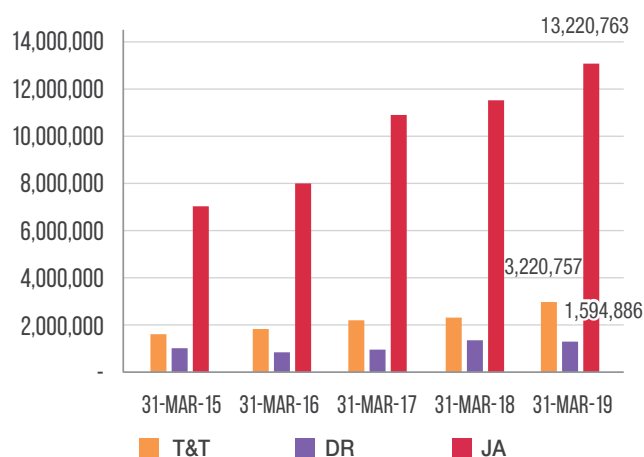
Group Operating Revenues Net of Interest Expense (in J\$'000)



COUNTRY CONTRIBUTION TO OPERATING REVENUE

The Group's Jamaican entities' contribution to Group operating revenue was J\$13.22B reflecting growth of J\$1.53B or a 13% increase over the prior period. This was due to growth in all revenue lines, except trading gains. Of note is NII which increased by 13% or J\$686.2M to J\$5.85B, while fees earned from managing funds increased by 67% to J\$1.04B and FX trading gains grew by 69% to J\$1.65B.

Country Contribution to Group Operating Revenue (in J\$'000)



The Group's Trinidad and Tobago entities' contribution to Group operating revenue grew by 27% ending at J\$3.22B. This was due largely to increased NII and FX trading gains. NII grew by 14% or J\$245.8M to J\$2.06B on account of larger investment and loan portfolios. FX trading gains increased by 98% or J\$371.3M to J\$748.5M.

The Group's Dominican Republic entities' contribution to Group operating revenue was flat at J\$1.59B as increases in other revenue line items were offset by a reduction in trading gains, due to tighter than normal market conditions. Of note is NII which increased by 22% or J\$165.9M to J\$927.2M on account of larger investment and loan portfolios as well as increased spreads.

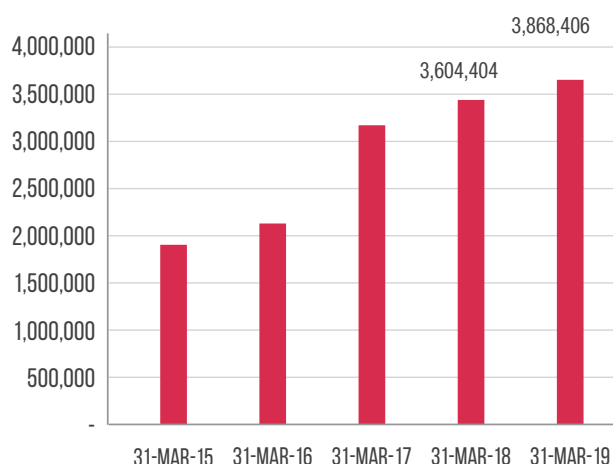
OPERATING EXPENSES

In the 2018/19 financial year, administrative expenses moved from J\$11.24B to J\$12.99B. This was primarily attributable to increases in staff cost to support new sales capacity, costs incurred on transactions associated with the business expansion initiatives undertaken during 2018/19 as well as project activities related to operational efficiency and standardization. Given these activities, the Group's efficiency ratio moved from 71% to 72%. During the 2019/20 financial year, the Group will focus on extracting operational efficiencies through the execution of its standardization and process improvement project. Under this project, one core banking platform, a set product/solution suite and an in-branch experience supported by standardized technology, processes and systems will be implemented for the banking business line across the Group.

NET PROFIT

Over the past five years, net profit for the Group has continued on a positive trajectory. At the end of March 2019, the Group posted record net profit of J\$3.87B, 7% or J\$264M higher than the prior period.

Group Net Profit (in J\$'000)



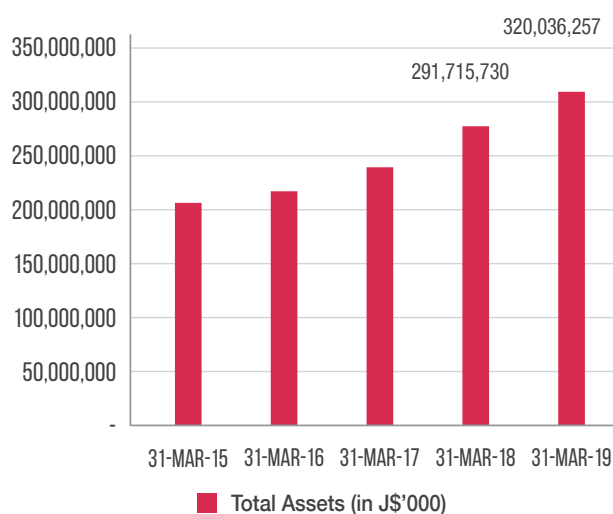
TOTAL ASSETS

The Group's total asset base grew by J\$28.32B to J\$320.04B over the period. This was mainly due to increases in Loans and Notes Receivable as well as Investment Securities. Loans and Notes Receivable as at 31 March 2019 was J\$67.95B and reflected growth of J\$12.32B or 22% as all the loan portfolios across the Group increased.

The investment portfolio increased by J\$11.07B or 6% to J\$205.97B.

The growth in asset base was mainly funded by customer deposits and repos which stood at J\$63.9B and J\$163.9B respectively.

Total Assets (in J\$'000)

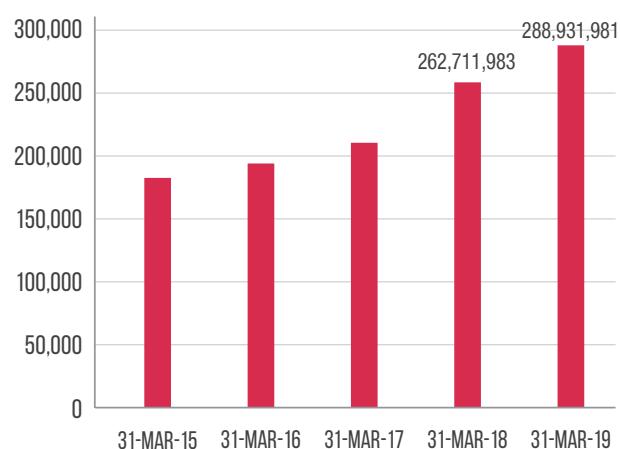


LIABILITIES

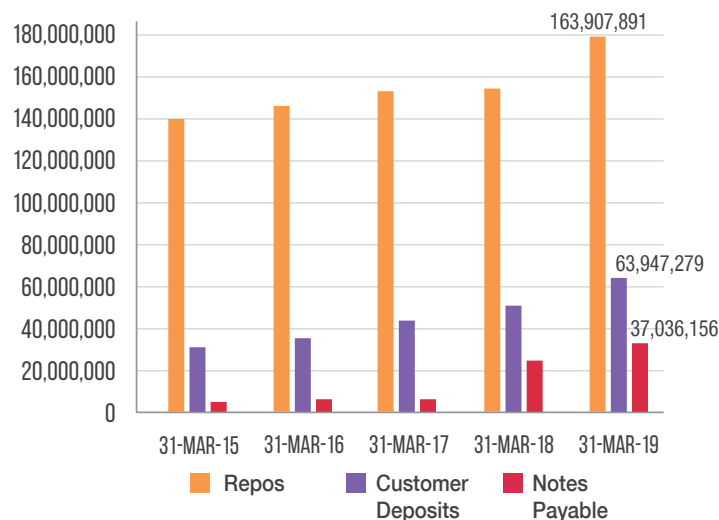
Liabilities increased from \$262.7B to \$288.9B in 2019. This was mainly as a result of increases in the following items

- Securities sold under repurchase agreements (see note 25 of JMMBGL's 2019 Audited Financial Statements for details)
- Notes payable (see note 26 of JMMBGL's 2019 Audited Financial Statement for details), which represents long-term funding taken on by the Group to fund acquisitions or lock in attractive long-term "repo-like" funding to provide clients with investment options. The US\$ promissory note for J\$18.7B equivalent was refinanced prior to maturity.

TOTAL LIABILITIES (in J\$'000)



Repos, Customer Deposits, Notes Payable (in J\$'000)

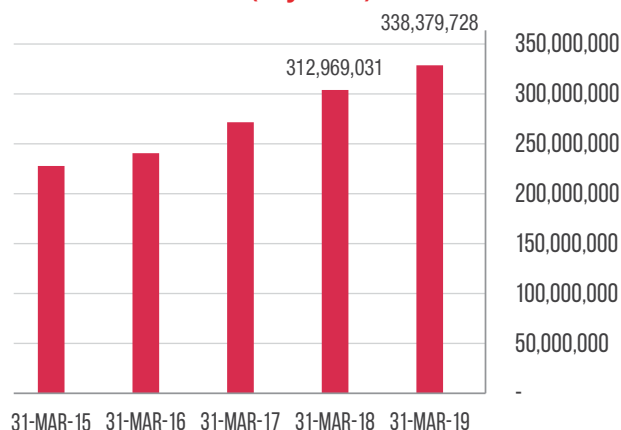


- Cumulative Redeemable Preference Shares (See note 23 of our 2019 Audited Financial Statements for details), which qualify as Tier 2 capital for the Group and are also used by the Group to fund acquisitions or to provide greater balance sheet flexibility.

TOTAL FUNDS UNDER MANAGEMENT

As at 31 March 2019, total clients' funds under management (on and off-balance sheet) stood at J\$338.38B. This reflected growth of 8% or J\$25.41B and was due mainly to increases in customer deposits, repurchase agreements, unit trusts as well as pension funds.

Clients' Funds under Management
(in J\$'000)



CAPITAL ADEQUACY

All entities within the JMMB Group continue to maintain regulatory capital adequacy requirements comfortably above the regulatory minimum requirements for each territory. The Group utilizes the Internal Capital Adequacy Assessment Process prior to the start of each fiscal year to assess capital required for projected growth as well as potential stress events in the upcoming year. The Group's policy is to always maintain a strong capital base that exceeds regulatory requirements in order to achieve continued growth of the business and maintain market confidence.

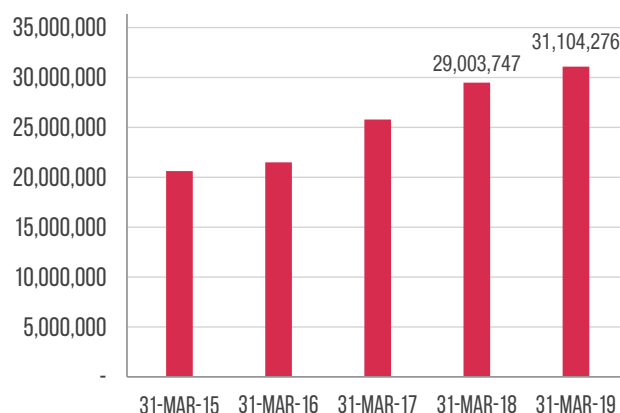
NAME OF COMPANY	REGULATORY MEASURE (% OR \$ FIGURE WHERE APPLICABLE)	ENTITY CAPITAL ADEQUACY AS AT MARCH 31 2019
Jamaica Money Market Brokers Limited	10.00%	23.72%
JMMB Bank (Jamaica) Limited	10.00%	13.33%
JMMB Fund Managers Limited	10.00%	61.76%
JMMB Puesto de Bolsa, S.A.	DOP 153 million	DOP 1,386.7 million
Banco de Ahorro y Credito JMMB Bank, S.A.	10.00%	23.21%
JMMB Sociedad Administradora de Fondos de Inversion	DOP 15 Million (0.75% AUM)	DOP 24.27 Million (1.71% AUM)
Jamaica Money Market Brokers (T&T) Limited*	10.00%	16.30%
JMMB Bank (T&T) Limited	10.00%	15.42%
JMMB Investments (Trinidad and Tobago) Limited	TT\$ 15 million	TT\$ 87.5 million

* - Preliminary regulatory limit under Basel 2

SHAREHOLDERS' EQUITY

As at 31 March 2019, total shareholders' equity stood at J\$31.10B. This reflected an increase of 7% or J\$2.1B which was due largely to the Group's improved profitability.

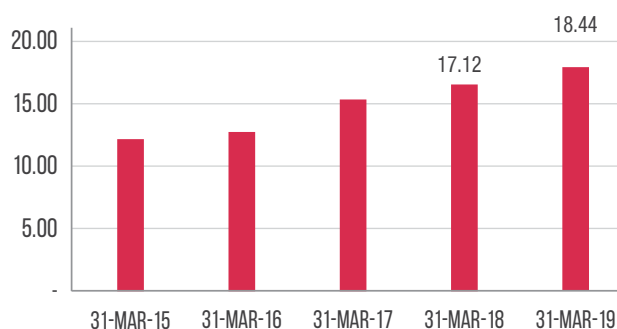
Total Shareholders' Equity (in J\$'000)



BOOK VALUE PER STOCK

At the end of the 2018/19 financial year, the Group's book value per ordinary share was J\$18.44 compared to J\$17.12 in the prior period.

Book Value per Stock Units (in J\$'000)

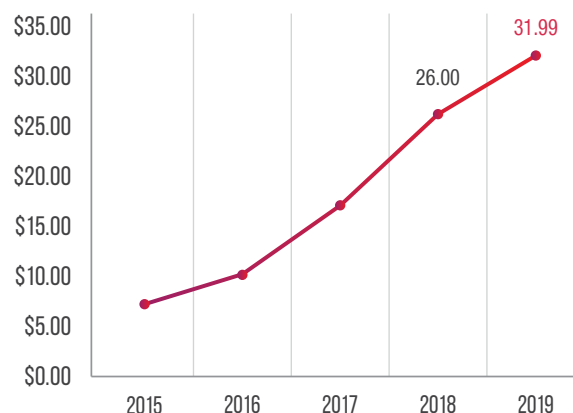


JSE CLOSING PRICE

The Group's stock closing price on the JSE as at the end of the 2018/19 financial year was J\$31.99, up from J\$26.00 in the prior year. This movement

represents a 23% increase in capital gains to shareholders for the financial year. During this period the stock price moved from TT\$1.76 to TT\$1.80 on the TTSE.

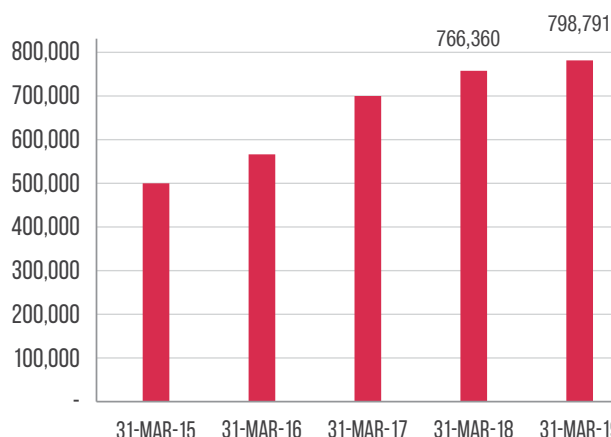
JSE Closing Price (in J\$'000)



SHAREHOLDERS' RETURN

Total dividends paid and proposed in respect of the 2018/19 financial year amounted to J\$799M. The Group's performance over the period continued to drive positive shareholder returns and demonstrated our focused commitment to sustainable growth, long-term earnings and increased returns to our shareholders.

Dividends Paid and Proposed in respect of the Financial Year (in J\$'000)



2019/20 FY FIRST QUARTER HIGHLIGHTS

The Group recorded strong growth and profitability for the first quarter of its 2019/20 financial year.

Earnings per stock unit were J\$0.57 for the first quarter of the 2018/19 financial year and compared to J\$0.68 for the corresponding period for the 2019/20 financial year. Net profit recorded year over year growth of 17% moving from \$956.6M for the first quarter of the 2018/19 financial year to J\$1.12B for the first quarter of the 2019/20 financial year.

Net operating revenue stood at J\$5.84B as at the end of the period representing growth of 25% or J\$1.18B over the prior comparable period. This growth resulted from increases in net gains on securities trading, FX trading gains, fees and commission income and net interest income. Net interest income grew 6% over the prior comparable period ending the quarter under review at J\$2.20B.

Operating expenses for the reporting period totaled J\$3.84B 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 process optimization project activities. Despite this, 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 implementation of its standardization and process improvements project.

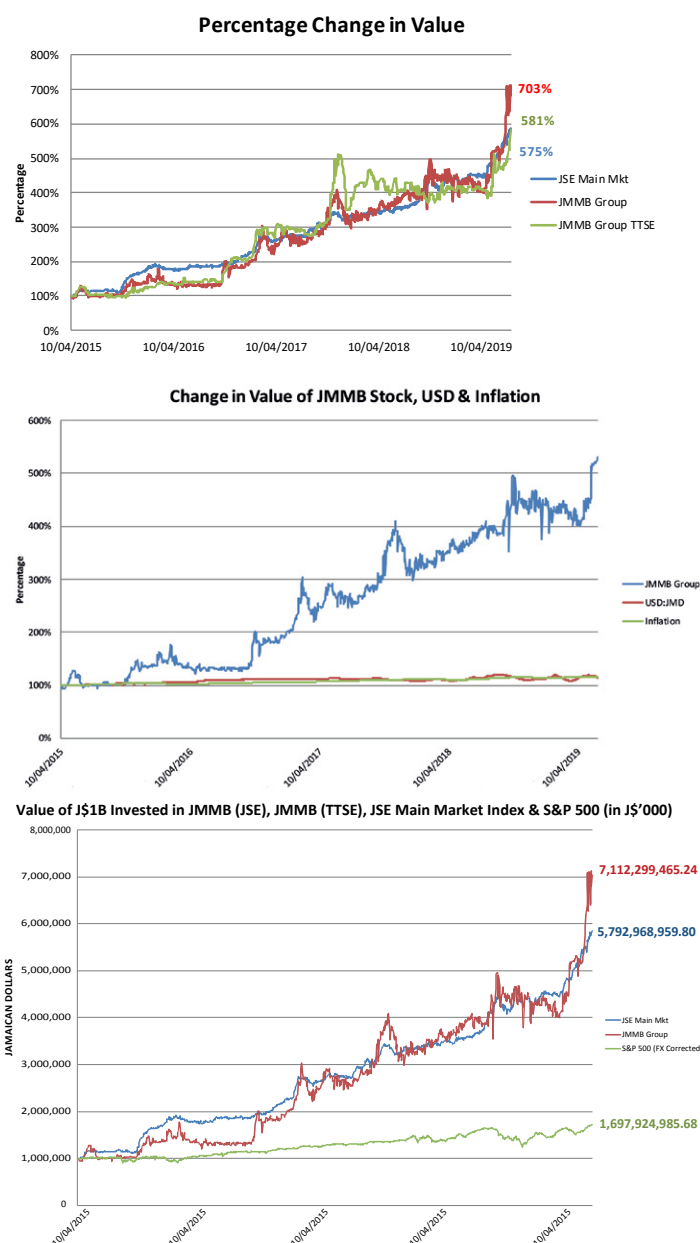
The Group's total asset base stood at J\$351.39B, up J\$31.35B or 10% relative to the beginning of the financial year. This was mainly on account of a larger loan and investment portfolio as well as a higher cash balance. The investment portfolio increased by 7% to J\$220.71B, while loans and notes receivable grew by 8% to J\$73.51B. 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\$12.42B or 19% to J\$76.36B, while repos grew by J\$11.81B or 7% to J\$175.71B.

Over the three-month period, shareholders' equity increased by 9% to J\$33.99B. This was on account of substantial net profit generated over the period as well as a rebound in emerging market bond prices. Given this, the Group continued to be adequately capitalized and all individually regulated companies within the Group continued to exceed their regulatory capital requirements during the quarter.

JMMBGL'S STOCK PRICE PERFORMANCE (JSE)



Over the past four years ending July 2019, JMMBGL's stock price on the JSE has appreciated by 603%, moving from a price of \$7.48 on April 10, 2015 to close at \$52.58 on July 23, 2019. This compares to an increase of 475% in the JSE Main Market index (the "Index"). The Index closed the period at 501,451.57 increasing from a value of 85,647.64 on April 10, 2015. The stock also trended upwards on the TTSE, increasing by 481% over the four-year period. The stock price movement on the JSE and TTSE over the period provided a significantly higher return to investors than the 43% gain by the S&P 500 over the similar period.

Additionally, the increase in the stock price greatly outpaced the movement of the United States Dollar versus the Jamaican dollar and the inflation rate for the period.

JMMB GROUP REGIONAL INTEGRATED FINANCIAL SERVICES STRATEGY 2012-2020



LOOKING AHEAD - FINANCIAL YEAR 2019/20 AND BEYOND

We believe that the results for the financial year 2018/19 tangibly underscore the efficacy of the Group's regional diversification strategy and value proposition of integrated financial services tailored to meet clients' unique needs. The Group therefore remains committed to its focus on business line and regional diversification, driving revenue growth in key business lines, increasing efficiencies and capitalizing on opportunities to strengthen the Group's portfolio of companies.

As we look ahead, the following areas have been earmarked to support future growth while managing cost efficiently:

GROWTH – EXISTING BUSINESS LINES

• GROUP

- o Laser focus on business lines which generate greater returns with growth potential
- o Improved capacity management to grow revenue

• JAMAICA

Shift to banking business line as the economy shows greater strength with emphasis on:

- Raising deposits
- Aggressively growing the loan portfolio
- Growing FX Trading and cash shipping services

• TRINIDAD AND TOBAGO

Shift in Trinidad and Tobago Bank Business Model changing the portfolio mix to

- Higher percentage of unsecured exposure
- Shift away from a heavy concentration in less profitable secured products

• DOMINICAN REPUBLIC

Strategic partnership for pensions business line

GROWTH – NEW BUSINESS LINES

• FINANCIAL INCLUSION

Trinidad and Tobago

- JMMB Express Finance (T&T) Limited - Expand client location access, increase strategic partnerships, and explore technology-based product enhancement and expansion

Latin America

- Launch micro-finance business line via joint ventures with strategic partners in Latin America to enter new markets

• NEW AND ENHANCED BUSINESS LINES

Real Estate

- Launch comprehensive business line to monetize, optimize and grow real estate asset class, inclusive of on and off-balance sheet strategies

Private Equity

- Roll out new asset class for the Group in response to changing environment and to provide additional investment options

Investment Management solutions

- Create additional investment management services for corporate and institutional investors

Small and Medium Enterprises

- Roll-out of SME business line with revised credit adjudication model and approach to risk appetite and launch new/enhanced products and SME resource center

• BUSINESS OPPORTUNITIES

Through a constant review of the Group's portfolio of companies, seek merger and acquisition opportunities to:

- Acquire equity stakes in entities
- Seek strategic alliances and mergers

ACQUISITION OF EQUITY STAKE IN ALIGNVEST ACQUISITION II CORPORATION

The following is a summary overview only of JMMB Group's proposed investment and what JMMB Group believes, views and expects as the accretive benefits that may or may not be realized from such investment. Prospective Applicants should consult the applicable risk factors described in this prospectus in addition to the disclosure set forth under the heading "Disclaimer & Note on Forward-Looking Statements". Neither Alignvest Acquisition II Corporation nor Sagicor Financial Corporation assumes any liability for the disclosure set forth below regarding Alignvest Acquisition II Corporation or Sagicor Financial Corporation.

On May 16, 2019, the Group announced a subscription for an amount between US\$200 million and US\$250 million in Class B shares at C\$10.00 per share ("**Class B Shares**") of Alignvest Acquisition II Corporation ("**AQY**"), a publicly-traded special purpose acquisition corporation listed on the Toronto Stock Exchange for the purposes of completing a qualifying acquisition. The Class B Shares will automatically convert into common shares of AQY on the closing of a previously announced qualifying acquisition involving AQY and Sagicor Financial Corporation ("**SFC**"), which is intended to close in the fourth quarter of 2019 (the "**Transaction**"). SFC is a leading financial services provider in the Eastern Caribbean,

Trinidad and Tobago, and Jamaica with growing presence as a provider of life insurance products in the United States. Upon completion of the Transaction, AQY and SFC will be a single resulting entity (New Sagicor). The subscription is conditional upon the closing of the Transaction and the approval of the Toronto Stock Exchange. The subscription provides the Group with certain participation rights. This investment is expected to continue to diversify our revenue streams both from a business line and geographic spread perspective and is anticipated to result in a material growth in our profits attributable to ordinary shareholders.

Following further analysis of the Transaction, the Group determined the subscription amount in the Class B Shares to be US\$250 million. Assuming successful completion of the Transaction, the Group will hold approximately 22.2% of New Sagicor. On closing, New Sagicor will become an associated company of the Group. The Group will also have the right to nominate two qualified directors to serve on the board of directors of New Sagicor. Those nominees are initially expected to be the Chairman of the Company and the Group CEO.

The Group's holdings in New Sagicor is expected to be a major investment for the Group. The Group believes this investment could be beneficial for the

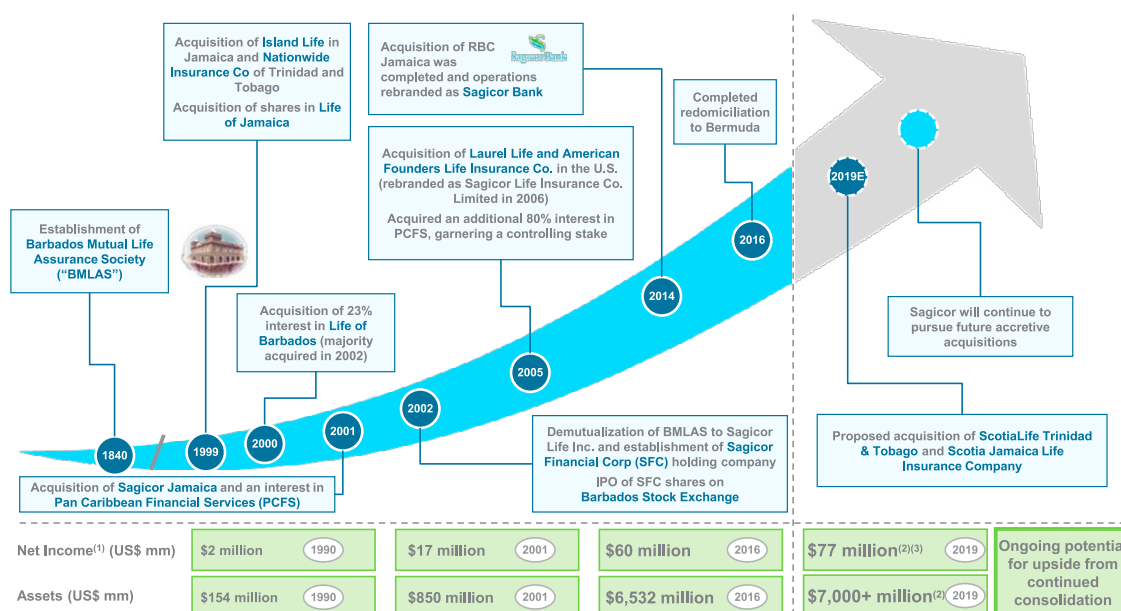
following reasons, each of which are discussed in more detail below:

1. SFC has an established management team and brand;
2. It is expected that the investment will be accretive to the Group's earnings in the near term without significant management action;
3. The investment is being made at a favourable multiple;
4. The Transaction will result in the diversification of the Group's earnings
5. SFC is poised for growth, particularly having regard to imminent strategic activities which include expansion in the USA and improved margins

The above reasons are discussed in more detail below.

ESTABLISHED SFC MANAGEMENT TEAM AND BRAND

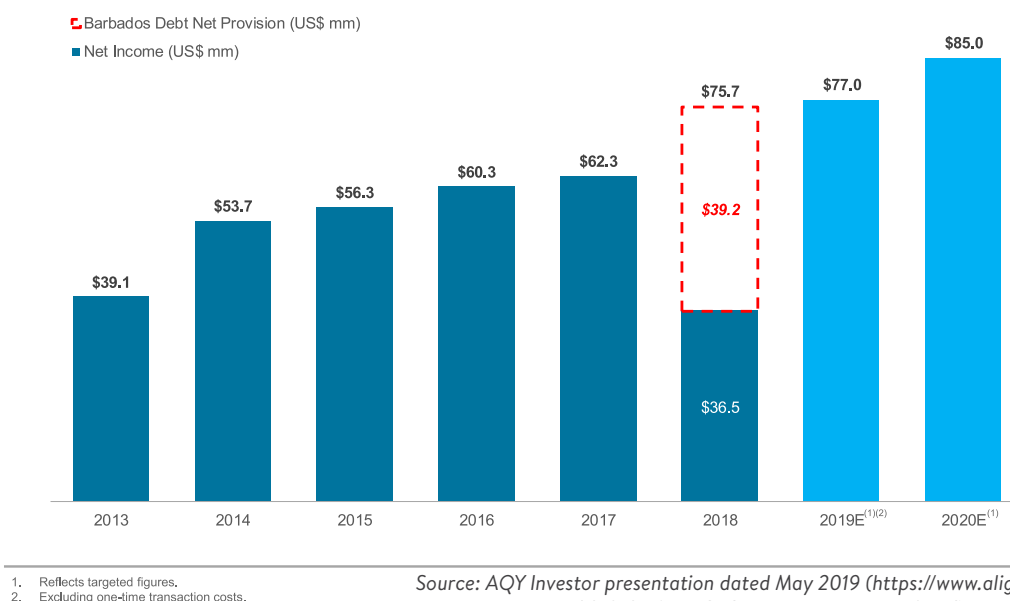
SFC has over 175 years of history in the region and is the second oldest insurer in the Americas. SFC has evolved into an organisation with in excess of 2,800 employees and over 1,200 agents, with a presence in 22 countries, operating in four different languages, and managing 13 different currencies.



Source: AQY Investor presentation dated May 2019 (<https://www.alignvest.com/app/uploads/2019/05/New-SFC-Roadshow-Deck-v19.pdf>)

IMMEDIATE EARNINGS GROWTH FOR JMMB

This investment is expected to immediately have a positive impact on JMMBGL's profits. Sagicor's Net Income attributable to Shareholders from Continuing Operations over the past 5 years has increased from US\$39.1M in 2013 to US\$62.3M in 2017¹. During 2018, their financial performance was impacted by the company recording Net Provision in the amount of US\$39.2M relating to its investment in Barbados sovereign debt which resulted in the company recording a reduced net income of US\$36.5M. Sagicor has projected Net Income attributable to Shareholders from Continuing Operations in the amount of US\$77M and US\$85M for the 2019 and 2020 financial years respectively, of which 22.2% would be attributable to JMMBGL, for any period subsequent to completion of the Transaction. (Note that Sagicor's year end is 31 December while JMMB's year end is 31 March, so financial year figures are not directly comparable.)



SFC reported total revenue of US\$992.8M for the first six months of their 2019 financial year and Net Income attributable to shareholders from continuing operations of US\$26.2M.

Subject to the projections being realized, JMMBGL's earnings per share is expected to be 20.2% or \$0.51 higher for the 2021FY following the inclusion of the expected share of profit from Sagicor. Return on Equity and Book Value per share are also expected to be positively impacted as indicated by the table below.

METRIC	FY2021 IMPACT	COMMENTARY
Earnings per Share	<ul style="list-style-type: none"> • 39.4% increase • +JM\$1.00 per share 	Investment is highly accretive from FY2020 onwards
Return on Equity	<ul style="list-style-type: none"> • 14 basis points increase 	Increased profitability attributable to significant earnings from Sagicor
Book Value per Share	<ul style="list-style-type: none"> • 18.7% increase • +JM\$4.20 per share 	Includes additional equity capital for capital adequacy purposes

Note: Market data as of July 1, 2019; Currency converted at spot rate of JMDUSD130.54; All financials reflect JMMB fiscal years ending March 31; Assumptions:

1. Average dividend payout ratio of 22.8% Based on JMMB historical FY 2015 through FY 2019

2. JMMB FY minority interest in Sagicor's estimated net income is calendarized for JMMB's FY

¹ Refer to Sagicor Financial Corporation Audited Financial Statements for the financial years ended 31 December 2017, 2016, 2015, 2014 and 2013 for details

NEW SAGICOR'S DIVIDEND POLICY

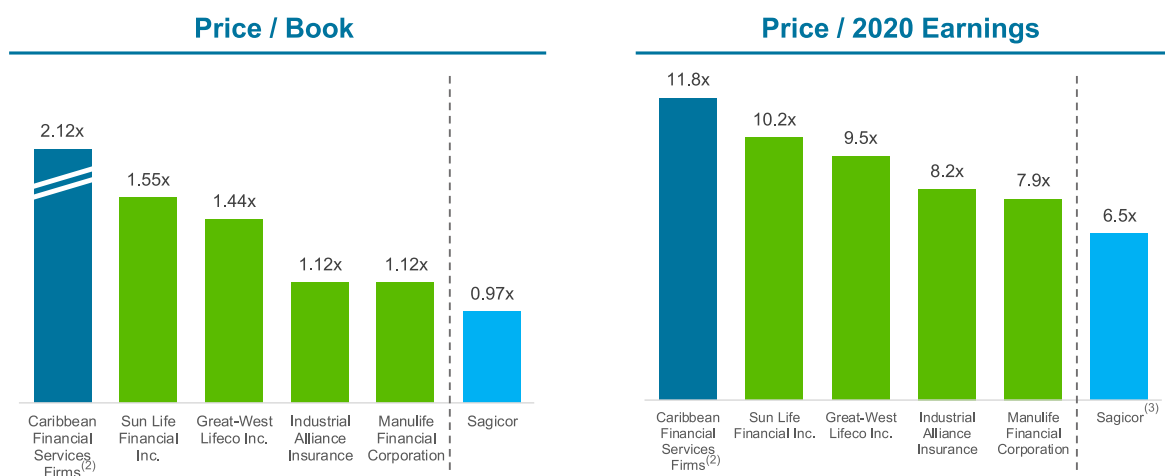
Additionally, upon completion of the Transaction, JMMBGL is expecting dividend flows. As AQY reported in their prospectus dated February 7, 2019, it is intended that New Sagicor will pay an annual dividend of up to US\$0.225 per common share, expected to be paid quarterly. Notwithstanding the foregoing, New Sagicor may not declare or pay a dividend or make a distribution out of contributed surplus if there are reasonable grounds for believing that New Sagicor is, or would after the payment, be unable to pay its liabilities as they become due or that the realizable value of New Sagicor's assets would thereby be less than its liabilities.

It is important to note that the declaration of dividends on New Sagicor Common Shares, which will be held by JMMB Group Limited when the Transaction is concluded, will be at the sole discretion of the New Sagicor board of directors.

PURCHASING AT AN ATTRACTIVE MULTIPLE

This Transaction is considered attractively priced, as can be seen from the data in the chart below. SFC's price to book ratio of 0.97X is the lowest when compared to its peers with comparable price to book ratios ranging from 1.12x to 2.12x. Its price to earnings ratio is also the lowest when compared to its peers. SFC's price to 2020 earnings is computed at 6.5x relative to a range of 7.9x to 11.8x for its peers.

- Sagicor valuation at a substantial discount to peers on both a P/B and P/E basis
- Targeted 2019E ROE of 12%, anticipated to expand to 14% – 15% in 2020 as capital from AQY is employed with upside potential through enhanced capital management
- Pro forma equity value of US\$959 million / C\$1.28 billion⁽¹⁾



Note: Market data as of 5/3/2019.

Note: All figures are USD unless otherwise indicated; assumes USD per CAD exchange rate of 0.75.

Note: Excludes 6,508 million founders' shares subject to forfeiture.

1. Assumes no redemptions by Alignvest shareholders and take-up by SFC shareholders of US\$180 million cash consideration. Based on C\$10.00 per AQY share.

2. See the "Certain Assumptions" section of the disclaimer slides for a list of the public company comparables.

3. Pro forma incremental earnings from the SLTT and SJLIC acquisitions and related bancassurance agreement.

Source: AQY Investor presentation dated May 2019 (<https://www.alignvest.com/app/uploads/2019/05/New-SFC-Roadshow-Deck-v19.pdf>)

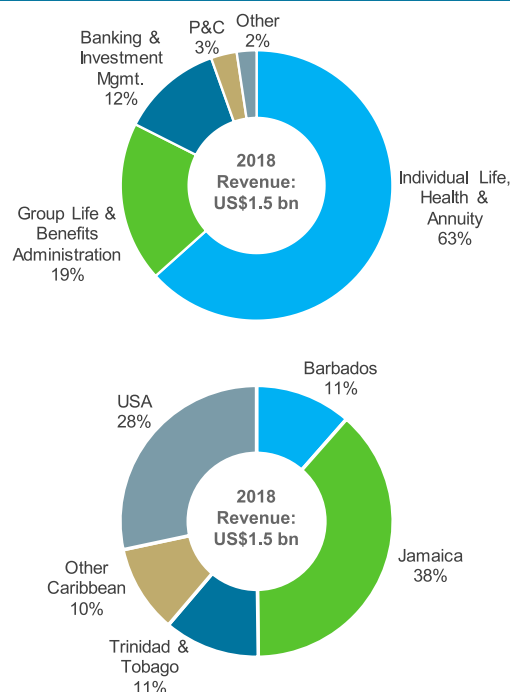
DIVERSIFICATION INTO INSURANCE BUSINESS LINE AND FURTHER GEOGRAPHICAL EXPOSURE

SFC's operations span twenty-two (22) countries and it enjoys 50% market share in core insurance markets, having historically seen strong growth. SFC's insurance subsidiaries are the largest players in each of the Jamaican and Barbadian markets in terms of policies written, and are expected to continue dominating these markets.

Key Highlights

- Successful 175+ year history built on customer focus and strategic acquisitions
- Core market leadership with attractive organic growth and U.S. expansion potential
- Demonstrated resilience with solid operating track record throughout economic cycles
- Consistently delivering strong ROEs over 10% with MCCR of 234% (YE 2018)
- Well-respected management team with local expertise
- 16+ years experience as a public company

Diversified Business Mix and Geography



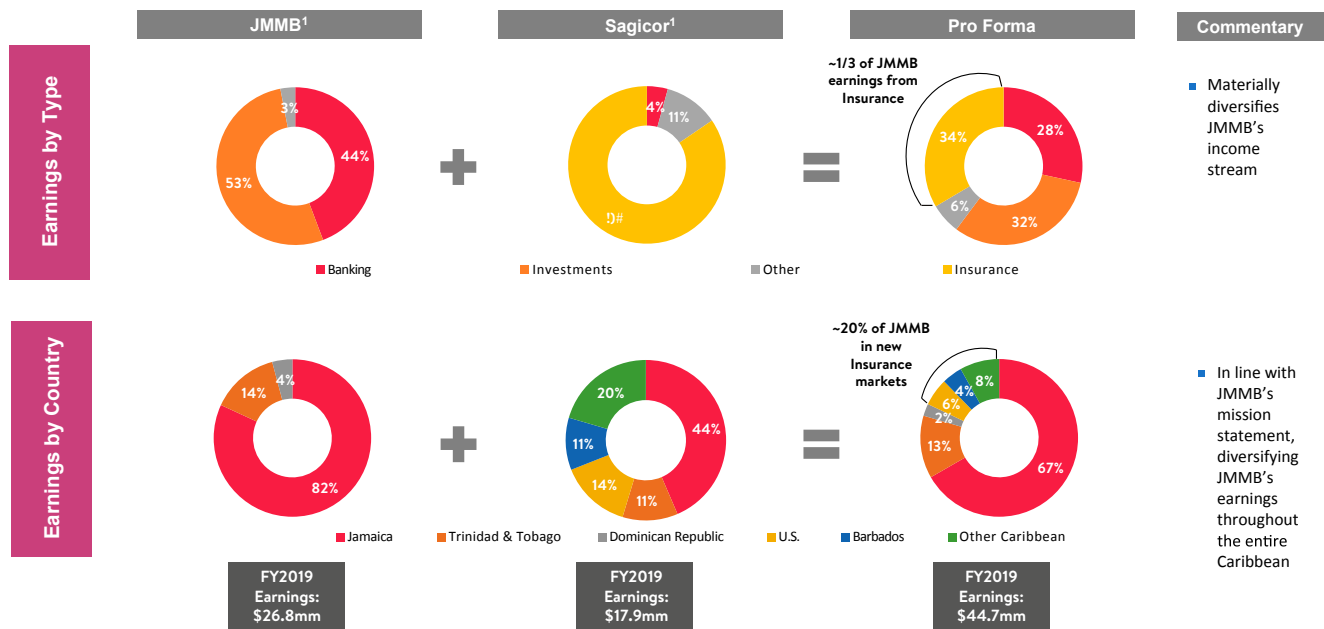
Source: AQY Investor presentation dated May 2019 (<https://www.alignvest.com/app/uploads/2019/05/New-SFC-Roadshow-Deck-v19.pdf>)

SFC's growth is now supplemented by various business lines and a robust pipeline of acquisition opportunities. The anticipated growth in SFC is expected to positively impact the Group's income stream and is in line with the Group's strategy of diversifying earnings throughout the entire Caribbean.

OVERALL FINANCIAL IMPACT

Our investment in AQY will generate greater earnings for the JMMB Group with the potential for material growth in the earnings arising directly from our holdings in New Sagicor. We have negotiated the transaction price at attractive price to earnings and price to book multiples, such that we consider the potential gain from the transaction to be significantly greater than any potential risk. Additionally, limited managerial and organisational resources will be required from the JMMB Group to generate the expected additional income from the investment. This will allow management to focus on continued growth of our existing operations and to actively explore other strategic opportunities that will create material value for shareholders.

Expected Benefits of Acquisition of 22.2% stake in AQY/Sagicor

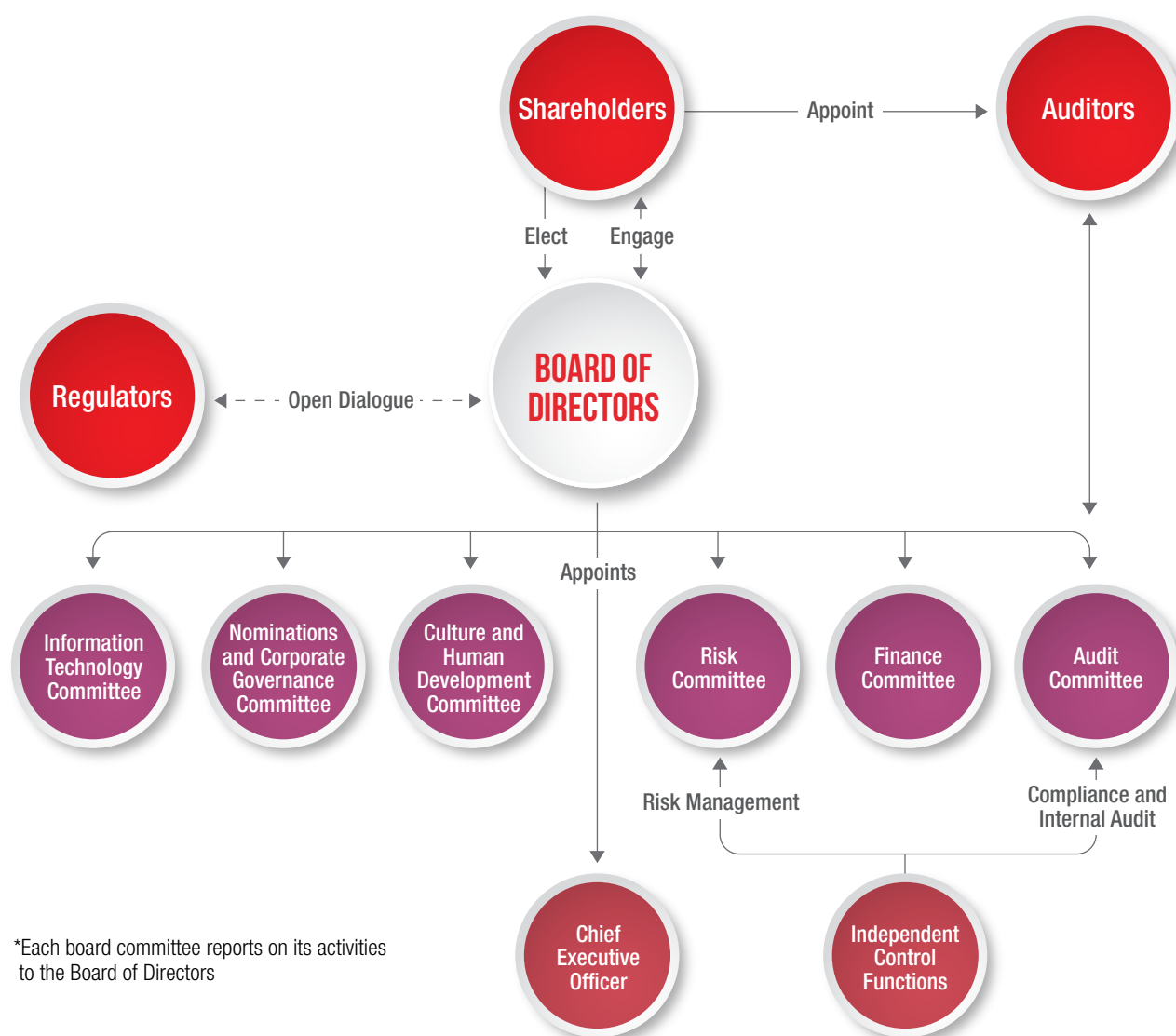


11. CORPORATE GOVERNANCE

JMMB Group Limited and its directors continue to maintain a high standard of governance in line with the laws, regulations and best practices in the jurisdictions in which the Company and its subsidiaries operate.

OUR GOVERNANCE STRUCTURE

Our governance structure establishes the fundamental relationships among the Board, its committees, management, shareholders and other stakeholders. We set our culture and values as well as our strategic and corporate objectives, and we determine our plans for achieving and monitoring performance through this structure.



*Each board committee reports on its activities to the Board of Directors

The Board of Directors of JMMBGL meets every two months and has continued the progression towards achieving the strategic goals and objectives of the Group, whilst concurrently providing leadership and effective governance. In March 2019, the customary annual review of the goals and objectives was undertaken to measure progress in the achievement of strategic goals and to assess the environmental impact on the companies within the Group.

The Directors and management are committed to high standards of governance that are consistent with regulatory expectations and evolving best practices, and that are aligned with our strategy and risk appetite. We believe that good governance is not just about overseeing the JMMB Group and its practices, but doing so in a way that is transparent. It involves the Board actively engaging with all stakeholders, knowing the respective business lines and their risks, understanding the challenges and opportunities of a changing industry and economy and challenging management where necessary. Good governance also involves setting robust standards and principles that will guide the JMMB Group to success as well as help clients thrive and our communities prosper – all while ensuring that we are constantly enhancing value for our shareholders.

The Corporate Governance Policy applies to all companies in the Group. The Board and its committees have oversight responsibility for the boards of directors of the Company's subsidiaries and their committees. The Board of Directors proactively adopts governance policies and practices designed to align the interests of the Board and management with those of the Company's shareholders and other stakeholders, and to promote the highest standards of ethical behaviour and risk management at every level within the organisation. The Group's corporate governance framework is subject to ongoing review, assessment and improvement.

THE CORE PRINCIPLES DEFINED:

CONDUCT AND CULTURE	By setting the tone from the top, the Board champions JMMB Group's values of love, trust, openness, integrity and good governance.
STEWARDSHIP	Directors are stewards of the Company exercising independent judgment and safeguarding the interest of shareholders
RISK OVERSIGHT	The Board oversees the frameworks, policies and processes to identify and manage the risks faced by the Group.
INDEPENDENCE	Independence from management is fundamental to the Board's effective oversight, and mechanisms are in place to ensure its independence.
STRATEGIC OVERSIGHT	Directors are key advisors to management, advising on strategic direction, objectives and action plans, taking into account business opportunities and the JMMB Group's risk appetite.
CONTINUOUS IMPROVEMENT	The Board is committed to continuously improving its corporate governance principles, policies and practices.
ACCOUNTABILITY	Transparency is a hallmark of good governance. The Board is committed to clear and comprehensive financial reporting and disclosure, and constructive shareholder and stakeholder engagement.

ROLE OF THE BOARD OF DIRECTORS

The JMMBGL Board makes major policy decisions, participates in strategic planning and reviews management's performance and effectiveness. The Board is guided by the laws and regulations of the various jurisdictions in which it operates. The Board reviews and makes decisions about strategic directions and delegates other decisions to its Board committees or management using a Board approved decision rights matrix. As provided by our policies, management may require Board approval for some matters that exceed a certain dollar value or may have significant impact on the JMMB brand.

ROLE OF THE BOARD CHAIRMAN

Dr. Archibald Campbell is our independent Board Chairman. Having an independent, non-executive Board Chair enhances management's accountability and the Board's independent oversight. The Board Chair leads board and shareholder meetings and is responsible for the management, development and effective functioning of the Board. The Chair has the deciding vote if a Board vote results in a tie.

He attends and participates in committee meetings as needed and is a member of the Nominations and Corporate Governance Committee.

In particular, the Board Chair:

- advises the CEO on major issues and liaises between the Board and senior management;
- participates in the orientation of new Directors and the continuing development of current Directors;
- along with the Nominations and Corporate Governance Committee Chair, conducts the Board's effectiveness evaluation and plans Board succession and recruitment;
- interacts with Directors and senior executives on a regular basis;
- meets with regulators, shareholders and stakeholders on behalf of the Board when needed, and

- meets periodically with independent directors of our subsidiaries.

The Board reviews and approves the Board Chair's mandate, while the Nominations and Corporate Governance Committee, under the direction of its Chair, annually assesses the effectiveness of the Board Chair in fulfilling his mandate. Our Corporate Governance Policy, which contains the mandates of the Board, Board Chair and Board committees may be found at www.jmmb.com.

APPROACH TO SUBSIDIARY GOVERNANCE

JMMB Group takes an enterprise-wide approach to subsidiary governance. The Board and its committees oversee subsidiary governance on an entity and country level.

The Office of Strategy Management monitors the performance of JMMBGL's subsidiaries through a number of business line meetings, bringing together local expertise and global oversight. This centralized approach provides consistency and transparency, enabling us to be responsive to evolving business needs, best practices and regulatory requirements and expectations.

Our overall policies are determined at the Group level with consultation at the various country subsidiary boards. Active and engaged subsidiary boards play a key role in overseeing our entities in the various jurisdictions. Our subsidiaries' boards are comprised of directors with specific skills and experience to assist the board in challenging management and furthering the strategic priorities of JMMBGL and its subsidiaries. We continue to accelerate diversity on our subsidiary boards and to leverage the subsidiary board experience to build talent for growth across the Group. Continuous and open dialogue with shareholders and other stakeholders is a key priority for us. The Board encourages all stakeholders to provide timely and meaningful feedback.

CODE OF ETHICS AND CONDUCT

The JMMB Code of Ethics and Conduct (**the “Code”**) promotes standards of desired behaviour that apply to directors, senior management and all team members for all entities within the Group. It includes the responsibility to be truthful, respect others, comply with laws, regulations and our policies, and engage in practices that are fair and not misleading. Each year all directors and team members must acknowledge that they have read and understand the Code, and certify that they are in compliance with it.

The Company has adopted the Code of Ethics and Standards of Professional Conduct of the CFA Institute and each new team member is trained in this area during orientation. There is also a mandatory annual refresher course for all team members and

BOARD EXPERTISE

The Directors of the Board are selected on the criteria of proven skill and ability in their particular field of proficiency, and a diversity of outlook and experience which directly benefits the operation of the Board as the custodian of the business.

BOARD REMUNERATION

The Board is remunerated for attendance at each Board and Board sub-committee meeting. For the financial year ended March 31, 2019, the Directors were paid a total of J\$38,966,000.00.

BOARD DELEGATION

The Board has delegated specific responsibilities for Audit, Risk, Nominations and Corporate Governance, Information Systems, Finance and Culture and Human Development to Committees.

The Board and each of its Committees has written approved terms of reference setting out their respective roles and responsibilities and limits of authority.

Each Committee’s terms of reference is included in the Group’s Corporate Governance Policy which may be found at www.jmmb.com.

12. DIVIDEND POLICY

The guiding philosophy behind JMMBGL's dividend policy is to balance paying dividends against maintaining sufficient retained earnings for future growth and expansion in addition to maintaining robust capital adequacy ratios.

The record of dividends declared and paid on JMMBGL's Existing Ordinary Shares is as follows (information for financial year 2014-2015 is in respect of the ordinary shares of Jamaica Money Market Brokers Limited):

FINANCIAL YEAR	NO. OF SHARES	GROSS DIVIDEND	DIVIDEND (J\$) PER SHARE
2014-2015	1,630,552,532	J\$521,776,810.24	32 cents
2015-2016	1,630,552,532	J\$603,304,436.84	37 cents
2016-2017	1,630,552,532	J\$733,748,639.40	45 cents
2017-2018	1,630,552,532	J\$766,359,690.04	47 cents
2018-2019	1,630,552,532	J\$798,970,740.68	49 cents

JMMBGL currently has no contractual obligations that restrict dividend payments. The dividend policy established by the directors of JMMBGL is to pay a dividend of between 15% to 30% of annual after-tax profits, subject to the needs of the Company for the reinvestment of profits to finance growth and for prudential purposes. This dividend policy is subject to review from time to time by the Board.

13. MATERIAL CONTRACTS

The following are the material contracts of the Company, other than contracts entered into in the ordinary course of business:

- (a) the Preference Share prospectuses for the Group's cumulative redeemable preference shares referred to at Note 23 of the 2019 Audited Financial Statements for JMMBGL; and
- (b) the Trust Deeds and Promissory Notes for JMMBGL Notes Payable referred to at note 26 of the 2019 Audited Financial Statements for JMMBGL.

14. LITIGATION

The Company is not currently engaged in any material litigation nor is it aware of any pending material litigation.

15. RISK MANAGEMENT

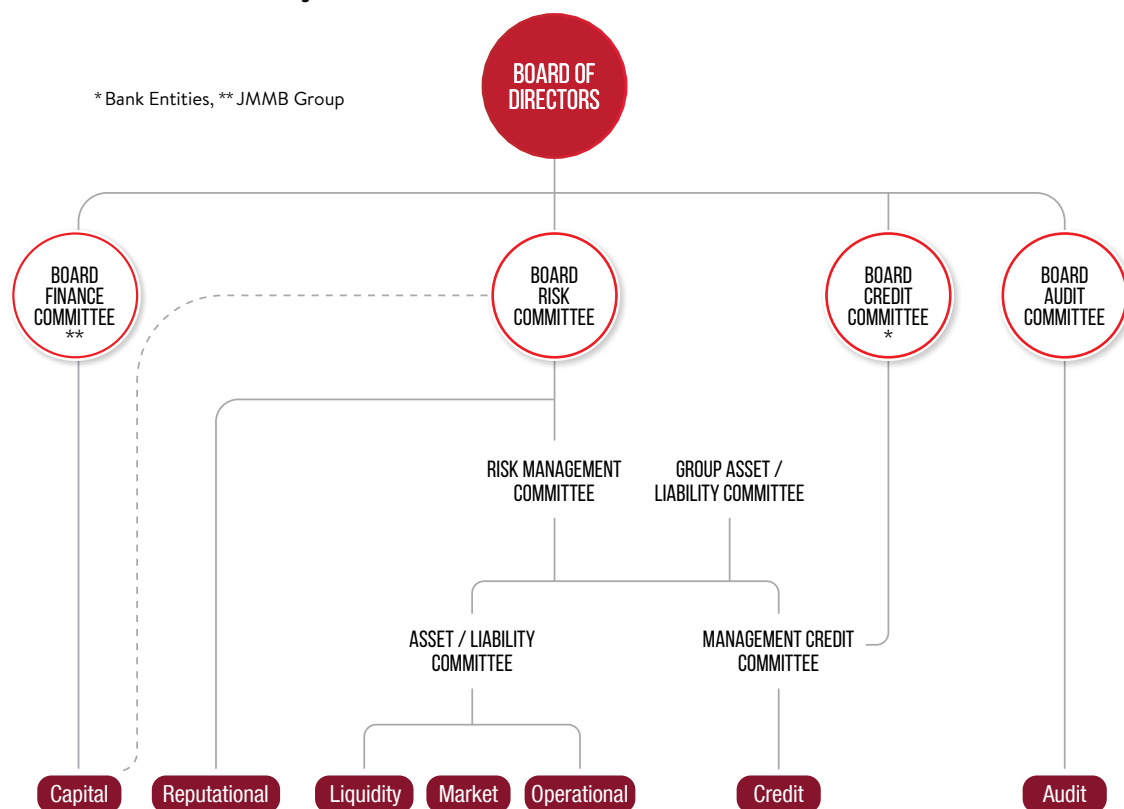
OVERVIEW

RISK GOVERNANCE FRAMEWORK: SAFEGUARDING STAKEHOLDERS' INTERESTS

Our unique value proposition remains at the core of all our undertakings at the JMMB Group. Since 'we always keep the clients' best interest at heart', the JMMB Group invariably takes proactive measures to safeguard the best interest of our stakeholders. This is within the context of a robust capital and 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 provide a mechanism for risk control, with limits based on the risk appetite for each major risk approved by the Board having been reviewed and approved by the Board Risk Committee. This also occurs in the context of the Internal Capital Adequacy Assessment process where strategy is assessed on an annual basis against the approved risk appetite and the capital requirements necessary for maintaining an acceptable risk profile are determined. This is a central component of the organization's strategy for managing risk to create value.

The Board determines the overall level of acceptable risk, with active oversight 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 risk management hierarchy that has consistently guided our activities is shown in Figure 1.

Figure 1. THE JMMB GROUP RISK MANAGEMENT HIERARCHY



The Board Risk Committee is directly supported by other committees within the Group. These include the Risk Management, Credit Management 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 in keeping with the Group's stated risk appetite. 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.

GENERAL STATEMENT OF RISK APPETITE

The risk appetite framework for the Group is formulated as the premise on which the Board of Directors provides strategic direction to the Group and, as such, provides strong guidelines for policies and management decisions.

Our risk framework is approved by the Board and broadly articulates that we assume the Board Risk Committee will not contemplate any strategies that reasonably threaten the financial stability of the Group. JMMBGL's goal to become a regional integrated financial services provider that is preferred by clients will take precedence over short-term strategies that threaten this goal. Capital and liquidity strategies are employed to ensure that the maximum amount of risk that the Group is willing to undertake is in line with its business objectives.

To ensure consistent alignment with the risk framework, the respective risk policies are periodically updated and serve as the basis for risk monitoring and control.

THE JMMB GROUP RISK POLICY OVERVIEW

The JMMB Group Risk Policy is the overarching document that formally outlines the risk management approach of the Group. The policy explores the principal risks faced by the Group from an enterprise level and further outlines a process for the determination and management of new risks. These principal risks include 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.

The framework identifies the methodologies to be used to identify, quantify and manage risks utilizing international best practice, as well as outlines an enterprise-wide risk management process that supports the effective identification and management of risk.

RISK MANAGEMENT PRINCIPLES AND CULTURE

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

- (a) There is full board ownership of risk governance and this oversight responsibility is enhanced by the specific focus of a Board Risk Committee.
- (b) There is a vibrant risk management culture embedded in the organization, inclusive of the Board, Senior Management, Team Leaders and all team members throughout the entities in the Group. They are all aware of, and aligned on, their roles and responsibilities in risk management through regular training and the prevalence of risk-based assessments in decision-making.
- (c) Best practice risk management techniques are employed in managing the various risks to which the Group is exposed and adequate resources are allocated to the management of risk.
- (d) Risks undertaken are within the Group's risk appetite and there are effective, dynamic and adaptive processes for the ongoing identification, measurement and management of material risk exposures.
- (e) The enterprise is adequately capitalized to protect against the effects of major shocks to the Group as well as each company within it on a standalone basis.
- (f) Data quality is continuously monitored in order to achieve timeliness, transparency, accuracy, completeness and relevance of reporting.
- (g) The operating environment for each jurisdiction is taken into consideration and risk management techniques are tailored to adequately support each entity.

RISK MEASUREMENT, CONTROL AND REPORTING

The assessment of the material risk exposures includes both quantitative and qualitative approaches, thus ensuring an optimal balance between model outputs and the extensive 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 capturing the risk factors, and in alignment with applicable international best practices. Our data quality is also assessed for accuracy and sufficiency. These risk assessment processes and the management of material risk exposures are documented in our various risk policies and procedures.

The operations of the JMMB Group give rise to the following material risk exposures: (i) market risk, (ii) credit risk, (iii) liquidity risk (iv) operational risk (v) regulatory risk; and (vi) reputational risk.

TOOLS USED TO MEASURE RISK

I. Market Risk

Market risk is commonly defined as 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. There is no single measure to capture market risk and therefore we use various metrics, both statistical and non-statistical, to assess risk including:

- (a) Value-at-risk (“**VaR**”);
- (b) Stress testing;
- (c) Non-statistical risk measures;
- (d) Other sensitivity assessments;

VaR, which is a widely used risk metric, provides a

single measure that captures the potential loss in the portfolio over a specific time period and for a given probability. Stress testing and reverse stress testing consider plausible movement in market factors such as interest and foreign exchange rates and equity prices, and the impact on our current financial position.

The JMMB Group also utilizes non-statistical risk measures and other sensitivity techniques, such as duration, which reflects an instrument’s sensitivity to interest rate risk, as well as repricing gaps which approximate the potential change in net interest income. Likewise, periodic stress testing of our net open position to determine the currency risk exposure at a point in time, based on plausible ‘worst-case’ adverse movements in currency pairs, is conducted.

II. Credit and Counterparty Risk

Credit and counterparty risk is the potential for loss due to failure of a borrower to meet their 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 and market risk teams for the loan and investment portfolios.

Using internally-developed quantitative and qualitative models, fundamental research, and, where practicable, third-party research, we assign ratings and determine exposure limits to counterparties arising from lending, investment and funding activities.

Given the expansion of the Group geographically and the increased diversity of clients, we continuously aim to improve and standardize our credit and counterparty risk management capabilities to better manage Group-wide exposures.

III. Liquidity Risk

Liquidity risk is the risk that a financial institution’s

condition and soundness will be challenged by an inability or perceived inability to efficiently meet both expected and unexpected current and future cash flow and collateral needs to raise margin funding. Liquidity risk usually arises from other issues such as credit deterioration and market disruption. It is actively managed within the Group with both short-term and long-term horizons.

The ability of the JMMB Group to maintain or generate sufficient cash resources to meet its obligations as they fall due on acceptable terms is critically important, since an inability to do so can quickly undermine the viability of the Group's operations. Thus, the JMMB Group proactively approaches liquidity management to ensure that this position is never compromised.

The JMMB Group commits to:

- (a) Ensuring that sufficient liquidity is available to satisfy clients' requests in a timely and cost-efficient manner;
- (b) Maintaining an adequate liquidity cushion in excess of anticipated needs, which ensures that, in the event of exceptional liquidity requirements, obligations can be met until normalcy is resumed;
- (c) Investing liquidity reserve in a manner that emphasizes principal protection and availability on demand; and
- (d) Maintaining market confidence in the jurisdictions in which we operate.

While there is an overall Group liquidity risk policy which specifies liquidity principles and minimum liquidity requirements for the Group, as well as other guidelines and limits which provide stronger assurance that all obligations can be met despite very stressful market conditions, it is expected that all subsidiaries will prudently manage their liquidity risk.

Key liquidity metrics including liquidity coverage ratios, liquidity gaps, overall liquid assets to total assets and available liquid assets are regularly monitored to ensure that liquidity objectives are not compromised. Desired capital and liquidity levels are adjusted according to evaluations of market conditions and liquidity conditions.

IV. 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 Group's objective is to manage operational risk 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 JMMB Group's operational risk framework seeks to limit operational risks to acceptable levels within the Group, even as the geographical presence and complexity of operations increase. 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 program exist alongside the Group business continuity policy to ensure that controls are maintained and all material risks are properly identified and adequately managed. These all support our aim of helping our clients achieve their financial life goals in the safest and most client-friendly way possible.

An important part of managing operational risks is a robust business continuity plan ("BCP"). The BCP encompasses a defined set of planning, preparatory and related activities which are intended to ensure that the critical business functions will either continue to operate despite serious incidents or disasters that might otherwise have interrupted its operations, or will be recovered to an operational state within a reasonably short period. The oversight of business continuity falls largely within the sphere of Risk Management.

The objectives of the Group's BCP are to:

- (a) Protect human life;
- (b) Identify processes critical to the operations of the Group and safeguard the Group's assets;
- (c) Provide tested plans which, when executed, will permit timely and efficient recovery and resumption of the Group's critical business functions;
- (d) Minimize the inconvenience and potential disruption of service to internal and external customers;

- (e) Describe the organizational structure necessary for executing the plan;
- (f) Identify the equipment, procedures and activities for recovery.
- (g) Ensure that the reputation and financial viability of the Group is maintained at all times; and
- (h) Ensure compliance with regulatory requirements.

The BCP is focused on minimizing the down time and data loss within the thresholds identified by the Group. The plan is meant to minimize the loss to the Group and/or negative impact to client service as a result of serious incidents or disasters that may occur from time to time.

V. Regulatory Risk

Regulatory risk may be defined as the risk of having the licence to operate withdrawn by a regulator, being fined or having conditions applied (retrospectively or prospectively) that adversely impact the economic value of an enterprise. JMMBGL embraces the importance for the Group to develop a team approach to identifying, understanding, and managing regulatory risks.

Given the expansion of the Group geographically, we take steps to ensure that the team understands the nuances in regulations across jurisdictions in standardizing reporting frameworks across the Group.

VI. Reputational Risk

Reputational risk is defined as the risk of possible damage to our brand and reputation, and the associated risk to earnings, capital or liquidity arising from any association, action or inaction which could be perceived by stakeholders or regulators to be inappropriate or inconsistent with the JMMB Group's values and beliefs as outlined in our Vision of Love.

Reputational risk is a key consideration in all activities that the Group undertakes. The Group has various policies, systems and controls in place to ensure proactive identification, assessment and management of reputational risk issues that can arise from internal or external sources.

RISK MONITORING AND CONTROL

The risk management framework is delivered via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring in the context of the market environment and business strategy. In setting limits, the Group takes into consideration factors such as market volatility, liquidity, and overall approved risk appetite.

Periodic reports are used to inform the decisions of senior management and the Board Risk Committee, with a clear understanding of the Group's risk profile. This includes compliance with risk limits, and reflects management's strategies and tactics while ensuring compliance with the Board's expressed risk tolerance. In the event of a breach, the Group Risk Department consults with senior management and the line of business management to determine the appropriate course of action required to return the applicable positions to compliance.

The standards are supported by periodic reviews undertaken by the Internal Audit department.

16. RISK FACTORS

The JMMB Group is faced with a number of risk factors in its normal business operations. Notwithstanding the Group's rigorous risk management framework, prospective investors in the New Ordinary Shares should carefully consider all the information in this Prospectus, including the risk factors set out below, and are encouraged to take advice from a licensed stockbroker or other professional advisor. The list of risk factors includes competitive pressure, regulatory and accounting changes and deterioration in economic outlook as well as operational risk. The listed factors should not be considered to be the entire risk universe to which the Group is exposed. Holders of the New Ordinary Shares will also be subject to the inherent risks that arise from such investments.

TRADING AND OWNERSHIP RIGHTS OF ORDINARY SHARES

There may be volatility in the stock price.

Neither the Company nor any of its advisors can predict the stock's trading behaviour after the New Ordinary Shares are listed on the JSE or the TTSE (if accepted for listing). Stock markets experience, from time to time, significant price and volume fluctuations that can affect the market prices for these securities. Furthermore, the operating results and prospects of the Group may, from time to time, be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the New Ordinary Shares.

Market interest rates may influence the price of our ordinary shares.

One of the factors that may influence the price of our ordinary shares is their annual dividend yield, as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial

instruments, which could adversely affect the price of these shares, depending on the level of dividends declared from time to time.

The Company may decide to issue additional shares at a later date

The Company may issue additional ordinary shares. Such shares, once issued, may rank pari passu with the existing ordinary shares in any class (including upon a winding up) and may be listed on the JSE, TTSE or on any other stock exchange. Additional shares so issued could affect the market price of the ordinary shares in the respective class.

Future sales or the possibility of future sales, including sales by existing shareholders, of a substantial number of shares may affect the market price of our ordinary shares.

The market price of our ordinary shares could decline as a result of sales of a large number of shares in the market or the perception that such sales could occur, or as a result of any sale of shares by any of the Company's existing shareholders from time to time.

ECONOMIC AND MARKET CONDITIONS RISKS

Low economic growth in any or all of the countries in which the Group operates could dampen growth.

The Group offers a broad range of services to retail and institutional clients, and has significant activities in Jamaica, Trinidad and Tobago and the Dominican Republic. Consequently, the operations, financial condition and prospects of the Group and its individual business units could be materially adversely impacted by weak or deteriorating economic conditions or political instability in any of these main business markets or the global economy.

Jamaica, Trinidad and Tobago and the Dominican Republic may experience low or marginal economic growth in the future.

Fiscal and monetary policies could impact the Group.

Changes in fiscal and monetary policies by governments in the countries within which the Group operates may affect the behaviour of capital markets. Such changes in policies may create challenges for the Group.

In each jurisdiction, the Group is exposed to high levels of sovereign risk.

A material proportion of Group assets is in instruments issued by sovereigns across the region, especially in countries in which the Group operates. Additionally, securities held on behalf of clients are mainly emerging market sovereign credits. Any deterioration in the credit-worthiness of these sovereigns could affect the value of these securities and, by extension, the financial performance of the Group.

INDUSTRY-RELATED RISKS

Regulatory and legal uncertainties could impact the Group adversely.

The JMMB Group operates in heavily regulated industries in multiple jurisdictions. Changes in the existing regulatory regime in any of these jurisdictions may affect the operations of the Group and thereby affect our profitability. In Jamaica, the Banking Services Act was implemented and draft capital regulations for financial holding companies distributed for comments. In Trinidad and Tobago, aspects of Basel II regulations are being implemented. As it relates to the securities dealers' sector in Jamaica, the FSC is proposing changes to prudential requirements that could have an impact on the business over time.

Non-compliance by the Group with applicable laws, regulations and codes of conduct relevant

to its businesses whether due to inadequate controls or otherwise, could lead to substantial monetary damages and/or fines, public reprimands, reputational damage, increased regulatory compliance requirements or other regulatory restrictions on the Group's business, the potential for prosecution in certain circumstances, or, in extreme cases, revocation of licences to operate and/or other severe penalties.

New accounting rules or standards could be implemented and accounting estimates or assumptions used in the application of accounting standards could adversely affect the Group's financial results.

The Group may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the JMMB Group currently reports its financial position. Such changes could be applied retrospectively. In addition, the preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgment in applying relevant accounting policies for example the calculation of expected credit losses and significant increases in credit risk for financial assets under IFRS 9 or fair value of financial instruments where observable market prices are not available. There is a risk that if the judgment exercised or the estimates or assumptions used subsequently turn out to be incorrect then this could result in an adverse impact on the Group's financial results.

Competition from new entrants or existing participants could affect the Group adversely.

Marginal economic outlook in any of the jurisdictions in which we operate could result in intensified competitive pressure as other financial institutions seek to grow business by increasing market share. The JMMB Group will need to be proactive in its strategy to retain and grow its market share. Additionally, new companies could be incorporated, or existing ones consolidated resulting in stronger companies which are more competitive. If we fail

to compete effectively against current or future competitors, our financial condition and results of operations could be adversely affected.

MARKET RISK

The Group's financial position may be adversely affected by changes in both the level and volatility of market factors such as interest rates and foreign exchange rates.

The Group is at risk from its earnings or capital being reduced due to changes in the level and/or volatility of interest rates, inflation rates, credit spreads, property prices, commodity prices, equity and bond prices and foreign exchange levels which can have material adverse impact on positions in our banking, investments and trading books. These market risks could lead to significantly lower revenues, which could have an adverse impact on the Group's operations, financial condition and prospects.

CREDIT RISK

The Group may suffer financial loss if any of its clients or market counterparties fail to fulfil their contractual obligations to the Group or if there are changes in the credit profile of its investments.

The Group may suffer loss when the value of the Group's investment in the financial instruments of an entity falls as a result of that entity's credit rating being downgraded. In addition, the Group may incur significant actual or unrealised losses due solely to changes in the Group's credit spreads or those of third parties, as these changes may affect the fair value of the securities that the Group holds or issues.

Weak or deteriorating economic conditions in any of the countries in which the Group operates could lead to generally weaker than expected economic growth, contracting GDP, reduced business confidence, higher levels of unemployment, rising inflation, potentially higher interest rates and falling property prices and, consequently, to an

increase in delinquency rates and default rates among clients. This can result in a requirement to increase the Group's level of impairment allowance. Any material increase in impairment could have a material adverse effect on the Group's operations, financial condition and prospects.

LIQUIDITY RISK

Failure to manage liquidity risk could impair the Group's ability to fund operations and could jeopardize its financial condition.

Should the Group fail to manage its liquidity and funding risk sufficiently, this may result in an inability to support normal business activity and/or a failure to meet regulatory requirements. Any material adverse change in market liquidity, the availability and cost of customer deposits and/or wholesale funding, in each case whether due to factors specific to the Group or to the market generally, could adversely impact the Group's ability to maintain the levels of liquidity required to meet regulatory requirements and sustain normal business activity. In addition, there is a risk that the Group could face sudden, unexpected and large net cash outflows which could also result in forced reductions in the Group's balance sheet in order to meet any obligations. Asset sales, balance sheet reductions and increased costs of funding could all adversely impact the operations, financial condition and prospects of the Group.

CROSS-BORDER/ INTERNATIONAL OPERATIONS RISK

Given that the Group operates in three different countries, it is exposed to adverse events in these countries that may impact its financial results and by extension, its share price. These events include:

- international political and economic conditions;
- changes in government regulations in various countries;

- implementation of trade barriers;
- implementation of adverse tax regimes; and
- increased regulatory costs

OPERATIONAL RISK

The performance of the Group can be materially impacted by human factors, inadequate or failed internal processes and systems, and external events.

The Group is exposed to many types of operational risk, including human errors, fraudulent and other criminal activities (both internal and external), the risk of breakdowns in processes, controls or procedures (or their inadequacy relative to the size and scope of JMMB Group's business) and systems vulnerability, failure or non-availability. The JMMB Group is also subject to the risk of disruption of its business arising from events that are wholly or partially beyond its control (for example natural disasters, acts of terrorism and transport or utility failures) which may give rise to losses or reductions in service to clients and/or economic loss to the Group.

As there are subsidiaries which are financial institutions, the Group's operations are particularly susceptible to the risk of money laundering.

People risk could arise as key personnel leave the institution resulting in the Group not achieving its strategic objectives.

It is very important that the JMMB Group attracts and retains highly skilled personnel to accommodate growth, new product development and the provision of services, and that it replaces personnel who leave. Competition for qualified personnel can be intense, especially in the securities industry, and there are a limited number of people with the requisite knowledge and experience. Failure to attract and retain qualified personnel could have a material adverse impact on its operating results and stock price. If the Group is unable to retain its key team members it may not be able to implement its strategies and, accordingly, its business, results,

financial condition or prospects may be negatively affected.

Risk Management Policies and Procedures may not capture or mitigate all the risks faced by the Group.

The Group has devoted significant resources to develop and maintain a robust risk management framework. Nonetheless, our policies and procedures to identify, measure and manage risks cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. Some of our methods of managing risk are based on the use of historical market data and these may not be an accurate predictor of future behaviour. Although the Group attempts to minimise risk through policies, procedures, best practices and audit functions, it cannot assure that these are adequate or that they will appropriately adapt to any changes in the business or the markets in which the Group operates. Any failure by the Group to effectively implement, follow and continuously review its risk management policies and procedures may result in higher risk exposures which could materially affect its business, results and financial condition.

Any future acquisitions, strategic investments, partnerships or alliances may not perform as expected and can adversely affect our financial results.

Acquisitions have been an important part of our growth strategy. We have acquired, and in the future may acquire or make strategic investments in complementary businesses or services or enter into strategic partnerships or alliances with third parties to enhance our business. While the Group will undertake a detailed due diligence and risk assessment of any such transaction there is the risk that the actual performance may not be in accordance with expectations and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

17. CONSENTS

KPMG has given, and not withdrawn, its consent to the inclusion of its report and the references to its name in the form and context in which they are included in this Prospectus.

18. DOCUMENTS AVAILABLE FOR INSPECTION

From the date of publication of this Prospectus, copies of the following documents will be available for inspection, by appointment only, on Monday to Friday (except public holidays) during the hours of 9:00 a.m. to 4:00 p.m. at the JMMB locations in Trinidad and Tobago specified in Section 3 and 9 a.m. to 3:00 p.m. at the JMMB locations in Jamaica specified in Section 3:

- (i) This Prospectus;
- (ii) The Articles of Incorporation of the Company;
- (iii) The written consent of the Auditors, KPMG;
- (iv) The unaudited Financial Statements for the Company for the 3 months ended 30 June 2019; and
- (v) The Audited Financial Statements for the Company for the financial years ended 31 March 2019, 2018, 2017 and 2016, and for Jamaica Money Market Brokers Limited for the financial year ended 31 March 2015.

19. RELATED PARTY TRANSACTIONS

The Company's related-party transactions are disclosed in the Notes to its Historical Financial Statements annexed in Appendix 5.

20. STATUTORY AND GENERAL INFORMATION

1. The Company has no founders or management or deferred shares.
2. No minimum amount is required to be raised out of the proceeds of the New Ordinary Share Issue to provide for any of the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Act.
3. The application lists with respect to the New Ordinary Shares will open at 9:00 a.m. in Jamaica on October 22, 2019 and 9 a.m. in Trinidad and Tobago on October 25, 2019 (subject to receipt of all regulatory approvals for the Invitation in Trinidad and Tobago) and will close on November 7, 2019 at 3:00 p.m. in Jamaica and (subject to receipt of all regulatory approvals for the Invitation in Trinidad and Tobago) 4 p.m. in Trinidad and Tobago. The Company reserves the right to: (i) close any application list at any time without prior notice if Applications have been received prior to the Closing Date for the full amount of the respective New Ordinary Shares offered **provided that any such early closure of the application list in Jamaica shall not occur prior to the end of a period of seven (7) days following the Opening Date – Trinidad and Tobago (subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago);** if the Company closes any application list prior to the Closing, the Company will provide notice of such closure via a press release and by posting a notice on the website of the Jamaica Stock Exchange at <https://www.jamstockex.com>, the website of the Trinidad and Tobago Stock Exchange at <https://www.stockex>.

co.tt or at the Company's website at <https://jm.jmmb.com>; or (ii) extend such closing beyond the above-mentioned date, with notice of such extension being given to Applicants via a press release to be issued by the Company as soon as reasonably practicable upon such extension being granted.

4. All Applicants will be required to pay in full, on Application, the Subscription Price per New Ordinary Share. No further sum will be payable on Allotment.

5. Within the two (2) years preceding this Prospectus, the Company invited applications for subscription for the following securities:

(a) On March 7, 2018, the Company issued 32,177,000 and 1,848,937,000 7.00% and 7.25% J\$ variable rate cumulative redeemable preference shares and 155,000 and 21,265,000 5.50% and 5.75% US\$ fixed rate cumulative redeemable preference shares at a price of J\$2.00 and US\$2.00 per share, respectively, by public offering. The redeemable preference shares mature March 6, 2025.

6. No person has been given any option to subscribe for any shares or debentures in the Company.

7. (a) As at June 30, 2019 JMMBGL held the following investments:

(i) Trade investments - **J\$220.71 billion**

(ii) Quoted Investments (other than trade investments) - **J\$Nil**

(iii) Unquoted Investments (other than trade investments) - **J\$Nil**

(b) There is an amount of J\$29,270,000 goodwill shown in the financial statements of JMMBGL but no amount for patents or trademarks; and there is no contract for sale and purchase which would involve any goodwill, patent or trademarks.

(c) Notes Payable reflects specific subsidiary obligations as at March 31, 2019. See note 26 of the FY 2019 Audited Financial Statements for details.

(d) None of the proceeds of this issue will be used to pay dividends.

8. No property has been or is proposed to be purchased or acquired by the Company, which is to be paid for wholly or partly out of the proceeds of the Invitation as prescribed by paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Act.

9. No amount has been paid within the two years preceding the date of this Prospectus, or is payable, as commission for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of the Company.

10. No amount or benefit has been paid or given to any promoter within the two (2) years preceding the date of this Prospectus, and no amount or benefit is intended to be paid or given to any promoter.

11. The name and address of the auditors of the Company are:

KPMG
Chartered Accountants
The Victoria Mutual Building
6 Duke Street
Kingston
Jamaica, W. I.

12. The issued share capital of the Company consists of two classes of shares, namely ordinary shares and preference shares. All ordinary shares rank *pari passu* in respect of capital and dividends and carry voting rights in the Company.

13. As at the date of this Prospectus (that is, prior to the New Ordinary Shares being issued), the authorized issued share capital of the Company is J\$1,864,554,000.00 divided into 1,630,552,532 ordinary stock units with no par value.

14. The Company was incorporated on May 16, 2012 and was authorized to carry on business in Jamaica as a public company on August 14, 2014.

15. Jamaica and Trinidad and Tobago Taxation

Ordinary share dividends paid to investors resident in Jamaica who are individuals or companies holding less than 25% of the voting shares in the Company are subject to a 15% withholding tax at source.

On the other hand, ordinary dividends paid by the Company to shareholders who are not resident in Jamaica, and who do not reside in countries that have entered into a Double Taxation Treaty with Jamaica are subject to income withholding tax at the rate of 33½% if the payment is made to a person other than an individual, or 25% if the payment is made to an individual.

Foreign resident ordinary shareholders who reside in countries that have entered into a Double Taxation Treaty with Jamaica, may be subject to lower or higher rates of income withholding tax on any ordinary share dividends they may receive, than that applicable to residents of Jamaica.

Additionally, pursuant to the provisions of Article 11 of the CARICOM Double Taxation Treaty, dividends/distributions paid to holders of the Company's ordinary stock units who are residents of CARICOM Member States (which includes Trinidad and Tobago) should be subject to tax in Jamaica, at a rate of 0% percent, with no further taxation in such shareholder's country of residence

Each prospective Applicant should consult with an independent advisor as to the rate of withholding and other taxes that is applicable to each Applicant.

Prospective Applicants should also seek advice on the taxation of listed companies and their prospective investment in the Company from a professional adviser, and should not rely on the summary set out above.

Capital distributions are subject to transfer tax (currently 2% on the amount of the distribution), unless they qualify for relief.

If the New Ordinary Shares are listed on the JSE and TTSE, as anticipated, then the transfer of these New Ordinary Shares on the JSE or the TTSE is exempt from transfer tax and ad valorem stamp duty in Jamaica and from ad valorem stamp duty in Trinidad and Tobago.

If securities (including the New Ordinary Shares) are transferred other than by way of the facilities of the JSE or the TTSE then transfer tax (currently 2%) and stamp duty (currently a maximum of J\$5,000.00) would be chargeable in Jamaica and stamp duty at the rate of 5% of the market value of the transferred securities would be chargeable in Trinidad and Tobago. With respect to other possible tax implications, potential Applicants should consult their own tax advisors.

16. Underwriting

The Invitation is not underwritten.

17. Statement of Rights applicable to Applicants in Trinidad and Tobago*

The Trinidad and Tobago Securities Act and the by-laws thereunder, provide Applicants with the right to withdraw from an agreement to purchase securities. This right may be exercised within two (2) business days after receipt of the Prospectus and any amendment. The Trinidad and Tobago Securities Act further provides Applicants with remedies for rescission and damages if the Prospectus or any amendment contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the Applicant within the time limit prescribed by the legislation.

Applicants should refer to the Trinidad and Tobago Securities Act and the by-laws thereunder or consult with a legal adviser for more information in relation to these rights.

**subject to receipt of all regulatory approvals for the Invitation in Trinidad and Tobago*

21. APPLICATION PROCEDURES & CONDITIONS OF INVITATION

1. You may apply for the New Ordinary Shares in the Invitation by means of the Application Form included in this Prospectus and which is also available for download at www.jmmb.com and www.jamstockex.com. Each duly completed and signed Application Form with respect to the New Ordinary Shares TOGETHER WITH the following must be taken to any of the locations specified at section 3 of this Prospectus on or before 3:00 p.m. on November 7, 2019 in Jamaica and (subject to receipt of all regulatory approvals for the Invitation in Trinidad and Tobago) 4:00 p.m. on November 7, 2019 in Trinidad and Tobago:

- (a) Copy of valid identification (Driver's Licence, Passport or National ID) for all Applicants resident in Jamaica and applying in Jamaica
- (b) Copy of valid identification (Passport or National ID) for all Applicants resident in Trinidad and Tobago and applying in Trinidad and Tobago, where applicable
- (c) Copy of Tax Registration Number card for all Applicants resident in Jamaica and applying in Jamaica
- (d) Payment for the full amount of the Subscription Price payable for the respective New Ordinary Shares applied for in the applicable currency using an Approved Payment Method.

2. An Approved Payment Method shall be any of the following:

(a)

JAMAICA

(i)	Manager's cheques payable to the Applicant's stockbroker for amounts less than J\$1 Million
(ii)	Cleared funds held in an investment account in the Applicant's name at JMMB or JMMB Bank (Jamaica) Limited supported by an authorisation from the Applicant instructing JMMB or JMMB Bank (Jamaica) Limited to transfer the payment to their JMMB EMMA account.
(iii)	Transfer from Applicant's JMMB EMMA account
(iv)	Transfer from Applicant's account held with their Stockbroker
(v)	Transfer in the Real Time Gross Settlement (RTGS) system to the Applicant's stockbroker
(vi)	Transfer via the Automated Clearing House (ACH) to the Applicant's stockbroker

(b)

TRINIDAD AND TOBAGO*

(i)	TT\$ Managers Cheque drawn on a Trinidad & Tobago commercial bank payable to "JMMBGL – APO"
(ii)	Cleared funds held in an investment account in the Applicant's name at JMMB Securities (T&T) Limited supported by authorisation from the Applicant instructing JMMB Securities (T&T) Limited to transfer payment to JMMB Bank (T&T) Limited account named "JMMBGL-APO" .
	<i>*subject to receipt of all regulatory approvals for the Invitation in Trinidad and Tobago</i>

3. Each Application for the New Ordinary Shares must be for multiples of 100 New Ordinary Shares subject to a minimum of 300 such New Ordinary Shares.

4. Applicants in Jamaica are reminded that a penalty of J\$5,000.00 is being imposed by commercial banks in Jamaica in respect of cheques (including manager's cheques) tendered for payment in an amount greater than or equal to J\$1,000,000.00.
5. The Company reserves the right to (i) close any application list at any time without prior notice if Applications have been received prior to the Closing Date for the full amount of the respective New Ordinary Shares offered, **provided that any such early closure of the application list in Jamaica shall not occur prior to the end of a period of seven (7) days following the Opening Date – Trinidad and Tobago (subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago);** or (ii) extend such closing beyond the above-mentioned date. In either case, the Company will provide notice as soon as reasonably practicable via a press release in Jamaica and in Trinidad and Tobago and/or by posting a notice on the website of the Jamaica Stock Exchange at <https://www.jamstockex.com>, the website of the Trinidad and Tobago Stock Exchange at <https://www.stockex.co.tt> and at the Company's website at <https://jm.jmmb.com>. In addition, the Company may elect in its sole discretion to reduce the number of New Ordinary Shares available for subscription, in which case the Company will issue a press release as soon as reasonably practicable upon such decision being made.
6. The Board in their sole discretion may accept (in whole or in part) or reject in whole or in part any Application to subscribe for New Ordinary Shares even if the Application is received, validated and processed. Accordingly, the number of New Ordinary Shares allocated to you may be reduced.
7. Neither the submission of an Application Form by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allotment of New Ordinary Shares by the Registrar on behalf of the Company to an Applicant (whether such New Ordinary Shares represent all or part of those specified by the Applicant in their Application Form) will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe for the number of allotted New Ordinary Shares at the Subscription Price, subject to the Articles of Incorporation and the terms and conditions set out in this Prospectus.
8. Early Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, (being 9:00 a.m. in Jamaica /9:00 a.m. in Trinidad and Tobago) on the Opening Date. New Ordinary Shares will be allocated after close of the application list when all the valid Applications are received.
9. With respect to the New Ordinary Shares, if the Invitation is oversubscribed, the Company may take any or a combination of the following actions:
 - (a) Elect at any time prior the closing of the Invitation or on the Closing Date, to upsize the Invitation by making up to 58,262,203 further New Ordinary Shares available for subscription by Applicants, bringing the maximum size of the Invitation to 325,000,000 New Ordinary Shares. In the event that the Company exercises its discretion under this paragraph 9, it shall make reference thereto in any announcement it issues for the purposes of the closing of the Invitation and the publication of the basis of allotment within 3 days of the Closing Date (or earlier);

This is not a guarantee the Company will exercise the option to upsize.

 - (b) apportion New Ordinary Shares for Allotment among the Applicants taking into account the factors described at clause 10 below and any other factors that the Directors consider relevant. In this case Applicants may be allotted fewer New Ordinary Shares than they applied for.
10. New Ordinary Shares will be allocated after close of the application list when all the valid Applications are received from Trinidad and Tobago, subject to receipt of all regulatory approvals for the Invitation in Trinidad and Tobago. For purposes of allocation, valid Applications received from both jurisdictions in which the Invitation is made, will be pooled. The

application list will close on November 7, 2019 at 3:00 p.m. Jamaica time (i.e. 4:00p.m. in Trinidad & Tobago) but the Directors reserve the right to close the application list earlier **(provided that any such early closure of the application list in Jamaica shall not occur prior to the end of a period of seven (7) days following the Opening Date – Trinidad and Tobago (subject to receipt of regulatory approvals for the Invitation in Trinidad and Tobago))** and may extend the Closing Date in certain circumstances, in either case upon giving prior notice. New Ordinary Shares will be allocated in two stages:

- (a) Key Investors will be allocated from the Key Investors Pool such amount of New Ordinary Shares for which they had previously committed to subscribe;
- (b) Existing Shareholders and Team Members who are not already participating as Key Investors will be allocated New Ordinary Shares from the Existing Shareholder and Team Members Pool on a “bottom-up” basis in tranches of 3,000 New Ordinary Shares and increments of 1,000 New Ordinary Shares until the Existing Shareholder and Team Members Pool is fully allocated and/or all Applications for Reserved Share Applicants are met in full;
- (c) Non-Reserved Share Applicants will be allocated New Ordinary Shares from the Non-Reserved Shares on a similar “bottom-up” basis in tranches of 3,000 New Ordinary Shares and increments of 1,000 New Ordinary Shares.

“**bottom-up**” basis means that all Applications (large or small) up to the first 3,000 New Ordinary Shares will be met. Applications for in excess of 3,000 New Ordinary Shares will then be met in similar fashion in increments of 1,000 New Ordinary Shares until all Applications are met or all the New Ordinary Shares are allocated.

Notwithstanding the foregoing the Directors reserve the right to make adjustments to the basis of allocation to ensure fair and equitable allocation. Applications shall not receive any preference for purposes of allocation solely on the basis of the time at which they are submitted, provided they are received prior to the Closing Date.

In the event that any one category (i.e., whether Key Investors, Existing Shareholders and Team Members and Non-Reserved Applicants) is undersubscribed:

- all Applicants in such category will be allocated 100% of the New Ordinary Shares for which such Applicant applied.
- Unallocated New Ordinary Shares in such category will be allocated to the Non Reserved Applicants.

Multiple Applications by the same Applicant shall be treated as a single Application for the purpose of Allocation/Allotment. For this purpose, Applicants will be regarded as being the same where it is either the same individual or corporate Applicant or, in the case of joint Applicants, the joint holders identified are the same.

Notwithstanding the above the Directors reserve the right to make adjustments to the basis of allocation to ensure fair and equitable allocation. Applications shall not receive any preference for purposes of allocation solely on the basis of the time at which they are submitted, provided they are received prior to the Closing Date.

11. The Company will issue a letter of allotment in the name of the Applicant (or in the joint names of joint Applicants) for the class and number of New Ordinary Shares allotted to the Applicant in respect of each Application which is accepted in whole or in part.
12. Amounts refundable to Applicants whose Applications are not accepted in whole or in part will be refunded based on the instructions given in their Application. Refunds in Trinidad and Tobago (where applicable) and Jamaica will be made via electronic transfer within ten (10) days after the Closing Date. The Company will dispatch the letters of allotment in the mail within ten (10) days after the Closing Date. No share certificates will be issued, unless specifically requested through your broker.
13. Each letter of allotment will be mailed through the post at the Applicant’s risk to the address of the Applicant (or of the primary Applicant) stated in the Application Form.
14. Letters of allotment are not transferable or assignable.

15. Upon the issue of the New Ordinary Shares, they shall be converted to ordinary stock units and it is the intention of the Company to have the issued New Ordinary Shares cross-listed on the JSE and the TTSE. To this end, the Company has applied (or intends to so apply promptly after the close of the Invitation, in the case of the JSE) for admission of the New Ordinary Shares to the Main Market of both the JSE and the TTSE to enable them to be listed in the same manner as the Company's Existing Ordinary Shares are currently listed. This statement is not to be construed as a guarantee that the New Ordinary Shares will be listed. The making of the application by the Company, and its success, is dependent on the criteria for admission set out in the TTSE Rules.

22. DIRECTORS' REPORT

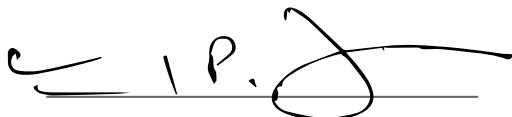
The Board hereby confirms that, after due inquiry by us, in its opinion and to the best of its knowledge and belief, in the period between 31 March 2019 to the date of this Prospectus:

- (a) The business of the Company has been satisfactorily maintained;
- (b) There have not been any circumstances arising which have adversely affected the trading or the value of the assets of the Company;
- (c) The current assets of the Company appear in the books at values which are realizable in the ordinary course of business;
- (d) There are no contingent liabilities, which have arisen by reason of guarantees or indemnities given by the Company; and
- (e) There have been no significant changes affecting the financial position of the Company.

23. DIRECTORS' SIGNATURES

The foregoing constitutes full, true and plain disclosure of all material facts relating to the issuer and the securities distributed by this Prospectus as required by the Jamaica Securities Act and the Trinidad and Tobago Securities Act.

Signed on behalf of JMMB Group Limited by the below-mentioned Directors, for and on behalf of the Directors of JMMB Group Limited, dated as of the 15th day of October, 2019.



Keith Duncan
Director



Archibald Campbell
Director

APPENDIX 1

RIGHTS OF VOTING AND RIGHTS IN RESPECT OF CAPITAL AND DIVIDENDS FOR ALL CLASSES OF JMMBGL SHARES

TYPES OF SHARE	VOTING RIGHT	RIGHTS IN RESPECT OF CAPITAL	RIGHTS IN RESPECT OF DIVIDEND
Ordinary Shares	The holders of JMMB Group Limited Ordinary Shares shall be entitled to receive notice of and to attend all general meetings of the JMMB Group Limited Shareholders. On a show of hands every member present in person shall have one vote, and on a poll every member present in person or by proxy shall have one vote for each share of which he is a holder.	In the event of JMMB Group Limited liquidation, dissolution or winding up, the JMMB Group Limited Shareholders shall be entitled to share equally and ratably in JMMB Group Limited assets, if any, remaining after the payment of all of JMMB Group Limited debts and liabilities, subject to any liquidation preference on any issued and outstanding preference shares at the time of such liquidation, dissolution or winding up.	The holders of JMMB Group Limited Ordinary Shares shall be entitled, as such, to receive dividends and JMMB Group Limited shall pay dividends thereon, as and when recommended by the board of JMMB Group Limited, in their absolute discretion, in such amount and in such form as the board may from time to time recommend.
Cumulative Redeemable Preference Shares	The Preference Stock Units shall NOT carry the right to vote at any general meeting of the Company EXCEPT in circumstances where the cumulative dividend on the Preference Stock Unit remains unpaid for a period greater than 12 months and/ or a resolution to wind up the Company has been passed AND in either such event, every holder of Preference Stock Units present in person or by proxy shall have one vote, and on a poll every holder of Preference Stock Units, present in person or by proxy, shall have one vote for each Preference Stock Unit of which he is the holder.	<p>he right on a winding up of the Company or other return of capital to repayment in Jamaican Dollars in priority to any payment to the holders of any ordinary shares or ordinary stock units and <i>pari passu</i> with all other preference shares in the capital of the Company of:</p> <p>(i) the amounts paid up on the Preference Stock Units; and</p> <p>(ii) any arrears or accruals of the cumulative preferential dividend on the Preference Stock Units, whether declared or earned, or not, calculated down to the date of such repayment but to no further or other right to share in the surplus assets of the Company on a winding up.</p>	The right to a cumulative preferential dividend at the stated coupon rate per annum on the capital for the time being paid up or credited as paid up thereon, to be paid at such intervals as stipulated in the relevant terms of issue for such preference shares.

APPENDIX 2

AUDITOR'S CONSENT



KPMG
Chartered Accountants
P.O. Box 76
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Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

October 11, 2019

The Board of Directors
JMMB Group Limited
6 Haughton Terrace
Kingston 10

Ladies and Gentlemen,

JMMB Group Limited – Prospectus 2019 Ordinary Share Offer

With respect to the offer made by JMMB Group Limited for the sale of ordinary share units, we hereby consent to the inclusion in the Prospectus of our report dated June 5, 2019 and to the references to our name in the form and context in which it is included in the Prospectus.

We confirm that we have not withdrawn such consent before delivery of a copy of the Prospectus to the Financial Services Commission for registration.

This letter should not be regarded as in any way updating the aforementioned report or representing that we performed any procedures subsequent to the date of such reports.

Yours faithfully,

NRC:YB-W:cl-a

APPENDIX 3

AUDITED FINANCIAL STATEMENTS

JMMB GROUP LIMITED
FINANCIAL STATEMENTS
31 MARCH 2019

TABLE OF CONTENTS

Independent Auditors' Report	88 - 95
FINANCIAL STATEMENTS	
Consolidated Profit and Loss Account	96
Consolidated Statement of Profit or Loss and Other Comprehensive Income	97
Consolidated Statement of Financial Position	98 - 99
Consolidated Statement of Changes in Stockholders' Equity	100
Consolidated Statement of Cash Flows	101 - 102
Company Statement of Profit or Loss Account and Other Comprehensive Income	103
Company Statement of Financial Position	104
Company Statement of Changes in Stockholders' Equity	105
Company Statement of Cash Flows	106
Notes to the Financial Statements	107 - 205



INDEPENDENT AUDITORS' REPORT

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of JMMB Group Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 96 to 205, which comprise the Group's and Company's statements of financial position as at 31 March 2019, the Group's and Company's profit and loss accounts, statements of profit or loss and other comprehensive income, changes in stockholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 March 2019, 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 (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. *Fair value of investments*

<i>Key Audit Matter</i> <i>[see notes 17 and 30(a)]</i>	<i>How the matter was addressed in our audit</i>
The Group's investments measured at fair value represent 61% (2018: 61%) of the Group's total assets. 99% (2018: 99%) of these investments were categorised as Level 2 in the fair value hierarchy, as no quoted prices are available for these instruments. Valuation of these investments, although based on observable inputs, involves the exercise of judgement and the use of assumptions. Management used valuation techniques which require inputs such as market yields obtained from established yield curves. These assumptions are subject to significant judgement, and could therefore result in a material misstatement.	<p>Our procedures in this area included the following:</p> <ul style="list-style-type: none">• Assessing and testing the design and operating effectiveness of the group's controls over the determination and computation of fair values.• Challenging the reasonableness of yields/prices by comparison to independent third party pricing sources.• Assessing the reasonableness of significant assumptions used by such third-party pricing sources.• Involving our own valuation specialists to determine/obtain yields/prices of specific securities and comparing these yield/prices to those used by management.• Assessing the adequacy of the disclosures, including the degree of estimation involved in determining fair values and the sensitivities to key assumption.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. *Measurement of expected credit losses on financial assets*

<i>Key Audit Matter</i> <i>[see notes 4 and 29(b)]</i>	<i>How the matter was addressed in our audit</i>
<p>IFRS 9 was implemented by the Group on 1 April 2018. The standard is new and complex and requires the Group to recognise expected credit losses ('ECL') on financial assets. The determination of ECL is highly subjective and requires management to make significant judgement and assumptions.</p> <p>The key areas requiring greater management judgement include the determination of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information.</p>	<p>Our procedures in this area included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the models used by the Group for the calculation of expected credit losses, including governance over the determination of key judgements and assumptions. • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key data inputs into the IFRS 9 impairment models. • Testing the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the SICR criteria used and independently assessing the assumptions for probability of default, loss given default and exposure at default and the incorporation of forward-looking information.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (continued)

2. Measurement of expected credit losses on financial assets (continued)

<i>Key Audit Matter</i> <i>[see notes 4 and 29(b)]</i>	<i>How the matter was addressed in our audit</i>
<p>The identification of significant increase in credit risk is a key area of judgement as the criteria determine whether a 12 - month or lifetime loss allowance is recorded.</p> <p>IFRS 9 requires the Group to incorporate forward-looking information, reflecting a range of possible future economic conditions, in measuring expected credit losses. Significant management judgement is used in determining the economic scenarios.</p> <p>Significant management judgement and assumptions are also used in determining the appropriate variables and assumptions in an appropriate model used in the measurement of the expected credit losses.</p> <p>The use of these judgements and assumptions increases the risk of material misstatement and is therefore an area of increased audit focus.</p> <p>In addition, disclosures regarding the Group's application of IFRS 9 are key to understanding the change from IAS 39 as well as explaining the key judgements and material inputs to the IFRS 9 expected credit loss results.</p>	<p>Our procedures in this area included the following (continued):</p> <ul style="list-style-type: none"> Assessing the adequacy of the disclosures of the key assumptions and judgements as well the details of the transition adjustment for compliance with the standard.



Page 5

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Page 6

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 7-8, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Cynthia Lawrence.

Chartered Accountants
Kingston, Jamaica

June 5, 2019



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Appendix to the Independent Auditors' report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Page 8

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Appendix to the Independent Auditors' report (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

JMMB GROUP LIMITED
Consolidated Profit and Loss Account
Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 \$'000	2018 \$'000
Net Interest Income and Other Revenue			
Interest income from securities, calculated using the effective interest method	6	17,583,697	15,879,081
Interest expense	6	(8,745,236)	(8,138,561)
Net Interest Income		8,838,461	7,740,520
Fee and commission income	34(i)(ii)	1,424,885	1,185,993
Gains on securities trading, net		4,097,335	4,816,692
Net income from financial assets at fair value through profit or loss (FVTPL)		130,179	56,690
Fees earned from managing funds on behalf of clients		1,143,140	690,421
Foreign exchange margins from cambio trading		2,402,406	1,350,641
Operating Revenue Net of Interest Expense		18,036,406	15,840,957
Other income			
Dividends		54,851	23,677
Other		44,939	70,598
		18,136,196	15,935,232
Operating Expenses			
Staff costs	7	(7,126,972)	(6,021,797)
Other expenses	8	(5,862,270)	(5,218,487)
		(12,989,242)	(11,240,284)
		5,146,954	4,694,948
Impairment loss on financial assets	9	(278,615)	(342,645)
Gain on disposal of property, plant and equipment		2,210	686
Profit before Taxation		4,870,549	4,352,989
Taxation	10	(1,002,143)	(748,585)
Profit for the Year		3,868,406	3,604,404
Attributable to:			
Equity holders of the parent		3,820,119	3,555,260
Non-controlling interest	28	48,287	49,144
		3,868,406	3,604,404
Earnings per stock unit	11	\$2.34	\$2.18

The notes on pages 107 to 205 are an integral part of these financial statements

JMMB GROUP LIMITED
Consolidated Statement of Profit or Loss and
Other Comprehensive Income
Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 \$'000	2018 \$'000
Profit for the Year		3,868,406	3,604,404
Other comprehensive income			
Item that may not be reclassified to profit or loss:			
Unrealised gains on equity securities at fair value through other comprehensive income (FVOCI)		505,276	-
Items that may be reclassified to profit or loss:			
Unrealised losses on debt securities at FVOCI		(617,447)	(242,119)
Related tax	22	(49,968)	4,487
Foreign exchange differences on translation of foreign subsidiaries		(390,836)	(456,586)
Total other comprehensive loss, net of tax		(552,975)	(694,218)
Total comprehensive income for the year		3,315,431	2,910,186
Total comprehensive income attributable to:			
Equity holders of the parent		3,377,770	2,706,562
Non-controlling interest	28	(62,339)	203,624
		3,315,431	2,910,186

The notes on pages 107 to 205 are an integral part of these financial statements

JMMB GROUP LIMITED
Consolidated Statement of Financial Position
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Cash and cash equivalents	13	30,726,396	27,837,273
Interest receivable		3,733,190	3,429,115
Income tax recoverable		238,441	999,611
Loans and notes receivable	14	67,947,268	55,625,743
Other receivables	15	5,314,152	2,055,252
Securities purchased under agreements to resell	16	-	1,120,001
Investment securities	17	205,972,359	194,905,868
Investment properties	19	489,616	489,616
Intangible assets	20	1,757,568	1,602,513
Property, plant and equipment	21	3,283,332	3,217,877
Deferred income tax assets	22	360,893	115,130
Customers' liability under acceptances, guarantees and letters of credit as per contra		213,042	317,731
		320,036,257	291,715,730

The notes on pages 107 to 205 are an integral part of these financial statements

JMMB GROUP LIMITED


Consolidated Statement of Financial Position (cont'd)

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 \$'000	2018 \$'000
STOCKHOLDERS' EQUITY			
Share capital	23	1,864,554	1,864,554
Retained earnings reserve	24(a)	9,605,055	9,605,055
Investment revaluation reserve	24(b)	2,114,147	1,752,810
Cumulative translation reserve	24(c)	(499,014)	(87,147)
Retained earnings		16,981,202	14,776,222
		<u>30,065,944</u>	<u>27,911,494</u>
Non-controlling interest	28	1,038,332	1,092,253
		<u>31,104,276</u>	<u>29,003,747</u>
LIABILITIES			
Customer deposits		63,947,279	52,165,066
Due to other financial institutions		190,888	347,948
Securities sold under agreements to repurchase	25	163,907,891	158,167,289
Notes payable	26	37,036,156	27,561,706
Redeemable preference shares	23	16,348,615	17,843,757
Deferred income tax liabilities	22	175,180	451,084
Interest payable		1,602,491	1,385,823
Income tax payable		1,464,064	1,292,843
Other payables		4,046,375	3,178,736
Liabilities under acceptances, guarantees and letters of credit as per contra		213,042	317,731
		<u>288,931,981</u>	<u>262,711,983</u>
		<u>320,036,257</u>	<u>291,715,730</u>

The financial statements on page 96 to 205 were approved for issue by the Board of Directors on 5 June 2019 and signed on its behalf by:


Archibald Campbell Chairman


Keith P. Duncan Group Chief Executive Officer

The notes on pages 107 to 205 are an integral part of these financial statements

JMMB GROUP LIMITED **Consolidated Statement of Changes in Stockholders' Equity** **Year ended 31 March 2019**

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Retained Earnings Reserve	Investment Revaluation Reserve	Cumulative Translation Reserve	Retained Earnings	Attributable to Equity holders of the Parent	Non- Controlling Interest	Total
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at 31 March 2017	1,864,554	9,605,055	2,202,115	312,246	11,922,100	25,906,070	888,629	26,794,699
Total comprehensive income for 2018								
Profit for the year	-	-	-	-	3,555,260	3,555,260	49,144	3,604,404
Other comprehensive loss:								
Unrealised losses on available-for-sale securities, net of tax	-	-	(449,305)	-	-	(449,305)	211,673	(237,632)
Foreign exchange differences on translation of foreign subsidiaries' balances	-	-	-	(399,393)	-	(399,393)	(57,193)	(456,586)
Total other comprehensive loss	-	-	(449,305)	(399,393)	-	(848,698)	154,480	(694,218)
Total comprehensive income	-	-	(449,305)	(399,393)	3,555,260	2,706,562	203,624	2,910,186
Transactions with owners of the company:								
Dividends paid to ordinary stockholders	-	-	-	-	(701,138)	(701,138)	-	(701,138)
Balances at 31 March 2018	1,864,554	9,605,055	1,752,810	(87,147)	14,776,222	27,911,494	1,092,253	29,003,747
Adjustment on initial application of IFRS 9	-	-	391,819	-	(832,474)	(440,655)	8,418	(432,237)
Adjusted balances as at 1 April 2018	1,864,554	9,605,055	2,144,629	(87,147)	13,943,748	27,470,839	1,100,671	28,571,510
Total comprehensive income for 2019								
Profit for the year	-	-	-	-	3,820,119	3,820,119	48,287	3,868,406
Other comprehensive income:								
Unrealised losses on investment securities at FVOCI, net of tax	-	-	(30,482)	-	-	(30,482)	(131,657)	(162,139)
Foreign exchange differences on translation of foreign subsidiaries' balances	-	-	-	(411,867)	-	(411,867)	21,031	(390,836)
Total other comprehensive loss	-	-	(30,482)	(411,867)	-	(442,349)	(110,626)	(552,975)
Total comprehensive income	-	-	(30,482)	(411,867)	3,820,119	3,377,770	(62,339)	3,315,431
Transactions with owners of the company:								
Dividends paid to ordinary stockholders	-	-	-	-	(782,665)	(782,665)	-	(782,665)
Balances at 31 March 2019	1,864,554	9,605,055	2,114,147	(499,014)	16,981,202	30,065,944	1,038,332	31,104,276

The notes on pages 107 to 205 are an integral part of these financial statements

JMMB GROUP LIMITED
Consolidated statement of Cash Flows
Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities			
Profit for the year		3,868,406	3,604,404
Adjustments for:			
Interest income	6	(17,583,697)	(15,879,081)
Interest expense	6	8,745,236	8,138,561
Income tax charge	10	1,002,143	748,585
Impairment loss on financial assets	9	278,615	342,645
Amortisation of intangible assets	20	242,857	193,038
Depreciation of property, plant and equipment	21	417,195	393,675
Gain on sale of property, plant and equipment		(2,210)	(686)
Dividend income		(54,851)	(23,677)
Unrealised gains on trading securities		(130,179)	(56,690)
Foreign currency translation (gain)/loss		(104,661)	109,246
		(3,321,146)	(2,429,980)
Changes in operating assets and liabilities:			
Income tax recoverable, net		761,170	252,451
Loans and notes receivable		(12,914,319)	(8,691,273)
Other receivables		(3,263,781)	(510,090)
Securities purchased under agreements to resell		1,120,001	(204,995)
Customer deposits		11,782,213	3,077,549
Due to other financial institutions		(157,060)	(70,365)
Other payables		867,639	731,946
Securities sold under agreements to repurchase		5,740,602	1,519,694
		615,319	(6,325,063)
Interest received		17,279,622	15,391,522
Interest paid		(8,528,568)	(7,911,518)
Taxation paid		(1,402,557)	(512,578)
Net cash provided by operating activities (Page 102)		7,963,816	642,363

The notes on pages 107 to 205 are an integral part of these financial statements

JMMB GROUP LIMITED
Consolidated Statement of Cash Flows (cont'd)
Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities (Page 101)		7,963,816	642,363
Cash Flows from Investing Activities			
Investment securities, net		(11,192,454)	(24,087,626)
Dividend received		54,851	23,677
Investment properties, net		-	(16,484)
Purchase of intangible assets	20	(395,905)	(305,909)
Purchase of property, plant and equipment	21	(483,363)	(583,446)
Proceeds from disposal of property, plant and equipment		2,210	4,788
Net cash used in investing activities		(12,014,661)	(24,965,000)
Cash Flows from Financing Activities			
(Redemption)/issue of redeemable preference shares, net	23	(1,495,142)	9,209,334
Notes payable		9,474,450	23,036,400
Dividends paid to ordinary stockholders	12	(782,665)	(701,138)
Net cash provided by financing activities		7,196,643	31,544,596
Effect of exchange rate changes on cash and cash equivalents		(256,675)	(279,839)
Net increase in cash and cash equivalents		2,889,123	6,942,120
Cash and cash equivalents at beginning of year		27,837,273	20,895,153
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	30,726,396	27,837,273

The notes on pages 107 to 205 are an integral part of these financial statements

JMMB GROUP LIMITED
Company Statement of Profit or Loss Account and
Other Comprehensive Income
Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 \$'000	2018 \$'000
Net Interest Income and Other Revenue			
Dividends	27(ii)	906,033	1,252,100
Foreign exchange (losses)/gains		<u>(306,697)</u>	<u>66,371</u>
		599,336	1,318,471
Operating Expenses	8	<u>(129,862)</u>	<u>(116,069)</u>
		469,474	1,202,402
Interest income	6	1,281,822	455,554
Interest expense	6	(1,289,331)	(500,548)
Impairment loss on financial asset	9	<u>(139,546)</u>	<u>-</u>
Profit before Taxation		322,419	1,157,408
Taxation	10	<u>(192)</u>	<u>(60)</u>
Profit for the year, being total other comprehensive income		<u>322,227</u>	<u>1,157,348</u>

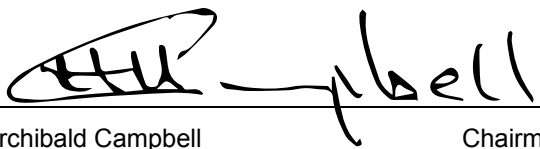
The notes on pages 107 to 205 are an integral part of these financial statements

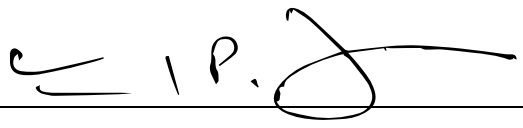
JMMB GROUP LIMITED
Company Statement of Financial Position
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Cash and cash equivalents	13	17,046	1,090
Interest receivable		218,538	106,507
Income tax recoverable		112,767	34,060
Loans and notes receivable	14,27(i)	22,148,784	5,821,425
Other receivables	15	224,275	36,333
Securities purchased under agreements to resell	16	941,084	9,484,200
Investment securities	17	19,556	19,556
Due from subsidiary	27(i)	-	758,212
Interest in subsidiaries	18	11,776,407	10,297,644
Property, plant and equipment	21	313	313
		35,458,770	26,559,340
STOCKHOLDERS' EQUITY			
Share capital	23	1,864,554	1,864,554
Retained earnings		6,548	596,610
		1,871,102	2,461,164
LIABILITIES			
Notes payable		8,277,541	-
Redeemable preference shares	23	16,348,615	16,374,398
Interest payable		182,802	115,054
Due to subsidiary	27(i)	8,768,350	7,586,011
Other payables		10,360	22,713
		33,587,668	24,098,176
		35,458,770	26,559,340

The financial statements on page 96 to 205 were approved for issue by the Board of Directors on 5 June 2019 and signed on its behalf by:


 Archibald Campbell Chairman


 Keith P. Duncan Group Chief Executive Officer

The notes on pages 107 to 205 are an integral part of these financial statements

JMMB GROUP LIMITED

Company Statement of Changes in Stockholders' Equity Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Balances at 31 March 2017		1,864,554	140,400	2,004,954
Profit, being total comprehensive income for the year		-	1,157,348	1,157,348
Transaction with owners of the company:				
Dividends paid to ordinary stockholders	12	-	(701,138)	(701,138)
Balances at 31 March 2018		1,864,554	596,610	2,461,164
Adjustment on initial application of IFRS 9	4(a)	-	(129,624)	(129,624)
Adjusted balances at 1 April 2018		1,864,554	466,986	2,331,540
Profit, being total comprehensive income for the year		-	322,227	322,227
Transaction with owners of the company:				
Dividends paid to ordinary stockholders	12	-	(782,665)	(782,665)
Balances at 31 March 2019		1,864,554	6,548	1,871,102

The notes on pages 107 to 205 are an integral part of these financial statements

JMMB GROUP LIMITED
Company Statement of Cash Flows
Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities			
Profit for the year		322,227	1,157,348
Adjustments for:			
Interest income	6	(1,281,822)	(455,554)
Interest expense	6	1,289,331	500,548
Impairment loss on financial assets	9	139,546	-
Dividend income	27(ii)	(906,033)	(1,252,100)
		(436,751)	(49,758)
Changes in operating assets and liabilities:			
Income tax recoverable, net		(78,707)	(2,767)
Loans and notes receivable		(16,862,649)	112,920
Other receivables		(187,942)	(22,373)
Other payables		(12,353)	19,559
Securities purchased under agreements to resell		8,809,236	(9,140,788)
Due from subsidiary		(94,826)	(530,835)
Due to subsidiaries		556,614	715,727
		(8,307,378)	(8,898,315)
Interest received		1,169,791	423,004
Interest paid		(1,221,583)	(463,203)
Net cash used in operating activities		(8,359,170)	(8,938,514)
Cash Flows from Investing Activities			
Dividends received		906,033	1,252,100
Investment securities, net		-	900,000
Investment in subsidiaries		-	(1,517,936)
Net cash provided by investing activities		906,033	634,164
Cash Flows from Financing Activities			
Note payables		8,277,541	-
Redeemable preference shares, net	23	(25,783)	9,005,936
Dividends paid	12	(782,665)	(701,138)
Net cash provided by financing activities		7,469,093	8,304,798
Net increase in cash and cash equivalents		15,956	448
Cash and cash equivalents at beginning of year		1,090	642
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	17,046	1,090

The notes on pages 107 to 205 are an integral part of these financial statements

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification

(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 that of holding equity investments in business enterprises.

(b) JMMB Group Limited has interest in several subsidiaries which are listed below. The Company and its subsidiaries are collectively referred to as “the 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 and management
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	Financial 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) and its subsidiary Limited, formerly Intercommercial Trust and Merchant Bank Limited		100	Trinidad and Tobago	Merchant banking and consumer financing
JMMB Holding Company, 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		90	Dominican Republic	Savings and loans bank
JMMB Bank S.A			Dominican Republic	
AFP JMMB BDI S.A.		50	Dominican Republic	Pension funds administration services

During the year, Jamaica Money Market Brokers Limited transferred ownership of JMMB Holding Company, SRL to the Company. During the previous financial year, Jamaica Money Market Brokers Limited also transferred ownership of Jamaica Money Market Brokers (Trinidad and Tobago) Limited and its subsidiaries to the Company. Both transfers were made at book value.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

2. Statement of Compliance and Basis of Preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

This is the first set of the Group's financial statements in which IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers* have been applied. Changes to significant accounting policies are described in note 4.

Details of the Group's accounting policies are included in note 34.

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis, except for certain financial instruments and investment properties which are measured at fair value.

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars, which is the functional currency of the Company, and are expressed in thousands of dollars unless otherwise stated.

(d) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

Estimates and underlying assumptions 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.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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:

(a) Key sources of estimation uncertainty

(i) Impairment of financial assets

Policy applicable under IFRS 9 from 1 April 2018

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in notes 29(b) and 34(b), which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in notes 29(b) and 34(b).

Policy applicable under IAS 39 prior to 1 April 2018

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, loans, notes receivable and other financial assets, for example, repayment default and adverse economic conditions. The specific component 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 workout 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.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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

(a) Key sources of estimation uncertainty (continued)

(ii) Fair value of financial instruments (continued)

Some other fair values are estimated based on quotes 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 17 and 30).

(iii) Impairment of intangible assets

Impairment of intangible assets with indefinite useful lives is dependent upon management's internal assessment of future cash flows from the intangibles. That internal assessment determines the amount recoverable from future use of these assets. The estimate of the amount recoverable from future use of these assets is sensitive to the discount rates and other assumptions used (note 20).

(b) Critical accounting judgements in applying the Group's accounting policies

The Group's accounting policies which require the use of judgements in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements include the following:

Policy applicable under IFRS 9 from 1 April 2018

(1) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(2) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit losses (ECL) and selection and approval of models used to measure ECL requires significant judgement.

Policy applicable before 1 April 2018

Classification of financial assets:

- In classifying financial assets or liabilities as "trading", the Group has determined that they meet the description of trading assets and liabilities set out in accounting policy 34(b).
- 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 34(b).

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

4. Changes in Significant Accounting Policies

The Group applied IFRS 9 and IFRS 15 from 1 April 2018. A number of other new standards are also effective from 1 April 2018, but they do not have a material effect on the Group's financial statements.

The adoption of IFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognised by the Group.

The effect of initially applying these standards is mainly attributed to the following:

- an increase in impairment losses recognised on financial assets;
- reclassification of fair value measurement of certain investment securities;
- additional disclosures related to IFRS 15 [see note 34(i)(ii)]; and
- additional disclosures related to IFRS 9 [see notes 17 and 29(b)].

IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognising 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 brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 *Presentation of Financial Statements*, which require separate presentation in the statement of profit or loss and other comprehensive income (OCI) of interest revenue calculated using the effective interest method.

Additionally, the Group has adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures*, that are applied to disclosures about 2018, but have not been applied to the comparative information.

Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail in note 34(b).

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

4. Changes in Significant Accounting Policies (Continued)

IFRS 9 Financial Instruments (continued)

- (a) The impact, net of tax, of transition to IFRS 9 on the opening retained earnings, investment revaluation reserve and non-controlling interest is as follows:

Retained earnings:

	The Group	The Company
	\$'000	\$'000
Balance as at 31 March 2018	14,776,222	596,610
Reclassification of investment at FVOCI to FVTPL	64,897	-
Recognition of expected credit losses under IFRS 9:		
Loans and notes receivables	(362,338)	(102,112)
Securities purchased under agreements to resell	-	(27,512)
Investments	(624,112)	-
Other financial assets	(2,683)	-
Related deferred tax	91,762	-
	(832,474)	(129,624)
Opening balance under IFRS 9 as at 1 April 2018	13,943,748	466,986

Investment revaluation reserves:

	The Group
	\$'000
Balance as at 31 March 2018 under IAS 39	1,752,810
Reclassification of investments at FVOCI to FVTP	(64,897)
Recognition of expected credit losses:	
Investments at FVOCI	576,960
Related deferred tax	(120,244)
	391,819
Opening balance under IFRS 9 at 1 April 2018	2,144,629

Non-controlling interest:

	The Group
	\$'000
Balance as at 31 March 2018	1,092,253
Recognition of expected credit loss under IFRS 9	8,418
Opening balance under IFRS 9 at 1 April 2018	1,100,671

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

4. Changes in Significant Accounting Policies (Continued)

IFRS 9 Financial Instruments (continued)

(b) Classification and measurement of financial instruments

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and 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.

The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities as IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

For an explanation on how the Group classifies and measures financial instruments under IFRS 9, see note 34(b).

The following table and the accompanying notes explain the original measurement categories under IAS 39 and the new measurement categories and amounts under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 April 2018.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

4. Changes in Significant Accounting Policies (Continued)

IFRS 9 Financial Instruments (continued)

(b) Classification and measurement of financial instruments (continued)

		The Group			
Note	Original classification under IAS 39	New classification under IFRS 9	IAS 39 Carrying amount at 31 March 2018 \$'000	Impairment losses \$'000	IFRS 9 carrying amount at 1 April 2018 \$'000
Financial assets					
Cash and cash equivalents	Loans and receivables	Amortised cost	27,837,273	-	27,837,273
Interest receivable	Loans and receivables	Amortised cost	3,429,115	-	3,429,115
Loans and notes receivable	Loans and receivables	Amortised cost	55,625,743	(362,338)	55,263,405
Other receivables	Loans and receivables	Amortised cost	2,055,252	(2,683)	2,052,569
Securities purchased under resale agreements	Loans and receivables	Amortised cost	1,120,001	-	1,120,001
Investments – debt securities	Loans and receivables	Amortised cost	13,954,698	(47,480)	13,907,218
Investments – debt securities	Available-for-sale	FVOCI	176,708,971	-	176,708,971
Investments –equity securities	Available-for-sale	FVOCI	1,036,332	-	1,036,332
Investments –equity securities	Available-for-sale	FVOCI	38,435	-	38,435
Units in unit trust funds	(i) Available-for-sale	FVTPL	286,429	-	286,429
Money market funds	Available-for-sale	FVTPL	944,003	-	944,003
Investments – debt securities	(ii) Held-to-maturity	FVOCI	368,732	-	368,732
Investments – debt securities	FVTPL	FVTPL	1,337,123	-	1,337,123
Investments –equity securities	FVTPL	FVTPL	231,145	-	231,145
Total financial assets			284,973,252	(412,501)	284,560,751
Financial liabilities					
Customer deposits	Amortised cost	Amortised cost	52,165,066	-	52,165,066
Security sold under agreement to purchase	Amortised cost	Amortised cost	158,167,289	-	158,167,289
Due to other financial institutions	Amortised cost	Amortised cost	347,948	-	347,948
Redeemable preference shares	Amortised cost	Amortised cost	17,843,757	-	17,843,757
Interest payable	Amortised cost	Amortised cost	1,385,823	-	1,385,823
Notes payable	Amortised cost	Amortised cost	27,561,706	-	27,561,706
Other payables	Amortised cost	Amortised cost	3,178,736	-	3,178,736
Liabilities under acceptances, guarantees and letters of credits	Amortised cost	Amortised cost	317,731	-	317,731
Total financial liabilities			260,968,056	-	260,968,056

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

4. Changes in Accounting Policies (Continued)

IFRS 9 Financial Instruments (continued)

(b) Classification and measurement of financial instruments (continued)

		The Company		
	Original classification under IAS 39	New classification under IFRS 9	IAS 39 Carrying amount at 31 March 2018 \$'000	IFRS 9 Carrying amount at 1 April 2018 \$'000
			Impairment losses \$'000	
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortised cost	1,090	1,090
Interest receivable	Loans and receivables	Amortised cost	106,507	106,507
Loans and notes receivables	Loans and receivables	Amortised cost	5,821,425	5,719,313
Other receivables	Loans and receivables	Amortised cost	36,333	36,333
Securities purchased under agreements to resell	Loans and receivables	Amortised cost	9,484,200	9,456,688
Investment – certificate of deposits	Loans and receivables	Amortised cost	648	648
Investments - other	Available-for-sale	FVOCI	18,908	18,908
Due from subsidiaries	Loans and receivables	Amortised cost	758,212	758,212
Total financial assets			16,227,323	16,097,699
Financial liabilities				
Redeemable preference shares	Amortised cost	Amortised cost	16,374,398	16,374,398
Interest payable	Amortised cost	Amortised cost	115,054	115,054
Due to subsidiary			7,586,011	7,586,011
Other payables	Amortised cost	Amortised cost	22,713	22,713
Total financial liabilities			24,098,176	24,098,176

- (i) Under IAS 39, the Group's investment in unit trusts were designated as FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.
- (ii) Certain Government of Jamaica securities were classified as held-to-maturity under IAS 39. Based on the Group's assessment of its business model, it has determined that these securities are held within an overall portfolio to collect the contractual cash flows as well as to sell. These securities have therefore been reclassified to fair value through other comprehensive income (FVOCI) under IFRS 9.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

4. Changes in Accounting Policies (Continued)

IFRS 9 *Financial Instruments* (continued)

(c) 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 investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Transition

The Group has determined that application of IFRS 9's impairment requirements at 1 April 2018 results in an additional allowance for impairment as follows:

	The Group	The Company
	\$'000	\$'000
Loss allowance at 31 March 2018 under IAS 39	1,683,604	-
Impairment recognised at 1 April 2018 on:		
Investment securities	49,109	-
Loans and notes receivables	362,338	102,112
Securities purchased under agreement to resell	-	27,512
Other receivables	2,683	-
Loss allowance at 1 April 2018 under IFRS 9	<u>2,097,734</u>	<u>129,624</u>

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations.

The Group applied IFRS 15 on 1 April 2018 retrospectively in accordance with IAS 8 without any practical expedients. The timing or amount of the Group's fee and commission income from contracts with customers was not impacted by the adoption of IFRS 15. The impact was limited to the new disclosure requirements [see note 34(i)(ii)].

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group's activities are organised into three main business segments:

- (i) Financial and related services which include securities brokering, stock brokering, portfolio planning, funds management and investment advisory services.
- (ii) Banking and related services which include taking deposits, granting loans and other credit facilities, foreign currency trading and remittance and related services.
- (iii) Other represents insurance brokering, investment and real estate holding.

	The Group				
	2019				
	Financial & Related Services \$'000	Banking & Related Services \$'000	Other \$'000	Eliminations \$'000	Group \$'000
External revenues	17,829,152	8,864,792	187,488	-	26,881,432
Inter-segment revenue	1,860,662	67,205	-	(1,927,867)	-
Total segment revenue	19,689,814	8,931,997	187,488	(1,927,867)	26,881,432
Segment results	3,146,495	1,964,770	35,689	-	5,146,954
Impairment loss on financial assets	(278,615)	-	-	-	(278,615)
Gain on disposal of property plant and equipment	2,210	-	-	-	2,210
Profit before tax	2,870,090	1,964,770	35,689	-	4,870,549
Taxation					(1,002,143)
Profit for the year					3,868,406
Total segment assets	290,101,882	107,566,733	1,633,943	(79,266,301)	320,036,257
Total segment liabilities	260,553,825	94,105,957	1,571,582	(67,299,383)	288,931,981
Interest income	11,592,016	5,985,539	6,142	-	17,583,697
Interest expense	6,847,633	1,897,603	-	-	8,745,236
Operating expenses	7,934,697	4,896,049	158,496	-	12,989,242
Depreciation and amortisation	413,365	235,368	11,319	-	660,052
Capital expenditure	466,904	345,259	67,105	-	879,268

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

	The Group				
	2018				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	17,139,431	6,784,443	149,919	-	24,073,793
Inter-segment revenue	1,116,401	50,496	-	(1,166,897)	-
Total segment revenue	18,255,832	6,834,939	149,919	(1,166,897)	24,073,793
Segment results	3,459,991	1,038,586	(2,293)	-	4,496,284
Impairment loss on financial asset					(143,981)
Gain on disposal of property plant and equipment					686
Profit before tax					4,352,989
Taxation					(748,585)
Profit for the year					3,604,404
Total segment assets	259,306,390	88,644,730	1,553,156	(57,788,546)	291,715,730
Total segment liabilities	231,315,422	75,735,726	1,507,620	(45,846,785)	262,711,983
Interest income	10,717,493	5,155,311	6,277	-	15,879,081
Interest expense	6,419,995	1,718,566	-	-	8,138,561
Operating expenses	7,199,321	3,888,692	152,271	-	11,240,284
Depreciation and amortisation	387,579	187,259	11,875	-	586,713
Capital expenditure	563,204	294,329	48,306	-	905,839

6. Net Interest Income/(Expense)

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Interest income, calculated using the effective interest method				
Cash and cash equivalents	52,222	60,828	-	10
Loans and notes receivable	5,507,218	4,649,552	952,446	368,078
Resale agreements	40,887	81,833	329,376	73,571
Investment securities	11,983,370	11,086,868	-	13,895
Total interest income	17,583,697	15,879,081	1,281,822	455,554
Interest expense				
Repurchase agreements	5,177,315	5,854,204	-	-
Notes payable	1,229,144	544,540	272,742	-
Customer deposits	1,171,182	1,170,479	-	-
Redeemable preference shares	1,167,595	569,338	1,016,589	500,548
Total interest expense	8,745,236	8,138,561	1,289,331	500,548
Net interest income/(expense)	8,838,461	7,740,520	(7,509)	(44,994)

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

7. Staff Costs

	The Group	
	2019	2018
	\$'000	\$'000
Salaries and benefits, including profit-related pay	5,580,652	4,737,246
Statutory payroll contributions	445,104	406,630
Pension costs (note 31)	228,492	198,856
Training and development	150,343	121,560
Other staff benefits	722,381	557,505
	7,126,972	6,021,797

8. Other Expenses

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Marketing, corporate affairs and donations	547,849	541,797	44,573	55,293
Depreciation and amortisation	660,052	586,713	-	-
Directors' fees	100,323	95,166	38,966	35,385
Irrecoverable – GCT	339,762	279,109	-	-
Insurance	152,452	172,146	-	-
Auditors' remuneration	126,519	94,757	6,937	5,680
Asset tax	476,121	430,079	-	-
Information technology	606,606	577,460	-	-
Legal and professional fees	911,904	774,186	28,050	12,233
Repairs and maintenance	192,079	187,359	-	-
Travel and entertainment	89,847	117,792	5,492	1,670
Office rental	370,920	348,581	-	-
Security	190,064	178,956	5,489	2,727
Stationery, printing and postage	122,418	122,008	-	-
Utilities	258,932	238,772	-	-
Bank charges	334,864	173,217	322	186
Other	381,558	300,389	33	2,895
	5,862,270	5,218,487	129,862	116,069

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

9. Impairment Losses on Financial Assets

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Charged/(credited) for the year on:				
Investment securities at amortised cost (note 17)	(7,516)	143,981	-	-
Investment securities at FVOCI	53,478	-	-	-
Loan and notes receivable (note 14)	230,456	198,664	165,533	-
Securities purchased under agreement to resell (note 16)	-	-	(25,987)	-
Other receivables (note 15)	2,197	-	-	-
	278,615	342,645	139,546	-

10. Taxation

- (a) Income tax for the Company is computed at 25% on the profit for the year adjusted for tax purposes. Income taxes for all other subsidiaries are based on statutory income tax rates prevailing in each jurisdiction.

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Green fund and business levy	12,999	13,743	-	-
Current income tax	1,548,809	1,581,098	60	60
Prior year under provision	11,970	2,103	132	-
	1,573,778	1,596,944	192	60
Deferred income tax (note 22)				
Origination and reversal of temporary differences	(709,790)	(944,794)	-	-
Tax benefit of losses carried forward	138,155	96,435	-	-
	(571,635)	(848,359)	-	-
	1,002,143	748,585	192	60

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

10. Taxation (Continued)

- (b) The tax on profit differs from the theoretical amount that would arise using the statutory rate of 25% as follows:

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Profit before taxation	4,870,549	4,352,989	322,419	1,157,408
Tax calculated at 25% (2018: 25%)	1,217,637	1,088,247	80,605	289,352
Adjusted for the effects of:				
Income not subject to tax	(864,162)	(667,487)	(80,413)	(289,292)
Disallowed expenses	690,930	460,079	-	-
Tax losses not recognised	4,866	4,827	-	-
Tax losses recovered	(78,210)	(167,203)	-	-
Effect of taxation under different tax regime	14,362	12,965	-	-
Deferred tax not recognised	(931)	-	-	-
Green fund and business levy	14,343	13,743	-	-
Other	(8,662)	1,311	-	-
Prior year under provision	11,970	2,103	-	-
	1,002,143	748,585	192	60

- (c) At the reporting date, taxation losses, subject to agreement with the relevant Tax Authorities, available for set off against future taxable profits, amounted to approximately \$2,880,734,000 (2018: \$3,643,199,000) for the Group and \$56,472,000 (2018: \$92,811,000) for the Company.

11. Earnings per Stock Unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent of \$3,820,119,000 (2018: \$3,555,260,000) by the weighted average number of ordinary stock units in issue during the year, numbering 1,630,552,532 (2018: 1,630,552,532).

12. Dividends paid to ordinary stockholders

	The Group and the Company	
	2019	2018
	\$'000	\$'000
Final dividend in respect of 2017 @ 23.0 cents per stock unit	-	375,027
Interim dividend in respect of 2018 @ 20.0 cents per stock unit	-	326,111
Final dividend in respect of 2018 @ 27.0 cents per stock unit	440,249	-
Interim dividend in respect of 2019 @ 21.0 cents per stock unit	342,416	-
	782,665	701,138

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

13. Cash and Cash Equivalents

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash	24,312,765	15,136,789	-	-
Balances with Central Bank	4,602,038	10,318,918	-	-
Cash equivalents	1,811,593	2,381,566	17,046	1,090
	30,726,396	27,837,273	17,046	1,090

Cash equivalents of the Group include \$1,663,917,000 (2018: \$1,868,024,000) 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 \$7,859,000 (2018: \$7,745,000) deposited at an interest rate of 0.5% (2018: 1%) 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.

14. Loans and Notes Receivable

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Corporate	35,881,450	29,826,428	-	-
Financial institutions	444,248	1,182,298	22,416,429	5,821,425
Individuals	33,475,218	25,937,753	-	-
	69,800,916	56,946,479	22,416,429	5,821,425
Less: allowance for impairment	(1,853,648)	(1,320,736)	(267,645)	-
	67,947,268	55,625,743	22,148,784	5,821,425

Allowance for impairment:

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Balance at 31 March 2018	1,320,736	1,320,960	-	-
Adjustment on initial application of IFRS 9 (note 4)	362,338	-	102,112	-
Charge for year	283,934	286,673	165,533	-
Recoveries	(53,478)	(88,009)	-	-
Write-offs	(64,672)	(196,278)	-	-
Translation gains(losses)	4,790	(2,610)	-	-
Balance at 31 March 2019	1,853,648	1,320,736	267,645	-

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

14. Loans and Notes Receivable (Continued)

Notes receivable for the Company represents loan advances to subsidiaries repayable on 14 January 2024. Interest is payable monthly at a fixed rate of 6.0% and 7.5% per annum.

Notes receivable include the balance on an interest-free revolving advance of \$807,037,000 (2018: \$324,037,000) to the trustees of the Group's Employee Share Ownership Plan (ESOP), the repayment date for which has not been fixed. The number of stock units held by the ESOP at 31 March 2019 was 159,076,085 (2018: 149,776,832).

15. Other Receivables

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Receivable from related parties	2,421,937	-	-	-
Other receivables	2,338,613	1,452,462	224,275	36,333
Staff loans	560,201	604,509	-	-
	5,320,751	2,056,971	224,275	36,333
Less: allowance for impairment	(6,599)	(1,719)	-	-
	5,314,152	2,055,252	224,275	36,333
Allowance for impairment:				
	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Balance at 31 March 2018	1,719	899	-	-
Adjustment on initial application of IFRS 9 (note 4)	2,683	-	-	-
Charge for year	2,197	820	-	-
Balance at 31 March 2019	6,599	1,719	-	-

16. Securities Purchased Under Agreements to Resell

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Denominated in Jamaica dollars	-	1,120,001	556,944	4,166,004
Denominated in United States dollars	-	-	385,665	5,318,196
	-	1,120,001	942,609	9,484,200
Less: allowance for impairment	-	-	(1,525)	-
	-	1,120,001	941,084	9,484,200

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

16. Securities Purchased Under Agreements to Resell (Continued)

Allowance for impairment:

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Balance at 31 March 2018	-	-	-	-
Adjustment on initial application of IFRS 9 (note 4)	-	-	27,512	-
Credit for year	-	-	(25,987)	-
Balance at 31 March 2019	-	-	1,525	-

Resale agreements include balances with related parties as set out in note 27. 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 25).

At the reporting date, the fair value of the securities obtained and held under resale agreements was \$Nil (2018: \$1,120,000,000) and \$942,609,000 (2018: \$9,484,000,000) for the Group and Company respectively.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment Securities

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Debt securities at amortised cost (2018: loans and receivables):				
Certificates of deposit	258,927	648	648	648
Government of Jamaica securities	7,939,660	11,062,317	-	-
Other sovereign bonds	250,207	239,312	-	-
Corporate:				
Government of Jamaica guaranteed	2,471,738	2,746,513	-	-
Other	-	145,497	-	-
	<u>10,920,532</u>	<u>14,194,287</u>	<u>648</u>	<u>648</u>
Debt securities at fair value through other comprehensive income (2018: available-for-sale securities):				
Government of Jamaica securities	98,693,970	101,977,287	-	-
Certificates of deposit	10,830,000	9,030,982	-	-
Government of Jamaica guaranteed	299,493	3,174,475	-	-
Corporate bonds	37,808,278	26,436,188	-	-
Other sovereign bonds	43,302,644	36,213,318	-	-
	<u>190,934,385</u>	<u>176,832,250</u>	<u>-</u>	<u>-</u>
Equity securities at fair value through other comprehensive income (2018: available-for-sale):				
Quoted securities	<u>1,229,794</u>	<u>1,036,332</u>	<u>-</u>	<u>-</u>
Other securities at fair value through other comprehensive income (2018: available-for-sale):				
Units in unit trusts	-	286,429	-	-
Money market funds	-	944,003	-	-
Other	22,465	38,435	18,908	18,908
	<u>22,465</u>	<u>1,268,867</u>	<u>18,908</u>	<u>18,908</u>
Debt securities designated at fair value through profit or loss:				
Corporate bonds	1,235,863	721,494	-	-
Other sovereign bonds	494	615,629	-	-
	<u>1,236,357</u>	<u>1,337,123</u>	<u>-</u>	<u>-</u>
Equity securities at fair value through profit and loss:				
Quoted securities	<u>1,107,947</u>	<u>231,145</u>	<u>-</u>	<u>-</u>
Other securities at fair value through profit and loss:				
Units in unit trusts	622,969	-	-	-
Money market funds	178,944	-	-	-
	<u>801,913</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt securities at hold to collect and sell (2018: held-to-maturity):				
Sovereign bonds	-	368,732	-	-
	<u>206,253,393</u>	<u>195,268,736</u>	<u>19,556</u>	<u>19,556</u>
Less: allowance for impairment losses for investments at amortised cost	(281,034)	(362,868)	-	-
	<u>205,972,359</u>	<u>194,905,868</u>	<u>19,556</u>	<u>19,556</u>

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment Securities (Continued)

Allowance for impairment for investments at amortised cost:

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Balance at 31 March 2018	362,868	293,109	-	-
Adjustment on initial application of IFRS 9 (note 4)	49,109	-	-	-
Reclassification of allowance on securities reclassified on initial application of IFRS 9	(123,279)	-	-	-
(Credit)/charge for the year	(7,516)	143,981	-	-
Recoveries	(148)	(74,222)	-	-
Balance at 31 March 2019	281,034	362,868	-	-

Investments mature, from the reporting date, as follows:

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Government of Jamaica securities:				
Within 3 months	3,110,467	51,307	-	-
From 3 months to 1 year	3,679,396	2,269,491	-	-
From 1 year to 5 years	15,059,818	17,758,509	-	-
Over 5 years	84,756,439	92,960,297	-	-
	<u>106,606,120</u>	<u>113,039,604</u>	<u>-</u>	<u>-</u>
Certificates of deposit:				
Within 3 months	11,088,927	8,834,776	648	648
From 3 months to 1 year	-	176,275	-	-
From 1 year to 5 years	-	20,580	-	-
	<u>11,088,927</u>	<u>9,031,631</u>	<u>648</u>	<u>648</u>
Sovereign and corporate bonds:				
Within 3 months	2,572,610	2,402,539	-	-
From 3 months to 1 year	8,244,555	1,571,851	-	-
From 1 year to 5 years	21,302,954	20,920,514	-	-
Over 5 years	52,995,074	44,290,147	-	-
	<u>85,115,193</u>	<u>69,185,051</u>	<u>-</u>	<u>-</u>
Other [see (c) below]	3,162,119	3,649,582	18,908	18,908
	205,972,359	194,905,868	19,556	19,556

- (a) Government of Jamaica securities and certain other bonds are pledged as security for repurchase agreements (note 25) and notes payable (note 26).
- (b) Government of Jamaica securities having an aggregate face value of \$620,000,000 (2018: \$281,084,100) have been pledged as collateral against possible overdrafts at the Central Bank and against uncleared effects at one of the Company's bankers.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment Securities (Continued)

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

18. Interest in Subsidiaries

	The Company	
	2019	2018
	\$'000	\$'000
Shares at cost:		
Jamaica Money Market Brokers Limited	1,864,054	1,864,054
JMMB Bank (Jamaica) Limited (formerly JMMB Merchant Bank Limited)	4,885,176	4,885,176
JMMB Money Transfer Limited	50,789	50,789
Jamaica Money Market Brokers (Trinidad and Tobago) Limited	3,497,625	3,497,625
JMMB Holding Company, SRL and its subsidiaries	1,478,763	-
	11,776,407	10,297,644

19. Investment Properties

The properties are measured at fair 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 their location (prime vs secondary), in addition to recent market transactions in the same proximity.

Investment properties generated revenue of \$916,000 (2018: \$526,000) and incurred expenses of \$18,698,000 (2018: \$16,089,000) 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 30.

The technique used to determine the fair value of the Group's investment properties is as follows.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p>Market approach. This model takes into account:</p> <ul style="list-style-type: none"> The assumed intention to dispose of the property in an open market transaction The assumed sale would take place on the basis of a willing seller and willing buyer; A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market; Values are expected to remain stable throughout the period of market exposure and disposal (hypothetical); and The property will be freely exposed to the market. 	<ul style="list-style-type: none"> Judgements about whether the property can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its use class. The strength of demand for the property, given its condition, location and range of potential uses. The potential rental value of the property in the current investment climate. 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> The strength of the demand is greater/(less) than judged. The potential rental income from the property is greater/ (less) than judged.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

20. Intangible Assets

	The Group					
	Computer Software	Customer List and Core Deposits	Licence	Goodwill	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
31 March 2017	1,383,717	610,639	289,389	28,301	361,113	2,673,159
Additions	305,909	-	-	-	-	305,909
Reclassification	12,638	-	-	-	-	12,638
Exchange rate adjustment	(31,507)	(6,691)	(5,760)	-	(3,956)	(47,914)
31 March 2018	1,670,757	603,948	283,629	28,301	357,157	2,943,792
Additions	395,905	-	-	-	-	395,905
Exchange rate adjustment	(1,370)	1,732	(197)	969	1,266	2,400
31 March 2019	2,065,292	605,680	283,432	29,270	358,423	3,342,097
Accumulated Amortisation						
31 March 2017	642,938	240,484	-	-	273,237	1,156,659
Charge for the year	129,312	55,519	-	-	8,207	193,038
Exchange rate adjustment	(2,228)	(2,234)	-	-	(3,956)	(8,418)
31 March 2018	770,022	293,769	-	-	277,488	1,341,279
Charge for the year	181,805	61,033	-	-	19	242,857
Exchange rate adjustment	(1,088)	215	-	-	1,266	393
31 March 2019	950,739	355,017	-	-	278,773	1,584,529
Net Book Value						
31 March 2019	1,114,553	250,663	283,432	29,270	79,650	1,757,568
31 March 2018	900,735	310,179	283,629	28,301	79,669	1,602,513

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

20. Intangible Assets (Continued)

Impairment testing for intangible assets with indefinite useful lives

Licences recognised in JMMB (Trinidad & Tobago) Limited and JMMB Holding Company Limited, SRL

The recoverable amounts of the cash generating units (CGUs) in which the licences are included were based on value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The licences were valued using “with-and-without” (WOW) method which compares the present value of the cash flows “with the asset” in place to the present value of cash flows “without the asset.”

The key assumptions used in the estimation of the recoverable amounts were as follows:

	2019	2018
Discount rate	14.5%, 17.0%	14.5%, 15.8%
Long-term growth rate	3%	3%
Time to obtain licence	3-4 years	3-5 years

The discount rates were post-tax measures determined based on rates used for similar assets in the relevant countries, business risks and other company specific risks.

The cash flow projections include specific estimates for ten and eleven years and a terminal growth rate thereafter. The terminal growth rate was determined based on management’s estimate of the long-term compounded annual growth rates, consistent with assumptions that a market participant would make. The ten and eleven year cash flow projections are considered reflective of a stabilized level of earnings to estimate terminal value.

The estimated recoverable amounts of the CGUs were estimated to be higher than their recoverable amounts and no impairment was identified.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

21. 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 2017	1,892,369	863,990	48,025	945,310	1,983,480	5,733,174
Additions	154,193	17,436	17,867	159,108	234,842	583,446
Transfer	(3,500)	-	-	3,500	-	-
Reclassification	-	-	-	-	(12,638)	(12,638)
Disposals	-	(39,392)	(8,749)	(25,857)	(945)	(74,943)
Exchange rate adjustment	(1,715)	(27,758)	(706)	9,417	(44,931)	(65,693)
31 March 2018	2,041,347	814,276	56,437	1,091,478	2,159,808	6,163,346
Additions	177,698	32,490	16,404	94,231	162,540	483,363
Reclassification	(43,842)	3,232	-	-	40,610	-
Disposals	-	-	(4,397)	-	-	(4,397)
Exchange rate adjustment	546	(795)	(5,545)	519	5,743	468
31 March 2019	2,175,749	849,203	62,899	1,186,228	2,368,701	6,642,780
31 March 2017	174,548	479,950	37,470	670,230	1,300,386	2,662,584
Charge for the year	30,812	67,141	9,280	203,842	82,600	393,675
Disposals	-	(39,355)	(8,749)	(21,922)	(815)	(70,841)
Exchange rate adjustment	-	(11,475)	(500)	(55,679)	27,705	(39,949)
31 March 2018	205,360	496,261	37,501	796,471	1,409,876	2,945,469
Charge for the year	33,271	67,514	7,207	145,475	163,728	417,195
Disposals	-	-	(4,397)	-	-	(4,397)
Exchange rate adjustment	-	(2,611)	(233)	(1,236)	5,261	1,181
31 March 2019	238,631	561,164	40,078	940,710	1,578,865	3,359,448
Net Book Value						
31 March 2019	1,937,118	288,039	22,821	245,518	789,836	3,283,332
31 March 2018	1,835,987	318,015	18,936	295,007	749,932	3,217,877

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

21. Property, Plant and Equipment (Continued)

	The Company			
	Leasehold Improvements	Furniture, Fixtures and Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
Acquired on group reorganisation and balance at 31 March 2017, 31 March 2018 and 31 March 2019	10,271	3,493	45	13,809
Depreciation				
Acquired on group reorganisation and balance at 31 March 2017, 31 March 2018 and 31 March 2019	9,958	3,493	45	13,496
Net Book Value				
Acquired on group reorganisation and balance at 31 March 2017, 31 March 2018 and 31 March 2019	313	-	-	313

22. Deferred Income Tax

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 the principal tax rate applicable to the jurisdictions in which the temporary differences arise.

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

	The Group	
	2019	2018
	\$'000	\$'000
Deferred income tax assets	360,893	115,130
Deferred income tax liabilities	(175,180)	(451,084)
Net deferred income tax assets/(liabilities)	185,713	(335,954)

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

22. Deferred Income Tax (Continued)

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

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Deferred income tax assets -				
Investments	910,738	1,028,219	-	-
Unrealised foreign exchange losses	-	1,916	-	-
Other payables	27,374	20,433	-	-
Property, plant and equipment	-	52,548	-	-
Interest payable	430,109	387,395	-	-
Tax losses carried forward	141,003	126,086	-	-
	<u>1,509,224</u>	<u>1,616,597</u>	<u>-</u>	<u>-</u>
Deferred income tax liabilities -				
Investments	-	1,344,843	-	-
Unrealised foreign exchange gains	810,606	12,694	-	-
Property, plant and equipment	24,824	485	-	-
Interest receivable	488,081	594,529	-	-
	<u>1,323,511</u>	<u>1,952,551</u>	<u>-</u>	<u>-</u>
Net deferred income tax assets/(liabilities)	<u>185,713</u>	<u>(335,954)</u>	<u>-</u>	<u>-</u>

The movement for the year in the net deferred tax is as follows:

	2019			
	The Group			
	Balance at Beginning of Year	Recognised in Income	Recognised in Other Comprehensive Income	Balance at End of Year
	\$'000	\$'000	\$'000	\$'000
		(note 8)		
Tax losses carried forward	126,086	14,917	-	141,003
Investments	(316,624)	1,277,330	(49,968)	910,738
Accounts payable	20,433	6,941	-	27,374
Property, plant and equipment	52,063	(76,887)	-	(24,824)
Interest payable	387,395	42,714	-	430,109
Unrealised foreign exchange loss	1,916	(1,916)	-	-
Unrealised foreign exchange gains	(12,694)	(797,912)	-	(810,606)
Interest receivable	(594,529)	106,448	-	(488,081)
	<u>(335,954)</u>	<u>571,635</u>	<u>(49,968)</u>	<u>185,713</u>

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

22. Deferred Income Tax (Continued)

	2018			
	The Group			
	Balance at Beginning of Year	Recognised in Income	Recognised in Other Comprehensive Income	Balance at End of Year
	\$'000	\$'000	\$'000	\$'000
		(note 8)		
Tax losses carried forward	222,521	(96,435)	-	126,086
Investments	430,911	(752,022)	4,487	(316,624)
Accounts payable	22,028	(1,595)	-	20,433
Property, plant and equipment	13,357	38,706	-	52,063
Interest payable	343,554	43,841	-	387,395
Unrealised foreign exchange loss	-	1,916	-	1,916
Unrealised foreign exchange gains	(1,669,934)	1,657,240	-	(12,694)
Interest receivable	(551,237)	(43,292)	-	(594,529)
	(1,188,800)	848,359	4,487	(335,954)

23. Share Capital

	2019 Number of Shares ('000)	2018 Number of Shares ('000)
Authorised ordinary stock units at no par value: unlimited		
Fixed rate cumulative redeemable preference shares of no par value	6,000,000	6,000,000
	2019 Number of Shares ('000)	2018 Number of Shares ('000)
Issued ordinary share capital:		
Ordinary stock units in issue at no par value	1,630,552	1,630,552

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

23. Share Capital (Continued)

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Stated capital:				
1,630,552,532 (2018: 1,630,552,532) ordinary stock units	1,864,554	1,864,554	1,864,554	1,864,554
715,482,000 7.50% cumulative redeemable preference stock units	-	1,430,964	-	-
15,358,000 7.25% cumulative redeemable preference stock units	-	38,395	-	-
9,434,000 7.25% cumulative redeemable preference stock units	14,151	14,151	14,151	14,151
1,827,548,000 7.50% cumulative redeemable preference stock units	1,827,548	1,827,548	1,827,548	1,827,548
213,500 5.75% cumulative redeemable preference stock units	40,038	40,134	40,038	40,134
42,783,500 US\$ 6.00% cumulative redeemable preference stock units	5,348,793	5,361,628	5,348,793	5,361,628
32,177,000 7.00% cumulative redeemable preference stock units	64,354	64,354	64,354	64,354
1,848,937,000 7.25% cumulative redeemable preference stock units	3,697,874	3,697,874	3,697,874	3,697,874
155,000 US\$ 5.50% cumulative redeemable preference stock units	38,756	38,849	38,756	38,849
21,265,000 US\$ 5.75% cumulative redeemable preference stock units	5,317,101	5,329,860	5,317,101	5,329,860
	<u>18,213,169</u>	<u>19,708,311</u>	<u>18,213,169</u>	<u>18,238,952</u>
Less: redeemable preference stock units classified as liability	<u>(16,348,615)</u>	<u>(17,843,757)</u>	<u>(16,348,615)</u>	<u>(16,374,398)</u>
	<u>1,864,554</u>	<u>1,864,554</u>	<u>1,864,554</u>	<u>1,864,554</u>

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

23. Share Capital (Continued)

On August 2013, the Company issued 715,482,000 7.50% fixed rate cumulative redeemable preference shares and 15,358,000 7.25% fixed rate cumulative redeemable preference shares at a price of \$2.00 and \$2.50 per share, respectively, by public offering. The redeemable preference shares matured August 2018.

On 14 January 2016, the Company issued 9,434,000 and 1,827,548,000 7.25% and 7.50% variable rate cumulative redeemable preference shares and 213,500 and 42,783,500 5.75% and 6.00% fixed rate cumulative redeemable preference shares at a price of J\$1.50, J\$1.00, US\$1.50 and US\$1.00 per share, respectively, by public offering. The redeemable preference shares mature on 14 January 2024.

On 7 March 2018, the Company issued 32,177,000 and 1,848,937,000 7.00% and 7.25% JMD variable rate cumulative redeemable preference shares and 155,000 and 21,265,000 5.50% and 5.75% USD fixed rate cumulative redeemable preference shares at a price of J\$2.00 and US\$2.00 per share, respectively, by public offering. The redeemable preference shares mature 6 March 2025.

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; and
- (iii) No right to vote, except where dividends are not paid for twelve months or on winding up of the Company.

The rights attaching to the ordinary shares include the following:

- (i) Entitlement of dividends as declared from time to time (note 12).
- (ii) Entitlement to one vote per share at meetings of the Company.

24. Reserves

(a) Retained Earnings Reserve

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 regulatory capital.

(b) Investment Revaluation Reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of debt securities at fair value through other comprehensive income (2018: available-for-sale financial assets), impairment losses on such securities, net of deferred tax, until the assets are derecognised or impaired.

(c) Cumulative Translation Reserve

The cumulative translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

25. Securities Sold Under Agreements to Repurchase

	The Group	
	2019	2018
	\$'000	\$'000
Denominated in Jamaica dollars	52,123,498	48,859,585
Denominated in United States dollars	82,475,858	81,575,204
Denominated in Pound Sterling	2,498,943	3,101,671
Denominated in Euro	200,108	79,523
Denominated in Dominican Republic Peso	22,117,192	19,776,783
Denominated in Canadian dollars	415,461	417,674
Denominated in Trinidad and Tobago dollars	4,076,831	4,356,849
	163,907,891	158,167,289

Repurchase agreements are collateralised by certain securities and other instruments held by the Group with a carrying value of \$182,706,790,000 (2018: \$169,115,284,000) (notes 16 and 17).

26. Notes Payable

	The Group	
	2019	2018
	\$'000	\$'000
(i) Senior Unsecured US\$ Fixed Note	2,415,886	2,388,975
(ii) Subordinated debt	1,868,000	1,852,000
(iii) Subordinated debt	542,834	540,015
(iv) Senior secured TT\$ Fixed Note	2,096,083	1,109,348
(v) Senior secured US\$ Fixed Note	2,082,651	1,870,808
(vi) Promissory Note US\$ Note	1,000,160	1,002,560
(vii) Promissory Note US\$ Fixed Note	18,753,000	18,798,000
(viii) Unsecured US\$ Fixed Note	1,505,616	-
(ix) Unsecured J\$ Fixed Note	892,426	-
(x) Unsecured J\$ Fixed Note	5,879,500	-
	37,036,156	27,561,706

- (i) The note is unsecured and bore interest at 7.75% per annum, with interest payable on a quarterly basis and a maturity date of 18 July 2019. The note was called during the year and reissued at an interest rate of 5.5% per annum, with interest payable on a quarterly basis. The new note matures on 15 June 2023.
- (ii) This represents subordinated debts of TT\$80M issued by a subsidiary for a term of eight (8) years, maturing on 28 March 2022, at a fixed rate of 4.5% per annum. This debt was increased to TT\$100 million in February 2018 under the same terms.
- (iii) This represents subordinated debt of US\$4,151,000 issued by a subsidiary for a term of (5) years, maturing on 29 June 2020, at a fixed rate of 7.0% per annum.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

26. Notes Payable (Continued)

- (iv) This represents fixed rate debt issued in three tranches bearing interest at 3.00% to 3.35% per annum, payable on a semi-annual basis. The notes mature in November 2019, November 2020 and November 2021 and are secured by investment securities (note 17).
- (v) This represents fixed rate US\$ debt issued in two tranches bearing interest at 3.20% and 3.55% per annum, payable on a semi-annual basis. The notes mature in November 2019 and November 2020 and are secured by investment securities (note 17).
- (vi) The amount above represents a short-term unsecured funding facility from Citibank N. A of US\$8,000,000 at an interest rate of 3.97% for the period October 10, 2017 to April 6, 2018.
- (vii) This note is unsecured and bears interest at 2.5% per annum, payable quarterly. The note matures on 30 April 2019.
- (viii) This represents unsecured fixed rate J\$ debt issued in three tranches bearing interest at 5.5%, 5.65% and 5.80% per annum, payable on a quarterly basis. The notes mature on 20 December 2019, 20 June 2020 and 21 December 2020 respectively.
- (ix) This represents unsecured fixed rate J\$ debt issued in three tranches bearing interest at 5.65%, 6.0% and 6.25% per annum, payable on a quarterly basis. The notes mature on 20 December 2019, 20 June 2020 and 21 December 2020, respectively.
- (x) This represents unsecured fixed rate J\$ debt bearing interest at 6.75% per annum, payable on a quarterly basis. The note matures on 27 July 2020.

27. 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 or if both are subject to control or significant influence by the same party.

Related companies include subsidiaries and major shareholders. Related parties include directors, key management and companies for which the Group provides management services.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

27. Related Party Transactions and Balances (Continued)

- (i) The statement of financial position includes balances, arising in the normal course of business, with related parties, as follows:

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Directors-				
Loans and notes receivable	140,154	152,504	-	-
Interest payable	(279)	(279)	-	-
Customer deposits	(192,998)	(86,496)	-	-
Securities sold under agreements to repurchase	(72,431)	(37,582)	-	-
Major shareholders -				
Notes receivable	807,037	324,037	-	-
Subsidiaries -				
Securities purchased under agreements to resell	-	-	941,084	9,484,200
Loans and notes receivable	-	-	22,148,784	5,821,425
Other receivables	-	-	218,538	106,507
Due from subsidiary	-	-	-	758,212
Other payables	-	-	(8,768,350)	(7,586,011)
Managed funds -				
Accounts receivable	2,421,937	35,464	-	-
Customer deposits	(3,137,720)	(3,069,526)	-	-

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

27. Related Party Transactions and Balances (Continued)

- (ii) The profit and 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	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Directors:				
Interest income	14,590	9,671	-	-
Interest expense	(1,614)	(1,342)	-	-
Major shareholders:				
Interest income	-	127	-	-
Interest expense	-	(7,842)	-	-
Subsidiaries:				
Dividend income	-	-	906,033	1,252,100
Interest income	-	-	1,281,822	455,554
Managed funds:				
Gain on sale of securities	440,989	801,646	-	-
Fee income	759,351	-	-	-
Interest income	1,656	-	-	-
Interest expense	(478,903)	(410,979)	-	-

- (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 services is as shown below:

	The Group	
	2019	2018
	\$'000	\$'000
Directors emoluments:		
Fees (note 8)	100,323	95,166
Management remuneration	65,137	59,814
Other key management compensation:		
Short-term employee benefits	524,287	423,224
Post-employment benefits	17,769	16,876
	707,516	595,080

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

28. Non-Controlling Interest

The following table summarises information relating to the Group's material non-controlling interest (NCI) in JMMB Puesto de Bolsa, S.A. before any intra-group eliminations.

(a) Statement of financial position:

	2019	2018
	20%	20%
NCI percentage		
	\$'000	\$'000
Total assets	32,323,353	29,564,742
Total liabilities	(28,873,049)	(25,674,654)
Net assets	<u>3,450,304</u>	<u>3,890,088</u>
Carrying amount of NCI	<u>1,038,332</u>	<u>1,092,253</u>

(b) Profit or loss account and other comprehensive income:

Revenue	3,032,682	2,965,950
Profit	332,412	443,538
Other comprehensive income	<u>51,996</u>	<u>737,053</u>
Profit allocated to NCI, net	<u>48,287</u>	<u>49,144</u>
Other comprehensive income allocated to NCI	<u>(62,339)</u>	<u>203,624</u>

(c) Statement of cash flows:

Cash flows from operating activities	2,948,745	5,477,154
Cash flows from investing activities	(3,750,294)	(5,515,621)
Cash flows from financing activities	<u>996,000</u>	<u>(39,236)</u>
Net increase/(decrease) in cash and cash equivalents	<u>194,451</u>	<u>(77,703)</u>

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management

A financial instrument is any contract that gives rise to a financial asset of one enterprise and financial liability or equity instrument of another enterprise.

(a) Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Risk management framework

The risks are managed through an established risk management framework for the Group, which involves the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board has established committees/departments for managing and monitoring risks, as follows:

(i) Risk Management Committee

The Risk Management Committee is a Board Committee responsible for the supervision of the overall risk management functions of the Group. The committee decides the policies and strategy for integrated risk management of the various risk exposures of the Group.

(ii) Board Credit Committees

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 the Credit Risk Policy. The committees are ultimately responsible for determining the composition and management of the credit portfolios and have available a number of measures they can employ in this respect, including making specific and general allowances against actual or potential impairment. The committees are supported in their work by the Management Credit Committee.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Risk management framework (continued)

(iii) Audit Committees

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 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 quarterly 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.

(iv) Investment Committees

The Investment Committees are management committees responsible for the management of market risks. The committees monitor the composition of assets and liabilities, evaluate potential market risk involved in launching new products, review and articulate funding policy and decide optimal ways of managing the Group's liquidity.

(v) Asset and Liability Committees (ALCOs)

ALCOs are management committees that monitor and adjust the overall profile of assets and liabilities of the respective entities to increase the probability of achieving strategic business results within the context of Board approved risk appetite, relevant policies and applicable regulations.

(b) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from, commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as credit derivatives (credit default swaps), financial guarantees, letters of credit, endorsements and acceptances. The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

(i) Management of credit risk

Credit risk is a significant risk for the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports regularly to the Board of Directors and head of each business unit.

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.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD).

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Management of credit risk (continued)

Key financial assets are managed as follows:

(i) Loans and notes receivable (including commitments and guarantees)

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.

Exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees. Counterparty limits are established by the use of a credit classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risk to which it is exposed and to take corrective action.

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

Loans and notes receivable that are cash-secured are included in the credit classification as Risk Rated 1, based on 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 continually reviewed by the Risk Management Committee.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis

The following table sets out information about the credit risk and the credit quality of financial assets measured at amortised cost and debt instruments measured a fair value through other comprehensive income (FVOCI) (2018: available-for-sale debt assets). Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments, the amounts in the table represent the amounts committed.

Loans and notes receivable at amortised cost (note 14):

	The Group				
	2019				2018
	Stage 1	Stage 2	Stage 3	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000
Credit grade					
Standard monitoring	60,317,484	776,092	-	61,093,576	48,686,994
Special monitoring	-	4,944,353	-	4,944,353	3,543,213
Default	-	-	3,762,987	3,762,987	4,716,272
	60,317,484	5,720,445	3,762,987	69,800,916	56,946,479
Loss allowance	(363,825)	(214,889)	(1,274,934)	(1,853,648)	(1,320,736)
	59,953,659	5,505,556	2,488,053	67,947,268	55,625,743
	The Group				
	2019				2018
	Stage 1	Stage 2	Stage 3	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000
Ageing of loans and notes receivable					
Neither past due nor impaired	55,202,926	2,478,045	-	57,680,971	44,359,338
Past due 1-30 days	5,114,558	500,582	-	5,615,140	5,365,358
Past due 31-60	-	2,191,150	-	2,191,150	1,787,044
Past due 61-90	-	550,668	-	550,668	718,467
More than 90 days	-	-	3,762,987	3,762,987	4,716,272
Total	60,317,484	5,720,445	3,762,987	69,800,916	56,946,479

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

For financial assets not recognised at the reporting date:

	The Group	
	2019	2018
	Stage 1	
	\$'000	\$'000
Loan commitments	7,493,848	4,086,135
Guarantees and letters of credit	1,707,349	1,786,034
	<u>9,201,197</u>	<u>5,872,169</u>

Loans and notes receivable at amortised cost:

	The Company	
	2019	2018
	Stage 1	
	\$'000	\$'000
Credit grade		
Standard monitoring	22,416,429	5,821,425
Loss allowance	(267,645)	-
	<u>22,148,784</u>	<u>5,821,425</u>

	The Company	
	2019	2018
	Stage 1	
	\$'000	\$'000
Ageing of loans and notes receivable		
Neither past due nor impaired	<u>22,416,429</u>	<u>5,821,425</u>

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Debt securities at amortised cost (note 17):

	The Group	
	2019	2018
	Stage 1	
	\$'000	\$'000
Credit grade		
Watch	10,920,532	14,194,287
Loss allowance	(281,034)	(362,868)
	10,639,498	13,831,419

	The Company	
	2019	2018
	Stage 1	
	\$'000	\$'000
Credit grade		
Watch	648	648

Debt securities at FVOCI (note 17):

	The Group				2018
	2019				
	Stage 1	Stage 2	Stage 3	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000
Credit grade					
Investment grade	23,021,026	-	-	23,021,026	18,212,352
Watch	166,505,024	463,040	-	166,968,064	158,499,569
Speculative	885,857	-	-	885,857	2,768
Default	-	-	59,438	59,438	117,561
	190,411,907	463,040	59,438	190,934,385	176,832,250
Loss allowance	604,544	3,025	20,576	628,145	-

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Securities purchased under agreement to resell at amortised cost (note 16):

		The Group	
		2019	2018
		Stage 1	
		\$'000	\$'000
Watch		-	1,120,001
		The Company	
		2019	2018
		Stage 1	
		\$'000	\$'000
Watch		942,609	9,484,200
Loss allowance		(1,525)	-
		941,084	9,484,200

(iii) Exposure to credit risk

The maximum exposure to credit risk is the amount of loss that should be suffered if every counterparty to the Group's financial assets were to default at once. These are represented by the carrying amounts of financial assets on the statement of financial position.

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 \$75,805,000 (2018: \$72,220,000).

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.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

The Group				
2019				
	Cash and cash equivalents	Loans and notes receivable	Investment securities	Total
	\$'000	\$'000	\$'000	\$'000
Concentration by sector:				
Government of Jamaica	-	-	106,906,110	106,906,110
Other sovereign bonds	-	-	45,444,766	45,444,766
Bank of Jamaica	5,567,657	-	10,830,000	16,397,657
Corporate	-	34,470,969	41,071,029	75,541,998
Financial institutions	25,158,739	444,137	1,720,454	27,323,330
Retail	-	33,032,162	-	33,032,162
	30,726,396	67,947,268	205,972,359	304,646,023
Concentration by location:				
Jamaica	16,523,548	39,557,518	129,568,371	185,649,437
North America	3,011,100	267,409	3,800,280	7,078,789
Trinidad and Tobago	9,347,246	24,846,078	18,475,493	52,668,817
Dominican Republic	1,754,315	2,932,385	29,815,733	34,502,433
Other	90,187	343,878	24,312,482	24,746,547
	30,726,396	67,947,268	205,972,359	304,646,023

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk (continued)

The Group					
2018					
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Concentration by sector:					
Government of Jamaica	-	-	-	116,164,079	116,164,079
Other sovereign bonds	-	-	-	38,856,654	38,856,654
Bank of Jamaica	4,110,055	-	-	8,833,374	12,943,429
Corporate	-	25,818,470	-	27,625,449	53,443,919
Financial institutions	23,727,218	1,182,298	1,120,001	2,230,631	28,260,148
Retail	-	28,624,975	-	1,195,681	29,820,656
	27,837,273	55,625,743	1,120,001	194,905,868	279,488,885
Concentration by location:					
Jamaica	13,947,223	31,368,041	1,120,001	137,155,716	183,590,981
North America	3,378,175	267,409	-	1,850,025	5,495,609
Trinidad and Tobago	8,776,175	21,708,818	-	22,139,380	52,624,373
Dominican Republic	1,645,513	1,937,597	-	28,133,937	31,717,047
Other	90,187	343,878	-	5,626,810	6,060,875
	27,837,273	55,625,743	1,120,001	194,905,868	279,488,885
The Company					
2019					
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Concentration by sector:					
Financial institutions	17,046	22,148,784	941,084	19,556	23,126,470
Concentration by location:					
Jamaica	17,046	20,320,680	941,084	19,556	21,298,366
Trinidad and Tobago	-	1,375,220	-	-	1,375,220
Dominican Republic	-	452,884	-	-	452,884
	17,046	22,148,784	941,084	19,556	23,126,470

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk (continued)

	The Company				
	2018				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Concentration by sector:					
Financial institutions	1,090	5,821,425	9,484,200	19,556	15,326,271
Concentration by location:					
Jamaica	1,090	5,194,825	9,484,200	19,556	14,699,671
Trinidad and Tobago	-	626,600	-	-	626,600
	<u>1,090</u>	<u>5,821,425</u>	<u>9,484,200</u>	<u>19,556</u>	<u>15,326,271</u>

(v) Collateral and other credit enhancements held against financial assets

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.

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.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(v) Collateral and other credit enhancements held against financial assets (continued)

An estimate, made at the time of borrowing, of the fair value of collateral and other security enhancements held against loans to borrowers and others is shown below:

	The Group				The Company			
	Loans and notes receivable		Resale agreements		Loans and notes receivable		Resale agreements	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Against neither past due nor impaired financial assets:								
Cash secured	4,618,575	3,660,423	-	-	22,416,429	5,821,425	941,109	9,484,200
Property	18,147,160	18,325,743	-	-	-	-	-	-
Debt securities	5,309,734	6,519,984	26,365,983	1,120,001	-	-	-	-
Liens on motor vehicles	10,728,044	6,670,219	-	-	-	-	-	-
Equities	-	-	-	-	-	-	-	-
Other	2,221,039	2,514,479	-	-	-	-	-	-
Subtotal	41,024,552	37,690,848	26,365,983	1,120,001	22,416,429	5,821,425	941,109	9,484,200
Against past due but not impaired financial assets:								
Cash secured	642,589	225,493	-	-	-	-	-	-
Property	4,359,235	5,242,283	-	-	-	-	-	-
Liens on motor vehicles	349	1,546,764	-	-	-	-	-	-
Debt securities	301,986	168,447	-	-	-	-	-	-
Equities	2,188,287	-	-	-	-	-	-	-
Other	244,671	2,082,085	-	-	-	-	-	-
Subtotal	7,737,117	9,265,072	-	-	-	-	-	-
Against past due and impaired financial assets:								
Cash secured	4,652	-	-	-	-	-	-	-
Debt securities	250	-	-	-	-	-	-	-
Property	22,755,364	16,500,602	-	-	-	-	-	-
Liens on motor vehicles	323,672	185,821	-	-	-	-	-	-
Equities	-	104,471	-	-	-	-	-	-
Other	9,816,817	4,196,576	-	-	-	-	-	-
Subtotal	32,900,755	20,987,470	-	-	-	-	-	-
Total	81,662,424	67,943,390	26,365,983	1,120,001	22,416,429	5,821,425	941,109	9,484,200

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) *Expected credit loss measurement*

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Details of how the Group determines when a significant increase in credit risk has occurred, are described below.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A description of inputs, assumptions and estimation techniques used in measuring the ECL is provided below.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. An explanation of how the Group incorporates this in its ECL models, is included in section (iii) below.
- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The key inputs, assumptions and techniques used for estimating impairment adopted by the Group are as follows:

(i) *Significant increase in credit risk*

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost and effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime probability of default (PD) as at the reporting date with the remaining lifetime PD that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in probability of default (PD);
- qualitative indicators; and
- backstop of 30 days past due.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Credit risk grades:

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

The Group uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties.

Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for corporate exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

The following are additional considerations for each type of portfolio held by the Group:

Retail

For retail business, the rating is determined at the borrower level. After the date of initial recognition, the payment behaviour of the borrower is monitored on a periodic basis and adjusted as may be necessary. Any other known information about the borrower which impacts their creditworthiness such as unemployment and previous delinquency history is also incorporated into the behavioural score. This score is mapped to a PD.

Commercial & Corporate

For commercial and corporate business, the rating is determined at the borrower level. A relationship manager will incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition, the credit risk manager will also update information about the creditworthiness of the borrower on an annual basis from sources such as financial statements. This will determine the updated internal credit rating and PD.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Credit risk grades (continued)

Treasury

For debt securities in the treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's term structure associated with each grade are determined based on realised default rates as derived from the average 12-month through-the-cycle (TTC) transition matrices published by the rating agency.

The Group's rating method comprises 21 rating levels for instruments not in default (1 to 21) and two default classes (22 to 23). The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating methods are subject to periodic (at least once every three years) validation and recalibration so that they reflect the latest projections in the light of all actually observed defaults.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

Generating the term structure of PD:

Credit risk grades are the primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction and by type of product and borrower as well as by credit risk grading.

The Group uses statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining when credit risk has increased significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower and the geographical region.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Determining when credit risk has increased significantly (continued)

The Group considers that there is a significant increase in credit risk for its loans portfolio no later than when a loan is more than 30 days past due or any two-notch downgrade in its internal ratings. The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This is the case for exposures that meet certain heightened risk criteria such as placement on a watch list.

The Group considers that there is a significant increase in credit risk for its investment portfolio when there is a decrease in credit rating as follows: a three-notch downgrade from investment grade to non-investment grade (below BBB-); a two-notch downgrade within or outside the BB/B bucket; or a one-notch downgrade within or outside the B-, CCC, CC and C buckets.

Financial instruments for which it is determined that there is a significant increase in credit risk are transferred from stage 1 to stage 2 and impairment loss is measured based on lifetime expected credit loss.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently.

When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

(ii) Definition of default:

The Group considers the following quantitative and qualitative factors in determining whether a financial asset is in default:

- The borrower is more than 90 days past due on its obligation to the Group.
- A decrease in internal rating of RR6 or higher
- The borrower is unlikely to pay its obligation to the Group in full, without recourse by the Group to actions such as realising security. This may arise from instances such as bankruptcy, long-term forbearance, insolvency, breach of financial covenants, death and restructuring.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(ii) Definition of default (continued):

Financial assets classified as 'default' are transferred to stage 3 and impairment loss is measured based on lifetime expected credit losses.

(iii) Incorporation of forward-looking information

The Group incorporates forward-looking information into the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of the expected credit losses (ECL).

The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing a trend analysis and comparing historical information with forecast macro-economic data to determine whether the indicator describes a positive, negative or stable trend and to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

The Group formulates three scenarios: a base case, which is the median scenario, and assigned a 75% probability of occurring and two less likely scenarios; being best, assigned a rating of 15% and worst, assigned a rating of 10%. For Trinidad, the best and worst scenarios are assigned ratings of 10% and 15% respectively. The base case is aligned with information used by the Group for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecast published by government bodies, monetary bodies and supranational organisations such as the International Monetary Fund.

The scenario weightings are determined by a combination of statistical analysis and expert credit judgement.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments, and using the scorecard approach has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has assessed that the key drivers of its sovereign portfolio are debt to GDP ratio, current account to GDP ratio and net international reserves with weightings of 30%, 20% and 50%, respectively. The drivers for the corporate portfolio are debt/GDP ratio, GDP growth and annual inflation with weightings of 10%, 30% and 60%, respectively.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) *Expected credit loss measurement (continued)*

(iii) *Incorporation of forward-looking information (continued)*

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

The assumptions underlying the ECL calculation such as how the maturity profile of the PDs collateral values change are monitored and reviewed on a quarterly basis.

(iv) *Computation of the expected credit losses (ECL)*

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD.

Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next twelve months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default.

Subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) *Expected credit loss measurement (continued)*

(v) *Loss allowance*

The loss allowance recognised in the period is impacted by the following factors:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument:

Loans and notes receivable at amortised cost (see note 14):

	The Group			
	2019			
	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Balance at 31 March 2018 (IAS 39)	73,417	-	1,247,319	1,320,736
Remeasurement on 1 April 2018 (IFRS 9)	187,124	159,693	15,521	362,338
Financial assets derecognised during period	(13,827)	37,943	(60,153)	(36,037)
New financial assets originated or purchased	189,982	10,474	14,759	215,215
Paydowns	(89,730)	(166,462)	141,106	(115,086)
Foreign exchange and other movements	16,858	173,240	(83,616)	106,482
Balance at 31 March 2019	363,824	214,888	1,274,936	1,853,648

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) *Expected credit loss measurement (continued)*

(v) *Loss allowance (continued)*

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument (continued):

Loans and notes receivable at amortised cost (continued):

	The Company
	2019
	Stage 1
	\$'000
Balance at 31 March 2018 (IAS 39)	-
Remeasurement on 1 April 2018 (IFRS 9)	102,112
Net re-measurement of loss allowance	165,533
Balance at 31 March 2019	<u>267,645</u>

Debt securities at amortised cost (see note 17):

	The Group			
	2019			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 31 March 2018 (IAS 39)	49,144	-	313,724	362,868
Remeasurement on 1 April 2018 (IFRS 9)	49,109	-	-	49,109
Reclassification of allowance on initial application of IFRS 9	-	-	(123,279)	(123,279)
Recoveries	(148)	-	-	(148)
Financial assets derecognised during period	(11,383)	-	-	(11,383)
New financial assets originated or purchased	6,056	-	-	6,056
Net re-measurement of loss allowance	(2,189)	-	-	(2,189)
Balance at 31 March 2019	<u>90,589</u>	<u>-</u>	<u>190,445</u>	<u>281,034</u>

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) *Expected credit loss measurement (continued)*

(v) *Loss allowance (continued)*

Securities purchased under agreements to resell (see note 16):

	The Company
	2019
	Stage 1
	\$'000
Balance at 31 March 2018 (IAS 39)	-
Remeasurement on 1 April 2018 (IFRS 9)	27,512
Net re-measurement of loss allowance	(25,987)
Balance at 31 March 2019	<u>1,525</u>

Debt securities at FVOCI:

	The Group			
	2019			
	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 31 March 2018 (IAS 39)	-	-	-	-
Remeasurement on 1 April 2018 (IFRS 9)	574,292	-	-	574,292
Transfer from Stage 1 to Stage 2	(415)	2,969	-	2,554
Financial asset derecognized	(172,672)	-	-	(172,672)
New financial assets originated or purchased	272,214	-	20,576	292,790
Foreign exchange and other movements	(68,875)	56	-	(68,819)
Balance at 31 March 2019	<u>604,544</u>	<u>3,025</u>	<u>20,576</u>	<u>628,145</u>

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet the 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 loan commitments.

A Liability Risk Management Committee sits as needed, on occasions where management considers that heightened monitoring and coordination of liquidity exposures across the Group is warranted.

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.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

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 damage to the Group's reputation.

Liquidity risk management process

The Group's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Optimising cash returns on investments; and
- (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.

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:

	2019				
	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	25,543,862	36,321,671	2,928,492	64,794,025	63,947,279
Due to other banks	-	7,657	228,675	236,332	190,888
Securities sold under agreements to repurchase	118,522,104	41,900,303	5,214,515	165,636,922	163,907,891
Notes payable	24,500,096	2,031,981	10,624,617	37,156,694	37,036,156
Redeemable preference shares	181,979	1,637,810	21,279,233	23,099,022	16,348,615
Interest payable	1,602,491	-	-	1,602,491	1,602,491
Payables	4,046,375	-	-	4,046,375	4,046,375
	<u>174,396,907</u>	<u>81,899,422</u>	<u>40,275,532</u>	<u>296,571,861</u>	<u>287,079,695</u>

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Liquidity risk management process (continued)

The tables below present the residual contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the Group's and the company's financial liabilities (continued):

2018					
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	24,589,936	14,799,725	13,634,622	53,024,283	52,165,066
Due to other banks	-	-	420,246	420,246	347,948
Securities sold under agreements to repurchase	106,142,637	39,306,844	14,797,609	160,247,090	158,167,289
Notes payable	4,074,686	138,859	24,281,509	28,495,054	27,561,706
Redeemable preference shares	356,848	2,475,677	23,499,570	26,332,095	17,843,757
Interest payable	1,385,823	-	-	1,385,823	1,385,823
Payables	3,178,736	-	-	3,178,736	3,178,736
	139,728,666	56,721,105	76,633,556	273,083,327	260,650,325

2019					
The Company					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Notes payable	123,174	1,389,764	7,408,581	8,921,519	8,277,541
Redeemable preference shares	181,979	1,637,810	20,648,129	22,467,918	16,348,615
Interest payable	182,802	-	-	182,802	182,802
Due to subsidiary	8,768,350	-	-	8,768,350	8,768,350
Payables	10,360	-	-	10,360	10,360
	9,266,665	3,027,574	28,056,710	40,350,949	33,587,668

2018					
The Company					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Redeemable preference shares	-	-	16,563,052	16,563,052	16,374,398
Interest payable	115,054	-	-	115,054	115,054
Due to subsidiary	7,586,011	-	-	7,586,011	7,586,011
Payables	22,713	-	-	22,713	22,713
	7,723,778	-	16,563,052	24,286,830	24,098,176

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(d) Market risk

The Group assumes market risk, which is the risk of 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 oversight is vested in the Board Risk Committee. The Risk Department is responsible for the development of detailed risk management policies (subject to review and approval by the Board Risk Committee) and for the day-to-day review of their implementation.

The principal tool used to measure and control market risk exposures within the Group is Value at Risk (VaR). The VaR of a portfolio is the estimated loss that will arise on the portfolio over a specified period of time (the holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the Group is based on a 99 percent confidence level and assumes a 10 day holding period. The VaR model used is based mainly on the Monte Carlo simulation model. Taking account of market data from the previous year and observed relationships between differences in market prices, the model generates a wide range of plausible future scenarios for market price movements.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations, including the following:

- A 10 day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a reasonable assumption, but may not be the case in situations in which there is severe market illiquidity for a prolonged period;
- A 99% confidence level does not reflect losses that may occur beyond this level. Even within the model used, there is a one percent probability that losses could exceed the VaR;
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day;
- The use of historical data to determine the relationships between different market prices may not cover all possible scenarios, as these relationships may break down in times of market stress; and
- The VaR measure is dependent on the Group's positions and volatility of market prices. The VaR of an unchanged position reduces if the market prices volatility declines and vice-versa.

The Group uses VaR limits for its overall portfolio and for sub-portfolios. The overall structure of VaR limits is subject to review and approval by the Board Risk 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 Committee.

A summary of the VaR position of the Group's overall portfolio as at 31 March 2019 and during the year then ended is as follows:

	31 March	Average for Year	Maximum during Year	Minimum during Year
	\$'000	\$'000	\$'000	\$'000
2019 Overall VaR	6,373,322	4,493,718	11,654,683	1,589,781
2018 Overall VaR	3,938,439	2,522,346	8,192,010	755,688

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(d) Market risk (continued)

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 were as follows:

	The Group	
	2019	2018
	\$'000	\$'000
United States dollars	6,669,933	9,104,949
Great Britain Pounds	67,066	33,369
Euros	(4,091)	83,677
Trinidad and Tobago dollars	10,656	329,202
Canadian dollars	586,858	319,777

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 probable change in foreign exchange rates at the reporting date:

	The Group			
	2019		2018	
	Change in Currency Rate %	Effect on Profit \$'000	Change in Currency Rate %	Effect on Profit \$'000
Currency:		\$'000		
USD	4	266,797	4	364,198
GBP	4	2,680	4	1,335
EUR	4	(164)	4	3,347
TT	4	426	4	13,168
CAD	4	23,474	4	12,791
		293,213		394,839

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(d) Market risk (continued)

(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 exposures to interest rate risk and the possible effect to earnings. It includes the Group's and the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	2019					
	The Group					Total \$'000
	Within 3 Months \$'000	3 to 6 Months \$'000	6 to 12 Months \$'000	1 to 5 Years \$'000	Non-Interest Bearing \$'000	
Financial Assets						
Cash and cash equivalents	21,605,266	272,485	-	-	8,848,645	30,726,396
Interest receivable	-	-	-	-	3,733,190	3,733,190
Loans and notes receivable	14,585,952	16,614,061	2,560,888	32,874,895	1,311,472	67,947,268
Other receivables	-	-	-	-	5,314,152	5,314,152
Investment securities	30,361,689	8,208,913	6,548,609	157,849,810	3,003,338	205,972,359
Total financial assets	66,552,907	25,095,459	9,109,497	190,724,705	22,210,797	313,693,365
Financial Liabilities						
Customer deposits	45,004,036	3,624,937	13,730,326	1,587,980	-	63,947,279
Due to other financial institutions	-	-	7,478	183,410	-	190,888
Securities sold under agreements to repurchase	118,038,576	26,516,807	16,862,508	2,490,000	-	163,907,891
Notes payable	15,564,353	-	2,038,086	19,433,717	-	37,036,156
Redeemable preference shares	631,104	-	1,841,699	13,875,812	-	16,348,615
Interest payable	-	-	-	-	1,602,491	1,602,491
Other payables	-	-	-	-	4,046,375	4,046,375
Total financial liabilities	179,238,069	30,141,744	34,480,097	37,570,919	5,648,866	287,079,695
Total interest rate sensitivity gap	(112,685,162)	(5,046,285)	(25,370,600)	153,153,786	16,561,931	26,613,670
Cumulative interest rate sensitivity gap	(112,685,162)	(117,731,447)	(143,102,047)	10,051,739	26,613,670	

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2018					
	The Group					
	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	27,837,273	-	-	-	-	27,837,273
Interest receivable	-	-	-	-	3,429,115	3,429,115
Loans and notes receivable	11,177,626	2,244,563	15,313,611	25,575,063	1,314,880	55,625,743
Other receivables	-	-	-	-	2,055,252	2,055,252
Securities purchased under agreements to resell	1,120,001	-	-	-	-	1,120,001
Investment securities	24,851,003	2,197,181	1,260,973	163,918,958	2,677,753	194,905,868
Total financial assets	64,985,903	4,441,744	16,574,584	189,494,021	9,477,000	284,973,252
Financial Liabilities						
Deposits	22,086,993	19,535,146	2,858,857	2,156,609	5,527,461	52,165,066
Due to other financial institutions	-	-	-	347,948	-	347,948
Securities sold under agreements to repurchase	105,588,901	19,621,040	23,355,461	9,601,887	-	158,167,289
Notes payable	3,982,716	-	-	23,578,990	-	27,561,706
Redeemable preference shares	623,624	1,469,359	-	15,750,774	-	17,843,757
Interest payable	-	-	-	-	1,385,823	1,385,823
Other payables	-	-	-	-	3,178,736	3,178,736
Total financial liabilities	132,282,234	40,625,545	26,214,318	51,436,208	10,092,020	260,650,325
Total interest rate sensitivity gap	(67,296,331)	(36,183,801)	(9,639,734)	138,057,813	(615,020)	24,322,927
Cumulative interest rate sensitivity gap	(67,296,331)	(103,480,132)	(113,119,866)	24,937,947	24,322,927	

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2019					
	The Company					
	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	17,046	-	-	-	-	17,046
Interest receivable	-	-	-	-	218,538	218,538
Loans and notes receivable	-	-	1,471,855	20,676,929	-	22,148,784
Other receivables	-	-	-	-	224,275	224,275
Securities purchased under agreements to resell	941,084	-	-	-	-	941,084
Investment securities	648	-	-	-	18,908	19,556
Total financial assets	958,778	-	1,471,855	20,676,929	461,721	23,569,283
Financial Liabilities						
Notes payable	-	-	1,019,115	7,258,426	-	8,277,541
Redeemable preference shares	-	-	1,841,699	14,506,916	-	16,348,615
Interest payable	-	-	-	-	182,802	182,802
Other payables	-	-	-	-	10,360	10,360
Due to subsidiary	-	-	-	-	8,768,350	8,768,350
Total financial liabilities	-	-	2,860,814	21,765,342	8,961,512	33,587,668
Total interest rate sensitivity gap	958,778	-	(1,388,959)	(1,088,413)	(8,499,791)	(10,018,385)
Cumulative interest rate sensitivity gap	958,778	958,778	(430,181)	(1,518,594)	(10,018,385)	
	2018					
	The Company					
	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	1,090	-	-	-	-	1,090
Interest receivable	-	-	-	-	106,507	106,507
Loans and notes receivable	-	5,821,425	-	-	-	5,821,425
Other receivables	-	-	-	-	36,333	36,333
Securities purchased under agreements to resell	9,484,200	-	-	-	-	9,484,200
Investment securities	-	-	-	-	19,556	19,556
Total financial assets	9,485,290	5,821,425	-	-	162,396	15,469,111
Financial Liabilities						
Redeemable preference shares	-	1,469,359	-	14,905,039	-	16,374,398
Interest payable	-	-	-	-	115,054	115,054
Other payables	-	-	-	-	22,713	22,713
Due to subsidiary	-	-	-	-	7,586,011	7,586,011
Total financial liabilities	-	1,469,359	-	14,905,039	7,723,778	24,098,176
Total interest rate sensitivity gap	9,485,290	4,352,066	-	(14,905,039)	(7,561,382)	(8,629,065)
Cumulative interest rate sensitivity gap	9,485,290	13,837,356	13,837,356	(1,067,683)	(8,629,065)	

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. 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 probable change in interest rates, with all other variables held constant, on the Group's interest income 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 and variable 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. Movements in these variables are non-linear and are assessed individually.

	The Group			
	2019		2018	
	Effect on Profit	Effect on Equity	Effect on Profit	Effect on Equity
	2018	2018	2017	2017
	\$'000	\$'000	\$'000	\$'000
Change in basis points				
JMD/USD				
-100 (2018: -100/-50)	289,413	6,820,940	(219,944)	6,422,395
+100 (2018: +100/+100)	257,814	(9,415,884)	223,326	(9,102,986)

(iii) 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 maximise investment returns while managing risk so as to minimise 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 10% (2018: 15%) increase or decrease in quoted bid prices at the reporting date would result in an increase or decrease, respectively, in equity of \$225,717,000 (2018: \$140,345,000) for the Group.

(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.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(e) Operational risk (continued)

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 controls and procedures; and
- requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of a contingency plan; and
- 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.

(f) Capital management

The Company and its subsidiaries have regulatory oversight from several regulators that impose capital requirements for various entities.

The objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- (i) To comply with the capital requirements set by the regulators of the financial markets where the entities within the Group operate;
- (ii) To safeguard the Company'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.

The Board provides oversight of capital sufficiency and deployment within the Group. It determines internal capital limits in line with its stated risk appetite based on an annual internal capital adequacy assessment process and its allocation to the respective business units.

Capital adequacy and the use of regulatory capital are monitored monthly by the Group's management based on the guidelines developed by the Group's regulators and the Risk Management Unit. The required information is filed with the respective Regulatory Authorities at stipulated intervals.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(f) Capital management (continued)

The regulated authorities require each regulated entity to:

- (i) Hold the minimum level of the regulatory capital; and
- (ii) Maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

Certain subsidiaries' regulatory capital is divided into two tiers:

- (i) Tier 1 capital: share capital, share premium, retained earnings, investment revaluation reserve and cumulative translation reserve.
- (ii) Tier 2 capital: redeemable preference shares and investment revaluation reserve.

The risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The regulated companies within the Group with prescribed capital requirements are Jamaica Money Market Brokers Limited (JMMB), JMMB Securities Limited (JMMBSL), JMMB Fund Managers Limited (JMMBFM), JMMB Insurance Brokers Limited (JMMBIB), 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 Bank (Jamaica) Limited (JMMBBJL), JMMB Bank (T&T) Limited (JMMBBTT), JMMB Express Finance (T&T) Limited (JMMBETT), formerly (Intercommercial Trust and Merchant Bank Limited (ITMBL), JMMB Investment (Trinidad and Tobago) Limited (JMMBITT) and JMMB Securities (T&T) (JMMBSTT).

The table and notes below summarise the composition of regulatory capital and the ratios of the regulated companies within the Group for the years ended 31 March 2019 and 31 March 2018.

There have been no material changes in the Group's management of capital during the year.

	JMMB		JMMBSL		JMMBIB	
	2019	2018	2019	2018	2019	2018
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
Regulatory capital –						
Tier 1 capital	16,729,110	16,734,971	809,106	494,972	133,016	98,848
Tier 2 capital	11,273,855	5,194,825	-	29,337	-	-
Total regulatory capital	<u>28,002,965</u>	<u>21,929,796</u>	<u>809,106</u>	<u>524,309</u>	<u>133,016</u>	<u>98,848</u>
Risk-weighted assets –						
On-balance sheet	115,659,686	128,166,976	1,239,031	924,885	-	-
Foreign exchange exposure	2,982,335	6,401,175	247,219	492,425	-	-
Total risk-weighted assets	<u>118,642,021</u>	<u>134,568,151</u>	<u>1,486,250</u>	<u>1,417,310</u>	<u>-</u>	<u>-</u>
Actual regulatory capital to risk weighted assets	<u>24%</u>	<u>16%</u>	<u>54%</u>	<u>37%</u>	<u>-</u>	<u>-</u>
Required regulatory capital to risk weighted assets	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>-</u>	<u>-</u>

(f) Capital management (continued)

	JMMBFM	
	2019	2018
	\$'000	\$'000
Tier 1 capital	780,577	527,597
Tier 2 capital	-	-
Actual regulatory capital	780,577	527,597
Required level of regulatory capital	104,742	104,742
Total risk-weighted assets	1,223,803	748,159
Tier one capital ratio to risk-weighted assets capital	64%	71%

- 171

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(f) Capital management (continued)

- (iv) 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% of the ratio of total asset to funds under management (AUM/Capital).
- (v) The capital requirement for AFP JMMB BDI S.A. is to maintain a minimum capital base of RD\$10 million.
- (vi) 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 23.2%.

The regulated entities within the Group have complied with all regulatory capital requirements throughout the year.

30. Financial Instruments – Fair Value

(a) Definition and measurement of fair values

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 2019

(expressed in Jamaican dollars unless otherwise indicated)

30. Financial Instruments - Fair Value (Continued)

(b) Techniques for measuring fair value of financial instruments

Type of Financial Instrument	Method of estimating fair value
Cash and cash equivalents, other receivables, resale agreements, accounts payable, repurchase agreements, Bank of Jamaica certificates of deposit	Considered to approximate their carrying values, due to their short-term nature.
Quoted securities	Bid prices quoted by the relevant stock exchanges.
Units in unit trusts	Prices quoted by unit trust managers
Non-Jamaican sovereign bonds and corporate bonds	Estimated using bid-prices published by major overseas brokers.
Government of Jamaica securities:	
Traded overseas	Estimated using bid-prices published by major overseas brokers.
Other	Estimated using mid-market prices from the Jamaica Securities Dealers Association yield curve.
Interest in money market fund	Considered to be the carrying value because of the short-term nature and variable interest rate.
Loans and notes receivable	Considered to be carrying value as the coupon rates approximate the market rates.
Notes payable	Considered to be carrying value as the coupon rates approximate the market rates.

(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) are not disclosed.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

30. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group				
	2019				
	Carrying amount		Fair value		
	Amortised Cost \$'000	At fair value through other comprehensive income \$'000	At fair value through profit or loss \$'000	Total \$'000	
Financial assets measured at fair value					
Government of Jamaica securities	-	98,693,970	-	98,693,970	98,693,970
Certificates of deposit	-	10,830,000	-	10,830,000	10,830,000
Government of Jamaica guaranteed	-	299,493	-	299,493	299,493
Corporate bonds	-	37,808,278	1,235,863	39,044,141	39,044,141
Foreign Government Securities	-	43,302,644	494	43,303,138	43,303,138
Ordinary shares quoted	-	1,229,794	1,107,947	2,337,741	2,337,741
Units in unit trusts	-	-	622,969	622,969	622,969
Money market funds	-	-	178,944	178,944	178,944
Other	-	22,465	-	22,465	22,465
	-	192,186,644	3,146,217	195,332,861	2,337,741
					192,995,120
					195,332,861
Financial assets not measured at fair value					
Certificate of deposits	258,927	-	-	258,927	258,927
Government of Jamaica Securities	7,939,660	-	-	7,939,660	7,488,312
Sovereign bonds	250,207	-	-	250,207	96,683
Government of Jamaica guaranteed	2,471,738	-	-	2,471,738	2,612,571
	10,920,532	-	-	10,920,532	10,456,493
					10,456,493

(expressed in Jamaican dollars unless otherwise indicated)

(c) Accounting classifications and fair values (continued)

Financial assets not measured

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

30. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

**Financial assets
measured at fair value**
Other

The Company	
2019	
Carrying amount	Fair value
At fair value through other comprehensive income \$'000	Level 2 \$'000
18,908	18,908

**Financial assets
measured at fair value**
Other

The Company	
2018	
Carrying amount	Fair value
Available -for-sale \$'000	Level 2 \$'000
18,908	18,908

31. 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 operate 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.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

31. Post-employment Benefits (Continued)

Eligible employees of the Dominican Republic subsidiaries contribute an amount of 2.87% of their pensionable salaries to various authorised pension plans. Employers contribute a corresponding 7.10%.

The contributions for the year amounted to \$228,492,000 (2018: \$198,856,000) for the Group.

32. Managed Funds

The Group acts as agent and earns fees for managing clients' and investment funds on a non-recourse basis under management agreements. This includes some of the assets of the Group's pension fund (note 31). 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 clients' funds are invested have been excluded from these financial statements.

At 31 March 2019, funds managed in this way by the Group amounted to \$132,635,677,000 (2018: \$118,466,786,000) which includes assets of the Group's pension fund (note 31), amounting to \$3,702,138,000 (2018: \$3,012,250,000). The Group's financial statements include the following assets/(liabilities) relating to the funds:

	The Group	
	2019	2018
	\$'000	\$'000
Investments	116,358	906,300
Interest payable	(10,696)	(3,268)
Securities sold under agreements to repurchase	(42,022,844)	(23,699,815)
Customer deposits	(3,166,390)	(3,058,961)

33. Commitments

(i) Endowment Fund

The JMMB Group and the JMMB Joan Duncan Foundation established an endowment Fund ("the Fund") of US\$1 million which will be administered by the University of the West Indies and Mona School of Business and Management. The main purpose of the Fund is to provide scholarships, bursaries, student training and development, academic staff development and case writing. Disbursements to the Fund are being made over a period of six years.

(ii) 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 \$370,920,000 (2018: \$348,581,000).

As at 31 March 2019, the Group is committed to make future lease payments as follows:

	The Group	
	2019	2018
	\$'000	\$'000
Less than one year	209,921	367,073
Between one and five years	353,934	1,076,656
More than five years	1,886,383	264,132
	2,450,238	1,707,861

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies

Except for the changes explained in note 4, the Group has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) 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.

(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.

(b) Financial instruments

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.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income (FVOCI), which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(ii) Classification and subsequent remeasurement

Financial assets

Policy applicable from 1 April 2018

From 1 April 2018, the Group has applied IFRS 9 and classified its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial assets (continued)

Policy applicable from 1 April 2018 (continued)

The classification requirements for debt and equity instruments are described below:

(a) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at note 34 (vii). Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.
- *Fair value through other comprehensive income (FVOCI)*: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI).
- *Fair value through profit or loss*: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial assets (continued)

Policy applicable from 1 April 2018 (continued)

(a) Debt instruments (continued)

Factors considered by the Group in determining the business model for a group of assets include:

1. Past experience on how the cash flows for these assets were collected;
2. How the asset's performance is evaluated and reported to key management personnel;
3. How risks are assessed and managed; and
4. How managers are compensated.

For example, securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. Such changes are expected to be very infrequent and none occurred during the period.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial assets (continued)

Policy applicable from 1 April 2018 (continued)

(b) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

Gains and losses on equity investments at FVPL are included in the 'Net trading income' line in the statement of profit or loss.

Policy applicable under IAS 39 before 1 April 2018

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:

Loans and receivables: This comprises securities acquired, loans granted with fixed or determinable payments and which are not quoted 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.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent remeasurement (continued):

Financial liabilities

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments [see note 34(b)(v)].

(iii) Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial 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 in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income (OCI) is recognised in profit or loss.

From 1 April 2018, any cumulative gains or losses recognised in OCI in respect of equity investment securities designated as at FVOCI are not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(iii) Derecognition of financial assets and financial liabilities (continued)

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iv) Modifications

Policy applicable from 1 April 2018

Financial assets:

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised [see (b)(iii)] and a new financial asset is recognised at fair value plus any eligible transaction costs. Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and other fees are included in profit or loss as part of the gain or loss on derecognition.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(iv) Modifications (continued)

Policy applicable from 1 April 2018 (continued)

Financial assets (continued)

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower [see (vii)], then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

Financial liabilities:

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(iv) Modifications (continued)

Policy applicable before 1 April 2018

Financial assets:

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value.

If the terms of a financial asset are modified because of financial difficulties of the borrower and the asset is not derecognised, then impairment of the asset is measured using the pre- modification interest rate.

Financial liabilities:

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms recognised at fair value. The difference between the carrying amount of the financial liability extinguished and consideration paid recognised in profit or loss.

Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability was not accounted for as derecognition, then any costs and fees incurred were recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(v) Measurement and gains and losses

Policy applicable from 1 April 2018

The 'investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost which are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- equity investment securities mandatorily measured at FVTPL or designated as at FVTPL which are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL charges and reversals; and
- foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Policy applicable before 1 April 2018

Investment securities were initially measured at fair value plus, in the case of investment securities not at FVTPL, incremental direct transaction costs, and subsequently accounted for depending on their classification as either loans and receivable, held-to-maturity, FVTPL or available-for-sale.

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.

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 the sale or reclassification occurs and the following two financial years.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

Policy applicable before 1 April 2018 (continued)

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.

Specific financial instruments

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 classified and measured at amortised 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.

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 measured 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.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued);

Specific financial instruments (continued)

Resale and repurchase agreements (continued)

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.

Loans and notes receivable and other receivables

Loans and notes receivable and other receivables are classified and measured at amortised cost less allowance for impairment.

Details of the policy for loss allowance from 1 April 2018 is at note 34(b)(vii).

Policy for loan loss allowance before 1 April 2018

An allowance for credit losses is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due will not be collected according to the original contractual terms.

When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific allowances for credit losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

For non-performing and impaired loans, the accrual of interest income based on the original terms of the loan is discontinued. Jamaican banking regulations require that interest on non-performing loans be taken into account on the cash basis. IFRS require that interest income on non-performing loans be accrued, to the extent collectible, and that the increase in the present value of impaired loans due to the passage of time be reported as interest income. The difference between the Jamaican regulatory basis and IFRS was assessed to be immaterial.

Write-offs are made when all or part of a loan is deemed uncollectible or is forgiven. Write-offs are charged against previously established provisions for credit losses and reduce the principal amount of a loan.

Recoveries in part or in full of amounts previously written-off are credited to provision for credit losses in arriving at profit or loss for the year.

Policy applicable to 2018 and 2019

Statutory and other regulatory loan loss reserve requirements that exceed the amounts required under IFRS are dealt with in a non-distributable loan loss reserve as an appropriation of retained earnings.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

Specific financial instruments (continued)

Account payable

Accounts payable are classified and measured at amortised cost.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing 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.

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.

Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance [calculated as described in note 34(b)(vii)]; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rates, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(vii) Impairment

Policy applicable from 1 April 2018

Since 1 April 2018, the Group recognises loss allowances for expected credit losses (ECL) on debt instruments measured at fair value through other comprehensive income and at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Policy applicable from 1 April 2018 (continued)

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Policy applicable from 1 April 2018 (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that it would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- loan commitments and financial guarantee contracts: generally, as a provision.
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in profit or loss as a reclassification from OCI.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Policy applicable from 1 April 2018 (continued)

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 April 2018

The carrying amounts of the Group's financial 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 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.

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.

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.

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.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(c) 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	2½% - 5%
Leasehold improvements	The shorter of the estimated useful life and the period of the lease
Motor vehicles	20%
Computer equipment	20% - 25%
Other equipment, furniture and fittings	10% - 20%

The depreciation method, useful lives and residual values are reassessed at each reporting date.

(d) 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 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 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(d) 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 lists and core deposits

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 represent the value of JMMB Securities Limited's seat on the Jamaica Stock Exchange and the banking licence and securities licence acquired for JMMB Bank (T&T) Limited and JMMB Securities (T&T) Limited, which have indefinite useful lives. These assets are tested for impairment annually, and whenever there is an indication that the asset is 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.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the entities in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Jamaican dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates at the reporting date.

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.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(e) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rates at the reporting date;
- 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.

(f) 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 liabilities.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(g) 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 in other comprehensive income or equity, in which case it is also recognised accordingly.

(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.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amounts of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plan for the company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted at the reporting date.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(h) Impairment of non-financial assets

The carrying amounts of the Group's non-financial 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.

(i) Calculation of recoverable amount

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.

(ii) Reversals of impairment

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.

(i) Revenue recognition

The principal types of revenue and the manner in which they are recognised are as follows:

(i) Interest income

Policy applicable from 1 April 2018

Interest income is recognised in profit or loss for using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 April 2018).

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(i) Revenue recognition (continued)

The principal types of revenue and the manner in which they are recognised are as follows (continued):

(i) Interest income (continued)

Policy applicable from 1 April 2018 (continued)

The effective interest rate of a financial asset is calculated on initial recognition. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) and is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI, includes interest on financial assets measured at amortised cost, other interest income presented in the statement of profit or loss and OCI includes interest income on finance leases.

Policy applicable under IAS 39 before 1 April 2018

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 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

Policy applicable from 1 April 2018

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

Fee and commission income which includes account service, portfolio management and management advisory fees are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(i) Revenue recognition (continued)

(ii) Fees and commissions (continued)

Policy applicable from 1 April 2018 (continued)

Performance obligations and revenue recognition policies:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms.	Revenue recognition under IFRS 15 (applicable from 1 April 2018).
Investment banking services	The Group provides investment banking related services, including execution of customers' transactions and maintenance of customers' investments records. Fees are charged when the transaction takes place and are based on fixed rates or a fixed percentage of the assets value.	Revenue from investment banking related services is recognised at the point in time when the service is provided.
Portfolio and asset management services	The Group provides portfolio and asset management services to customers. Fees are calculated based on a fixed percentage of the value of the assets and are charged at various time intervals based on the investment agreement but at no time period exceeding twelve months.	Revenue from portfolio and asset management services is recognised at the point in time when the service is provided.
Capital market services	The Group provides capital market services including from debt issuances, equity issuance and merger and acquisition advisory services. Fees are charged when services has been successfully executed.	Revenue is recognised at the point in time when the transaction has been successfully executed.

Policy applicable before 1 April 2018

Fee and commission income are recognised on the accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionate 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.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(i) Revenue recognition (continued)

Policy applicable before 1 April 2018

(iii) Dividends

Dividend income is recognised when the right to receive payment is irrevocably established.

(j) 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-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below. Other long-term benefits are not considered material and are charged off when incurred.

Pensions are the Group's only post-employment benefit. Pension fund costs included in Group profit or loss represent contributions to the defined-contribution fund which the Group operates to provide retirement pensions for the Group's employees (Note 31). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged as expense when due.

(k) Operating leases

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

(l) 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.

(m) Interest expense

Policy applicable from 1 April 2018

Interest expense is recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the issue of financial liability.

The 'amortised cost' of a financial liability is the amount at which the financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(m) Interest expense (continued)

The effective interest rate of a financial liability is calculated on initial recognition of a financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

Policy applicable from 1 April 2018 (continued)

Interest expense presented in the statement of profit or loss and OCI includes financial liabilities measured at amortised cost.

Policy applicable before 1 April 2018

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.

(n) Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently measured 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.

(o) Investment properties

Investment properties are held for rental income and fair value gains. Investment properties are treated as a long-term investment and are measured 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 tenure of the leases.

(p) New and amended standards and interpretations issued but are not yet effective

Certain new 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. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to the Group's operations and has determined that the following are likely to have an effect on the financial statements.

- (i) 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 on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessees will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance 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 short-term 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.

The Group is assessing the impact that the standard will have on its 2020 financial statements.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(p) New and amended standards and interpretations issued but are not yet effective (continued)

- (ii) IFRIC 23, *Uncertainty Over Income Tax Treatments*, is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

An entity has to consider whether it is probable that the relevant tax authority would accept the tax treatment, or group of tax treatments, that is adopted in its income tax filing.

If the entity concludes that it is probable that the tax authority will accept a particular tax treatment in the tax return, the entity will determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings and record the same amount in the financial statements. The entity will disclose uncertainty.

If facts and circumstances change, the entity is required to reassess the judgements and estimates applied.

IFRIC 23 reinforces the need to comply with existing disclosure requirements regarding

- judgements made in the process of applying accounting policy to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- assumptions and other estimates used; and
- potential impact of uncertainties that are not reflected in the financial statements.

The Group is assessing the impact that the interpretation will have on its 2020 financial statements.

- (iii) Amendments to IFRS 9, *Financial Instruments*, effective retrospectively for annual periods beginning on or after January 1, 2019 clarifies the treatment of:

- (i) Prepayment features with negative compensation:

Financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

- (ii) Modifications to financial liabilities:

If the initial application of IFRS 9 results in a change in accounting policy arising from modified or exchanged fixed rate financial liabilities, retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified, but not substantially. These are recognised as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The Group is assessing the impact that these amendments will have on its 2020 financial statements.

JMMB GROUP LIMITED
Notes to the Financial Statements
31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(p) New and amended standards and interpretations issued but are not yet effective (continued)

- (iv) Annual Improvements to IFRS Standards 2015-2017 cycle contain amendments to IFRS 3, *Business Combinations*, IFRS 11, *Joint Arrangements*, IAS 12, *Income Taxes* and IAS 23, *Borrowing Costs*, are effective for annual periods beginning on or after January 1, 2019.
- (i) The amendments to IFRS 3 and IFRS 11 clarifies how an increased interest in a joint operation should be accounted for. If a party maintains or obtains joint control, then the previously held interest is not remeasured. But, if a party obtains control, this is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.
 - (ii) IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently (either in profit or loss, OCI or equity) with the transactions that generated the distributable profits.
 - (iii) IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes borrowings that specifically finance qualifying assets that are still under development or construction. The change will apply to borrowing costs incurred on or after the date of initial adoption of the amendment.

The Group is assessing the impact that the amendments will have on its 2020 financial statements.

- (v) Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognize an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The Group is assessing the impact that the amendments will have on its 2021 financial statements.

- (vi) Amendments to IFRS 3, *Business Combinations*, applicable to businesses acquired in annual reporting periods beginning on or after January 1, 2020, provides more guidance on the definition of a business. The amendments include:
- (i) An election to use a concentration test by way of an assessment that results in an asset acquisition, if substantially all of the fair value of the gross asset is concentrated in single identifiable asset or a group of similar identifiable assets.
 - (ii) Otherwise, the assessment focuses on the existence of a substantive process. A business consists of inputs and processes applied to those inputs to create outputs.

The Group is assessing the impact that the amendments will have on its 2021 financial statements.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

34. Significant Accounting Policies (Continued)

(p) New and amended standards and interpretations issued but are not yet effective (continued)

- (vii) Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Group does not expect the amendment to have a significant impact on its financial statements.

35. Subsequent Event

JMMB Group Limited (JMMBGL) has committed to investing a minimum of US\$200 million in Alignvest Acquisition II Corporation (AQY), which is a publicly-traded Special Purpose Acquisition Corporation, listed on the Toronto Stock Exchange. AQY is currently set to acquire 100% of the ordinary shares of Sagicor Financial Corporation (SFC). Upon the completion of AQY's acquisition of SFC, AQY and SFC will then collapse into a new single entity (New Sagicor). Following the completion of the investment transaction, JMMBGL will own no less than 20% of the shareholdings of New Sagicor. SFC is a leading financial services provider in the Eastern Caribbean, Trinidad and Tobago, and Jamaica; with growing presence as a provider of life insurance products in the United States.

The New Sagicor will become an associated company of JMMB Group Limited and, as part of the agreement; JMMBGL will have the right to nominate two eligible and qualified directors to serve on the board of directors of New Sagicor. The transaction is subject to regulatory approval.

APPENDIX 4

UNAUDITED FINANCIAL STATEMENTS

TABLE OF CONTENTS

FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss	208
Consolidated Statement of Comprehensive Income	209
Consolidated Statement of Financial Position	210
Consolidated Statement of Changes in Stockholders' Equity	211
Consolidated Statement of Cash Flows	212
Notes to the Financial Statements	213 - 218

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
Net Interest Income and Other Revenue		
Interest income	4,596,164	4,236,751
Interest expense	(2,400,581)	(2,167,005)
Net Interest Income	2,195,583	2,069,746
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
Operating Revenue Net of Interest Expense	5,843,490	4,667,387
Operating expenses	(3,843,984)	(3,344,296)
Impairment loss on financial assets	(153,265)	(112,940)
Operating Profit	1,846,241	1,210,151
Other income	102	5,339
Profit before Taxation	1,846,343	1,215,490
Taxation	(727,783)	(258,880)
Profit for the Period	1,118,560	956,610
Attributable to:		
Equity holders of the parent	1,111,621	935,904
Non-controlling interest	6,939	20,706
	1,118,560	956,610
Earnings per stock unit	\$0.68	\$0.57

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 <u>30-Jun-19</u> \$000	Unaudited Three Months Ended <u>30-Jun-18</u> \$000
Profit for the Period	1,118,560	956,610
Other comprehensive income/ (loss)		
<i>Items that may be reclassified to profit or loss:</i>		
Net gain/loss on investment in debt instruments measured at FVOCI		
Foreign exchange translation differences on translation of foreign subsidiaries	963,416	(2,042,596)
	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		
Total other comprehensive income/(loss), net of tax	486,642	(4,758)
Total comprehensive income/(loss) for period	1,771,824	(1,678,031)
	2,890,384	(721,421)
Total comprehensive income attributable to:		
Owners of the parent	2,727,444	(694,013)
Non-controlling interest	162,940	(27,408)
	2,890,384	(721,421)

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
ASSETS			
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
	351,388,210	314,692,825	320,036,257
STOCKHOLDERS' EQUITY			
Share capital	1,864,554	1,864,554	1,864,554
Retained earnings reserve	9,605,055	9,605,055	9,605,055
Investment revaluation reserve	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
	32,793,388	25,246,917	30,065,944
Non-controlling interest	1,201,272	1,050,977	1,038,332
Total equity	33,994,660	26,297,894	31,104,276
Liabilities			
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
	317,393,550	288,394,931	288,931,981
	351,388,210	314,692,825	320,036,257



Archibald Campbell
Chairman



Keith P. Duncan
Group Chief Executive Off

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
Balances at March 31, 2018 (Audited)	1,864,554	9,605,055	1,752,810	(87,147)	14,776,222	27,911,494	1,092,253	29,003,747
Changes on initial application of IFRS 9	–	–	(960,255)	–	(570,060)	(1,530,315)	(13,868)	(1,544,183)
Balances at April 1, 2018 (unaudited)	1,864,554	9,605,055	792,555	(87,147)	14,206,162	26,381,179	1,078,385	27,459,564
Profit for the period	–	–	–	–	935,904	935,904	20,706	956,610
Other comprehensive income/(loss) for period	–	–	(1,972,626)	342,709	–	(1,629,917)	(48,114)	(1,678,031)
Total comprehensive income for period	–	–	(1,972,626)	342,709	935,904	(694,013)	(27,408)	(721,421)
Dividends paid	–	–	–	–	(440,249)	(440,249)	–	(440,249)
Balances at 30 June 2018 (unaudited)	1,864,554	9,605,055	(1,180,071)	255,562	14,701,817	25,246,917	1,050,977	26,297,894
Balances at March 31, 2019 (Audited)	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
Total comprehensive income for period	–	–	1,338,833	276,990	1,111,621	2,727,444	162,940	2,890,384
Balances at 30 June 2019 (unaudited)	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
Cash Flows from Operating Activities		
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
Net cash provided by operating activities	26,480,594	19,848,138
Cash Flows from Investing Activities		
Investment securities, net	(13,117,318)	(13,180,477)
Purchase of property, plant and equipment and computer software	(277,913)	(180,442)
Net cash used in investing activities	(13,395,231)	(13,360,919)
Cash Flows from Financing Activities		
Notes payable	959,834	(154,768)
Dividends paid		(440,249)
Net cash provided by/(used in) financing activities	959,834	(595,017)
Net increase in cash and cash equivalents	14,045,197	5,892,202
Cash and cash equivalents at beginning of year	30,726,396	27,837,273
Cash and cash equivalents at end of period	44,771,593	33,729,475

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)

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)

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)

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.

APPENDIX 5

RELATED PARTY TRANSACTIONS

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 or if both are subject to control or significant influence by the same party.

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 Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Directors-				
Loans and notes receivable	140,154	152,504	-	-
Interest payable	(279)	(279)	-	-
Customer deposits	(192,998)	(86,496)	-	-
Securities sold under agreements to repurchase	(72,431)	(37,582)	-	-
Major shareholders -				
Notes receivable	807,037	324,037	-	-
Subsidiaries -				
Securities purchased under agreements to resell	-	-	941,084	9,484,200
Loans and notes receivable	-	-	22,148,784	5,821,425
Other receivables	-	-	218,538	106,507
Due from subsidiary	-	-	-	758,212
Other payables	-	-	(8,768,350)	(7,586,011)
Managed funds -				
Accounts receivable	2,421,937	35,464	-	-
Customer deposits	(3,137,720)	(3,069,526)	-	-

Related Party Transactions and Balances (Continued)

- (ii) The profit and 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	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Directors:				
Interest income	14,590	9,671	-	-
Interest expense	(1,614)	(1,342)	-	-
Major shareholders:				
Interest income	-	127	-	-
Interest expense	-	(7,842)	-	-
Subsidiaries:				
Dividend income	-	-	906,033	1,252,100
Interest income	-	-	1,281,822	455,554
Managed funds:				
Gain on sale of securities	440,989	801,646	-	-
Fee income	759,351	-	-	-
Interest income	1,656	-	-	-
Interest expense	(478,903)	(410,979)	-	-

- (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 services is as shown below:

	The Group	
	2019	2018
	\$'000	\$'000
Directors emoluments:		
Fees (note 8)	100,323	95,166
Management remuneration	65,137	59,814
Other key management compensation:		
Short-term employee benefits	524,287	423,224
Post-employment benefits	17,769	16,876
	707,516	595,080

APPENDIX 6

APPLICATION FORMS







PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

DATE SIGNATURES AFFIXED

After the transfer is completed, please send email to centralized_processing@jmbb.com with details of the transfer (i.e. JMMBGL APO Applicant's Name, Date of Transfer., Amount Transferred, EMMA Account to be credited & Transaction Reference No.)



***NOTE THAT JMMB CLIENTS' EMMA ACCOUNTS WILL BE CREDITED WITH THE FUNDS TRANSFERRED AND THEN DEBITED TO PAY FOR THE OFFER.**

THIS SECTION FOR BROKER USE ONLY

DATE APPLICATION RECEIVED: TIME RECEIVED _____ BRANCH _____
DD MM YYYY

RECEIVED BY: _____
NAME SIGNATURE

PAYMENT METHOD

PAYMENT REF. No.1 _____ PAYMENT REF. No. 2 _____ PAYMENT REF. No. 3 _____

PAYMENT METHOD: ☐ CHEQUE ☐ INTERNAL TRANSFER ☐ RTGS/ACH/ TRANSFER (ATTACH COPY RTGS/ACH CONFIRMATION)



Invitation for Subscription in respect of 266,737,797 Ordinary Shares (with the ability to upsize to 325,000,000 ordinary shares) being offered pursuant to the Prospectus dated October 15, 2019

Please select Application Type: ☐ EXISTING SHAREHOLDERS AND TEAM MEMBERS ☐ KEY INVESTORS ☐ NON-RESERVED
SHARE APPLICANTS

I/We agree to make payment for the sum of TT\$,,. (Subscription amount) via the method(s) selected below.

<input type="checkbox"/>	TT\$ Managers Cheque drawn on a Trinidad & Tobago commercial bank payable to "JMMBGL – APO"	<input type="checkbox"/>	Debit my/our JMMB Securities (T&T) Limited Account <div style="border: 1px solid black; width: 100px; height: 20px; margin: 2px 0;"></div> and credit JMMB Bank (T&T) Limited account named "JMMBGL - APO"
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REMITTANCE DETAIL (will be used for refunds where applicable)**NOTE: CURRENCY OF THE ACCOUNT FOR REMITTANCE MUST BE IN TT DOLLARS**

NAME ON ACCOUNT:	BANK:	ACCOUNT TYPE <input type="checkbox"/> CHEQUING / CURRENT
ACCOUNT NUMBER:	BRANCH:	<input type="checkbox"/> SAVINGS
Disclaimer: The lead broker will not be held responsible for incorrect/ incomplete/ invalid banking instructions submitted		

I/We agree (1) that the information stated above is true and correct and (2) to the terms & conditions on the reverse of this page. I/We declare that I/we are not under 18 years of age on the date of application. I/We declare that I/we have read the Prospectus and will not rely on any other information or representation outside the Prospectus. No person responsible for the prospectus or any part of it will have any liability for any such other information or representation. I acknowledge that I shall receive no certificate with respect to the Shares and the certificate, if any, will be issued after listing after being requested from my/our Broker.

**SIGNATURE/ AUTHORISATION –
COMPANY/INSTITUTION APPLICANT**

	SECRETARY:	COMPANY STAMP:
	DATE & TIME:	

**SIGNATURE/ AUTHORISATION – INDIVIDUAL
APPLICANTS**

PRIMARY ACCOUNT HOLDER:	JOINT ACCOUNT HOLDER #1:	DATE & TIME:
JOINT ACCOUNT HOLDER #2:	JOINT ACCOUNT HOLDER #3:	

OFFER CLOSES ON November 7, 2019 AT 4:00 P.M._____
BROKER/DISTRIBUTER SIGNATURE_____
DATE & TIME

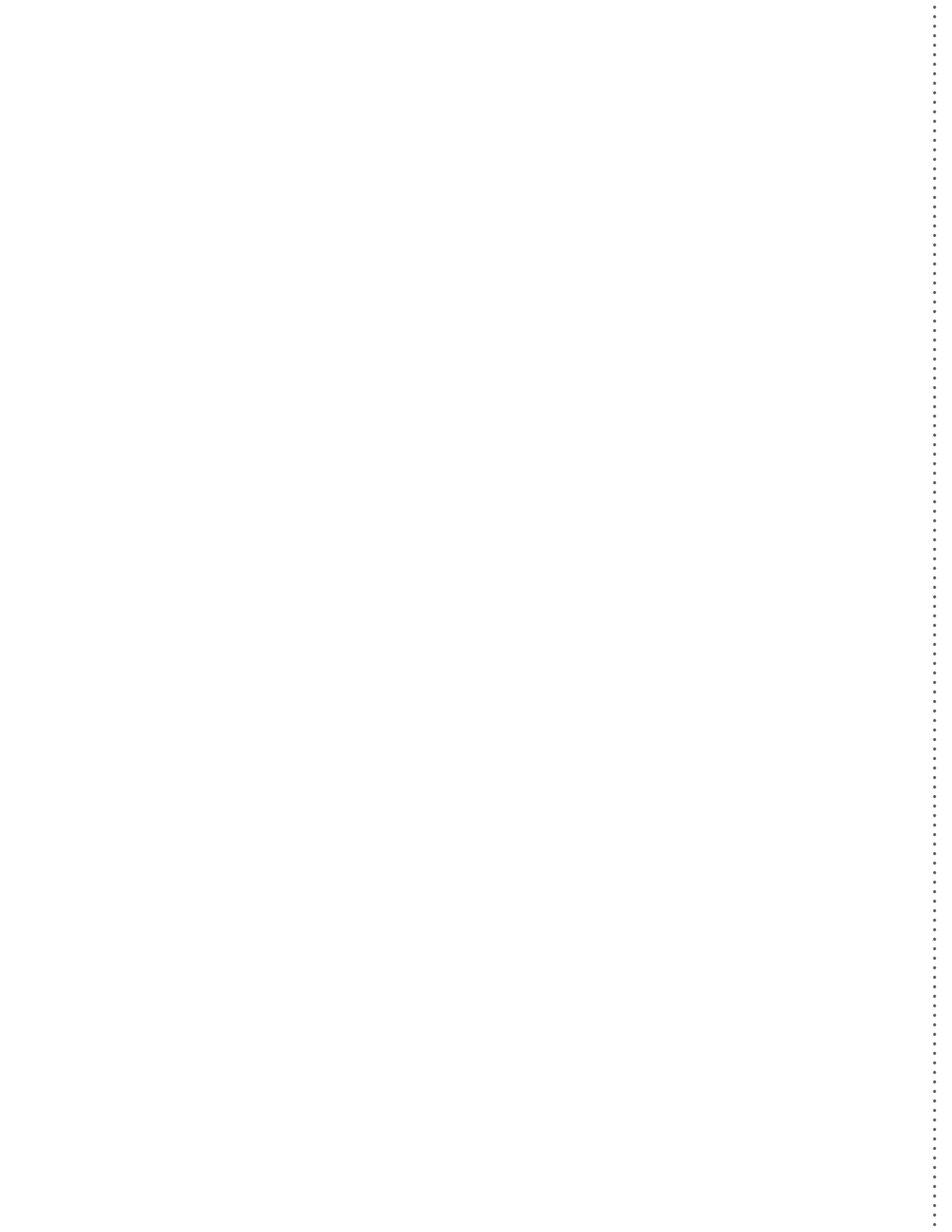
BROKER/DISTRIBUTER STAMP:	
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APPLICATION FORM (Continued)

Schedule 2

NOTES

1. Each application for shares must be for a minimum of Three Hundred (300) Shares with increments in multiples of One Hundred (100).
2. A company may execute this application either under its common seal or under the hand of a duly authorized officer, who should state his capacity, and supply a list of authorized signatories. It should insert its registered or head office address.
3. If this form is signed under power of attorney, a duly certified copy thereof, must accompany this form.
4. When this Application Form is duly completed, it must be delivered to the Authorised Broker in the jurisdiction in which the Eligible Investor and Institutional Share Applicant is located.
5. A copy of the Prospectus can be obtained at the JMMB Securities (T&T) Limited locations in Trinidad and Tobago specified in Section 3 of the Prospectus, other authorized stockbrokers and at <http://www.jmbb.com/>
6. Share certificates will not be issued unless specifically requested through your broker after listing. Instead the shares allotted to a successful applicant will be credited to their Trinidad and Tobago Central Depository account, as applicable. If the applicant does not have a TTCD account, one will be created, and the allotted shares deposited to that account.
7. Applicants who do not have a broker account must provide valid identification, proof of address, proof of source of funds and satisfy the relevant Authorised Broker's customer acceptance requirements for account opening.
8. Applicants are deemed to have accepted the terms and conditions set out in the Prospectus generally.





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